



For Immediate Release

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First Sound Bank Raises \$3.2 Million of Capital in Private Placement

SEATTLE, July 8, 2010 – First Sound Bank (OTCBB: FSWA) today announced that by June 30, 2010 it had raised, through a private placement, just over \$3.2 million of capital at a price of \$0.10 per share. The maximum offering of \$6.0 million has been extended to July 30, 2010 or to an earlier date at the bank's sole discretion. The common stock is being sold by the bank's officers and directors to accredited investors only.

The foregoing description of the private offering is qualified in its entirety by reference to First Sound Bank's Notice to Shareholders dated July 6, 2010, a copy of which is included at the end of this news release.

This document does not constitute an offer to sell, nor is it the solicitation of an offer to buy, any shares of common stock. Shares may be purchased only by qualified investors at the bank's sole discretion, pursuant to the subscription agreement and related offering documents.

About First Sound Bank

Established in July 2004, First Sound Bank is a state-chartered commercial bank founded by a team of local business executives and headquartered in Seattle, Washington. The bank serves the Puget Sound Region from its full-service branch in downtown Seattle. In March 2008, First Sound Bank purchased Puget Sound Leasing, a locally owned company that specializes in providing and servicing commercial equipment lease financing for transactions from \$5,000 to \$250,000.

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Forward-Looking Statements

Certain of the statements contained herein are forward-looking statements within the meaning of the Private Securities Reform Act. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "intend," "may increase," "may fluctuate," "hope" and similar expressions or future or conditional verbs such as "will," "should," "would" and "could." These forward-looking statements involve risks and uncertainties including, but not limited to, economic conditions, portfolio growth, and the credit performance of the portfolios, including bankruptcies and seasonal factors; changes in general economic conditions, including the performance of financial markets, prevailing inflation and interest rates, realized gains from sales of investments, gains from asset sales, and losses on commercial lending activities; results of various investment activities; the effects of competitors' pricing policies, of changes in laws and regulations on competition, and of demographic changes on target market populations' savings and financial planning needs; industry changes in information technology systems on which we are highly dependent; failure of acquisitions to produce revenue enhancements, cost savings at levels or within the time frames originally anticipated, or unforeseen integration difficulties; and the resolution of legal proceedings and related matters. In addition, the banking industry in general is subject to various monetary and fiscal policies and regulations, which include those adopted by the Federal Reserve Board, the Federal Deposit Insurance Corporation and state regulators, whose policies and regulations could affect First Sound Bank's performance. These statements are representative only on the date hereof, and the bank undertakes no obligation to update any forward-looking statements made.

First Sound Bank Notice to Shareholders

July 6, 2010

Dear Shareholders,

We are pleased to report a number of positive developments that have recently occurred at First Sound Bank:

- At the Annual Shareholders Meeting held on June 24, 2010, the shareholders approved the re-election of the six (6) existing directors and an amendment to the Articles of Incorporation increasing the number of shares of Common Stock authorized from 11,586,250 to 91,586,250.

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- On June 16, 2010 the bank commenced a private placement stock offering with the objective of raising a minimum of \$3.3 to \$3.5 million from accredited investors (minimum net worth of \$1 million). By June 30, 2010, the bank had received subscriptions for over \$3.0 million, which was deposited to the capital of the bank on that date, increasing the bank's Tier 1 capital to just over 3 percent. As of the date of this letter, the bank has raised approximately \$3.2 million in shares priced at \$0.10 per share. The offering has been extended through July 2010 but may be terminated at an earlier date.
- On June 1, 2010, the lawsuit filed by the bank against LARASCO, Inc. (formerly Puget Sound Leasing Company, Inc.) and Richard and Louis Secord (its owners) alleging, among other things, a breach of contract, was scheduled for trial. A few days before the trial was to begin, LARASCO filed for bankruptcy in the U.S. Bankruptcy Court for the Eastern District of Washington and the Secords filed for bankruptcy in the U.S. Bankruptcy Court for the Western District of Washington. On June 9, 2010, the bank filed a motion to transfer venue of the LARASCO bankruptcy to the Western District. On July 1, 2010, Judge Patricia C. Williams of the Eastern District granted the bank's motion. This will greatly shorten the time to bring the bank's lawsuit against LARASCO and the Secords to trial. It should be noted that the Court had granted the bank summary judgment (a ruling in favor of the bank as a matter of law) on a number of the matters in dispute, as well as a pre-judgment writ of attachment on certain assets – primarily real estate – to which the bank, if it prevails, believes it has a strong claim for priority over other creditors.
- In the second quarter of 2010, the bank incurred – on an unaudited basis – a loss of \$2.7 million. Most of this was due to an increase in the reserve for loan losses to cover possible future losses in its leasing and real estate portfolios. Fortunately, the losses suffered in the leasing portfolio are diminishing. Leases originated from the first quarter of 2009 – when underwriting standards were tightened and new Leasing Division management was put into place – continue to demonstrate minimal losses and reflect the quality of the portfolio since that time. Although there can be no assurance of this, we believe this trend will continue and the Leasing Division will become profitable in 2011. On the bank side, criticized loans – primarily in the real estate portfolio – are, one by one, being resolved.

We believe trends for the bank are favorable, with regard to both the bank's operations and resolving the pending litigation. We continue to have regulatory concerns and will need to increase capital, but we do feel that after a difficult time our prospects are improving.

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We are encouraged by the loyal support of our shareholders and customers and feel privileged to be associated with and serve them.

If you have questions about anything in this letter, including the stock offering, please feel free to call either of us at the bank.

Sincerely,

Don L Hirtzel
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President & Chief Operating Officer
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