



**First Sound Bank.**



**PUGET SOUND LEASING**



# Disclosure

***Certain statements in this press release, including statements regarding the anticipated development and expansion of First Sound Bank’s business, and the intent, belief or current expectations of the company, its directors or its officers, are “forward-looking” statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements.***



# Why Puget Sound Leasing?

- Business Strategies Align Perfectly
  - Both firms target business customers with annual revenues \$1mm to \$30mm
- Attractive Return on Quality Lease Originations
  - Average Lease Size Under \$100m with 12% Average Yield
  - Average Delinquency Ratio under 1% for past 5yrs
- History of Superior Financial Performance
  - PSL's 22 Consecutive Years of Profitability is accretive to FSB's growing profits
- Strong and Compatible Management Team



# Transaction Overview

- Asset Purchase Agreement expected close first quarter 2008 (subject to Regulatory Approval)
- Purchase Price: 437,500 Shares of FSB Stock, \$4.5mm Cash plus 6 Year earn out based on a 33% of pre tax future profits of PSL division (if over \$1mm annually)
- Prior to closing Secords own 4% of FSB and after closing Secords and related interests own 16% of FSB
- Dilution of existing FSB shareholders of approx. 13% offset by expected EPS accretion post closing
- PSL will operate as a division of FSB
- All employees of PSL, including Secords, will join FSB
- Lou Secord will be a member of FSB Board of Directors



# Puget Sound Leasing 1

- Profitable operating history since inception in 1985
- Employs in excess of 50 people
- Acquires lease transactions via its long established network of Equipment Vendors and Brokers
- Lease transactions are exclusively business to business and “small ticket” in nature
- Originates leases nationally with the bulk of transactions centered in the Western States. The largest concentrations are found in Washington followed by California, Arizona and Oregon



# Puget Sound Leasing 2

- Operates from headquarters location in Bellevue WA plus warehouse location in Tukwila
- The operating division of PSL will include the activities of Pacific Northwest Sales and Recovery; a collection and asset liquidation specialty operation
- Actively bundles and sells portfolios to area banks while retaining servicing



# Puget Sound Leasing 3

- Operating Performance

- In excess of 9,000 leases currently being serviced representing a portfolio of over \$175 million
- Average lease size \$23,500
- Delinquency ratio average under 1% over the past 5 years
- Average lease yield in excess of 12%
- New lease origination volume in excess of \$8 million per month



# First Sound Bank 1

- Established July 2004
- First Denovo in Northwest to raise \$20 million is start up capital
- Achieved Breakeven in 17 months from inception and has delivered steadily increasing profits thereafter
- Financial performance rated nationally in the top 30% among denovo start up banks formed in 2004
- Successfully raised \$11 million in subsequent stock sale third quarter 2006
- Operates through 467 correspondent bank branch system in Washington State



# First Sound Bank 2

- Target business customers with annual revenues between \$1 million and \$30 million
- Industry specialties are Manufacturing, Wholesaling, Distribution, Contractors, Professional Services and Not for Profit Organizations
- Leads with relationship focus and provides business customers with economic advantages over “Big Bank” alternatives
- Employs 32 in Downtown Seattle head office location



# FSB's Value to PSL

- FSB's lower cost of funds adds to yield on leasing portfolio
- FSB's access to funding sources further improves capacity and margin for leasing portfolio
- FSB's access to commercial markets for sold portfolios increases margin on leasing portfolio
- Expanded career path opportunities for PSL employees into conventional banking



# PSL's Value to FSB

- High yield leasing company operation is EPS accretive to shareholders post closing
- Leasing products offer expanded service to existing FSB clients
- PSL leasing customers in Washington represent prospects for FSB depository services; Currently there are over 2800 such businesses at PSL
- Significant non interest fee income generated from serviced lease portfolio
- Additional collection and collateral monitoring available to support Bank loan portfolio



# Synergy

**The combination of Puget Sound Leasing and First Sound Bank is not merely the sum of two parts but a multiple of both parts. Great synergy in the two business models, compatible management groups and similar credit philosophies make this a very complimentary acquisition. Both entities have sound credit underwriting and excellent profit capabilities that will come together to benefit the collective shareholder group.**



# Contacts

Don Hirtzel, Chairman and CEO

Steven Shaughnessy, President and COO

Jan Gould, EVP and Chief Financial Officer

206-515-2004

## Primary Market Makers:

D. A. Davidson & Company

Hill, Thompson Securities

Monroe Securities

McAdams, Wright, Ragen

FSB Stock trades can be found on the OTCBB  
under FSWA.OB

# A New Direction



**First Sound Bank.**

Innovative Business Banking. Your Way.



**PUGET SOUND LEASING**

A Division of First Sound Bank