



News Release

For Immediate Release

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KITSAP BANK ASSUMES ALL WESTSOUND BANK DEPOSITS

Port Orchard, WA— Kitsap Bank announced tonight that they have entered into an agreement with the Federal Deposit Insurance Corporation to assume all of the deposits and bank operations of Westsound Bank of Bremerton, WA. As of the close of business Friday, the FDIC became the receiver of Westsound Bank's deposits, after the State of Washington Department of Financial Institutions declared Westsound closed, citing inadequate capital and liquidity. The FDIC moved quickly to protect all non-brokered depositors through a purchase and assumption agreement with Kitsap Bank. According to James E. Carmichael, President and Chief Executive Officer, "I want to welcome Westsound customers to the Kitsap Bank family and assure them that their deposits are safe, sound, and readily accessible. They can feel confident that they are joining a tradition of safety and security from a financial partner who is dedicated to their fiscal well-being."

According to the agreement, Kitsap Bank will assume not only the FDIC insured deposits, as is common in bank closures, but also all accounts over the FDIC insurance limits, other than 'brokered' or Internet deposits. "What this means," said Carmichael, "is that Kitsap Bank took all of the deposits, so that no one in our communities will be negatively impacted. Rest assured; none of Westsound's depositors are in jeopardy."

Founded in 1908, Port Orchard-based Kitsap Bank currently serves the Greater Puget Sound region, with 250 employees in 24 locations throughout five Western Washington counties. With this transaction, Kitsap Bank's assets, currently in excess of \$820 million, will climb to over \$1 billion. This puts the bank into the top 600 of banks in the nation in terms of size. Kitsap Bank's market share now increases to 23% in Kitsap County, and 17% on the Kitsap/Olympic Peninsula, making it the largest bank on the peninsula.



All nine former Westsound Bank branches will open Monday, May 11 as Kitsap Bank, and customers will have access to their accounts. Internet banking services will not be available over the weekend, although consumer online banking customers will have the ability to view accounts. Both consumer and corporate online banking services will resume at 9 am on Monday, May 11. Kitsap Bank and FDIC representatives will be on hand to assist customers and answer questions. Until systems can be converted to Kitsap Bank, former Westsound customers will continue to do business as usual at one of the Westsound Bank locations. Carmichael said, “This is a difficult time for our community, as we cope with the loss of a local financial institution. But I want to assure everyone that Kitsap Bank’s and Westsound’s dedicated teams of banking professionals will work diligently to make this a smooth transition for our new customers. As we complete the conversion in a few months, our Westsound customers will enjoy enhanced banking services, with the added convenience of a larger network of locations.”

Kitsap Bank, one of the oldest and largest community banks on the Kitsap/Olympic Peninsula, remains profitable and well-capitalized, despite the economic challenges facing the nation and our region. “As we have for over 100 years,” said Carmichael, “Kitsap Bank remains a safe haven during these times of uncertainty, and stands well-positioned to serve our community in our second century.”

Individuals seeking immediate information may visit www.kitsapbank.com or www.fdic.gov for more details. They are also invited to call Kitsap Bank’s Customer Service Center Monday through Friday, 8 am to 5 pm at 360-876-3644 or 800-283-5537. The FDIC toll-free information line for this bank closure is 800-830-4735.

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