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NEWS RELEASE

Puget Sound Bank Reports Strong Loan and Deposit Growth Capital Remains Well Above Regulatory Minimums

BELLEVUE, WA — July 23, 2009 — Puget Sound Bank (OTCBB: PUGB.OB), today reported excellent deposit and loan growth, strong liquidity and solid capital ratios. After booking a \$585,000 provision for loan losses, and a special FDIC insurance expense of \$76,000, assessed to all banks based on total assets less tier one capital, the bank lost \$381,000 for the second quarter ended June 30, 2009. Net income before the provision for loan losses was \$204,000 for the quarter.

The bank continues to have strong growth in its core business of providing financial solutions to small businesses and their owners. "In spite of the ongoing economic conditions impacting our communities, the bank continues to enjoy excellent business growth as a result of our focus on providing superior service to our clients," said Jim Mitchell, President and Chief Executive Officer. "With deposits increasing \$11 million and loans increasing \$10 million from the end 2008, we continue to have strong growth, and a healthy bank."

Second Quarter 2009 Highlights (June 30, 2009 compared to June 30, 2008)

- Puget Sound Bank remains "well-capitalized", by regulatory standards with a solid Total Risk-based Capital Ratio of 16.7%. To be considered "well-capitalized" a bank must have over 10% Total Risk-based Capital.
- Total deposits increased an impressive 37% to \$151 million from \$110 million a year earlier. As a result, the bank eliminated all traditional brokered deposits.
- Total loans grew 16% to \$140 million from \$121 million.
- Total assets increased 30% year-over-year to \$177 million, compared to \$136 million.

Asset Quality

This quarter's \$585,000 provision was in large part due to three real estate related loans and one business loan, reflecting the ongoing national recession and the economic uncertainties in the region.

Non-accrual loans at quarter end were \$3.3 million. The balance consists of one loan that is secured by a multi-family property located in downtown Bellevue. The bank believes there is no current loss exposure for this loan.

"Asset quality is a very important focus for us," continued Mitchell. "Our team is working closely with customers to assure that we all weather this challenging economic cycle with as few problems as possible. In this regard, our level of nonperforming assets (NPAs) continues to be well below the average Washington State bank." The average level of nonperforming assets to total assets for all commercial banks in the state of Washington was 6.48% at March 31, 2009, whereas Puget Sound Bank non-performing assets totaled 1.87% of total assets at the end of June.

The allowance for loan losses at June 30, 2009, increased to \$2.6 million, or 1.85% of total loans, compared to \$1.6 million, or 1.35% of total loans at the end of June 2008, boosted by the \$585,000 provision for loan losses booked in the second quarter. The allowance for loan losses totaled \$2.0 million, or 1.45% of total loans at the end of the first quarter. Puget Sound Bank has had no charge-offs since the Bank's inception.

Review of Operations

Reflecting solid growth in loans and deposits, net interest income grew 17% to \$1.5 million from \$1.3 million in the second quarter of 2008. Year-to-date, net interest income increased 12% to \$2.8 million from \$2.5 million a year ago.

Puget Sound Bank's net interest margin was 3.65% for the second quarter, compared with 3.37% for the previous quarter, and 3.93% for the second quarter a year ago. "Continued loan growth, an increase in loan yields and a decrease in yields on funding sources contributed to our net interest margin expansion this quarter," said Phil Mitterling, EVP and Chief Financial Officer.

About Puget Sound Bank

Puget Sound Bank is a locally-owned and operated commercial bank proudly serving the greater Puget Sound region. Based out of Bellevue, Washington, the bank was 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 the state of Washington. The bank can also provide remote capture technology which allows its clients to make deposits from their offices. Puget Sound Bank is located at 10500 NE 8th Street, Suite 1800, Bellevue, Washington. For more information, please call 425-455-2400.

Safe Harbor Statement. This news release contains comments or information that constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. Actual results may differ materially from the results expressed in forward-looking statements. Factors that might cause such a difference include changes in interest rates and interest rate relationships; demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking regulation; changes in tax laws; changes in prices; levies and assessments; the impact of technological advances; governmental and regulatory policy changes; the outcomes of contingencies; trends in customer behavior as well as their ability to repay loans; changes in the national and local economy; and other factors, including risk factors, referred to from time to time in filings made by Puget Sound Bank with the Securities and Exchange Commission. Puget Sound Bank undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Puget Sound Bank
Second Quarter 2009 Results
 (Unaudited)

(\$ in thousands except per share data)	Quarterly			2009 YTD	2008 YTD
	2009 2nd Qtr	2009 1st Qtr	2008 2nd Qtr		
EARNINGS					
Net interest income	\$ 1,477	1,335	1,261	2,813	2,512
Provision for loan losses	\$ 585	248	143	833	273
NonInterest income	\$ (74)	213	38	139	62
NonInterest expense	\$ 1,199	1,295	1,052	2,494	2,115
Net income (loss)	\$ (381)	6	105	(375)	186
¹ Earnings (loss) per share	\$ (0.20)	(0.01)	0.05	(0.21)	0.08
Average shares outstanding	2,262	2,253	2,234	2,257	2,230
PERFORMANCE RATIOS					
Return on average assets	-0.89%	0.02%	0.32%	-0.45%	0.30%
¹ Return on average common equity	-8.65%	-0.47%	2.10%	-4.60%	1.85%
Net interest margin	3.65%	3.37%	3.93%	3.51%	4.16%
Efficiency ratio	85.5%	83.6%	81.0%	84.5%	82.2%
CAPITAL					
Tier 1 leverage ratio	14.39%	15.30%	15.33%		
Tier 1 risk-based capital ratio	15.48%	15.47%	14.00%		
Total risk based capital ratio	16.74%	16.71%	15.14%		
ASSET QUALITY					
Net loan charge-offs (recoveries)	\$ 0	0	0		
Allowance for loan losses	\$ 2,589	2,004	1,621		
Allowance for losses to total loans	1.85%	1.45%	1.35%		
Nonperforming loans	\$ 3,300	0	0		
Other real estate owned	\$ 0	0	0		
Nonperforming assets to total assets	1.87%	0.00%	0.00%		
END OF PERIOD BALANCES					
(\$ in millions)					
Total Loans	\$ 140	139	121		
Total assets	\$ 177	168	136		
Deposits	\$ 151	142	110		
Shareholders' equity	\$ 20.4	20.8	20.1		
Tangible book value per share	9.00	9.23	9.01		

¹Includes preferred stock dividends and warrants expense not included in net income.

Note: Transmitted on GlobeNewswire on July , at p.m. Pacific Daylight Time.