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**PUGET SOUND BANK HAS RECORD EARNINGS, EXCELLENT  
CREDIT QUALITY, AND STRONG LOAN AND DEPOSIT  
GROWTH IN 2008**

**Bellevue, Wash. - January 23, 2009:** Today, Puget Sound Bank reported its fourth quarter and 2008 financial results. The results were highlighted by a strong balance sheet evidenced by a capital ratio of over 13.0% which is well above the regulatory “well capitalized” levels of 10.0%. The balance sheet also reflects very strong liquidity, excellent credit quality, and strong loan and deposit growth.

The bank’s excellent credit quality continues to be in stark contrast to most of our financial peers. The bank has now had fifteen consecutive quarters with no loan losses. At year end there were also no 30 day past due loans.

The bank’s deposits increased \$48 million or 52% in 2008 from 2007. This significantly increased liquidity allowed the bank to have no reliance on traditional brokered deposits and a strong cash position to fund future loan growth.

“We are particularly proud of the strength and quality of our balance sheet. This financial strength positions us very well during these times of economic turmoil” said Jim Mitchell, president and chief executive officer of Puget Sound Bank.

The bank reported net income of \$102,798 in the fourth quarter of 2008 up 2% over the prior year’s fourth quarter. For the full year of 2008, the bank had net income of \$415,855 up 125% over 2007 net income of \$184,548.

Other 2008 highlights include:

- **TOTAL ASSETS** grew to \$166 million, 46% over the 2007 assets of \$114 million.
- **TOTAL DEPOSITS** grew to \$140 million, 52% over the 2007 deposits of \$92 million.
- **TOTAL LOANS** grew to \$131 million, 30% over the 2007 loans of \$100 million.

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