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Puget Sound Bank Announces Strong Third Quarter Results
Core deposits increase \$49 million; Credit Quality remains excellent; Three promoted to Executive Vice President

Bellevue, Wash. – October 20, 2008 – Today, Puget Sound Bank reported third quarter results which are highlighted by a strong balance sheet at quarter end including excellent credit quality, a solid liquidity position and a capital base of 14.5% which is well above the regulatory “well capitalized” levels of 10%.

The bank’s credit quality continues to stand out from much of the banking industry. The bank has now had fourteen consecutive quarters with no loan losses. At quarter-end there were also no 30 day past due loans or criticized loans.

The bank’s core deposits increased \$49 million during the quarter, substantially increasing liquidity levels. The bank ended the quarter with no traditional brokered deposits and a strong cash position to fund future loan growth.

“We are particularly proud of the quality of our balance sheet. The bank has maintained excellent credit quality, added a substantial amount of liquidity this quarter with core deposit growth and maintained capital levels well above regulatory requirements. This financial strength is particularly important in these times of economic turmoil” said Jim Mitchell, president and chief executive officer of Puget Sound Bank.

The bank reported net income of \$127 thousand for the quarter up 21% over prior quarter’s net income of \$105 thousand. For the nine months year-to-date, the bank has earned \$313 thousand compared to \$84 thousand for the same period in 2007.

Other third quarter highlights include:

- **Total assets grew** to \$154.0 million, 46% over the Q3 2007 total of \$105.5 million and 13% over the Q2 2008 total of \$136.3 million.
- **Total deposits grew** to \$132.8 million, 56% over the Q3 2007 total of \$85.3 million and 20% over the Q2 2008 total of \$110.5 million.
- **Total loans grew** to \$128.6 million, 49% over the Q3 2007 total of \$86.3 million and 6% over the Q2 2008 total of \$120.9 million.

Puget Sound Bank’s stock is listed on the OTC Bulletin Board under the symbol PUGB.OB.

Puget Sound Bank Expands Team and Acknowledges Promotions

Puget Sound Bank also announced the promotions of Sean Brennan, Chief Lending Officer, Tony Chalfant, Chief Credit Officer, and Phil Mitterling, Chief Financial Officer to executive vice president.

“Without the solid contributions of Sean, Tony and Phil, Puget Sound Bank would not be where it is today,” Mitchell said. “We’re thrilled to acknowledge their accomplishments.”

In addition to these promotions, Puget Sound Bank has hired Pam Richmond, who will be the company’s third customer service officer.

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 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 8th Street, Suite 1800, in Bellevue. For more information, please call 425-455-2400.

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