



For Immediate Release

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**First Sound Bank Reports Loss for 2008
- Capital Position Remains Strong -**

SEATTLE, February 6, 2009 – First Sound Bank (OTCBB: FSWA) today reported a loss of \$3.2 million in the fourth quarter of 2008, compared to earnings of \$460 thousand in the fourth quarter of the previous year. For the year, the bank lost \$1.8 million – compared to \$1.6 million in net income in 2007. The losses incurred in 2008 resulted primarily from adding \$5.3 million to the loan loss provision (\$3.0 million of which was added in the fourth quarter). This compares to a provision of \$535 thousand for 2007. The bank's loan loss reserve, which comprised 2.4 percent of total loans, was up from 1.1 percent in 2007 and is considered prudent in light of the deteriorating local economy – as well as weakening noted in the bank's real estate construction and small-ticket leasing portfolios.

Assets at year-end stood at \$275.7 million, a 50.3 percent increase from \$183.4 million in December 2007. Loans ended the year at \$219.3 million, up 52.8 percent from \$143.5 million the previous year, while deposits increased 38.6 percent – from \$147.3 million to \$204.2 million. At year-end, 3.8 percent of the bank's total assets were non-performing assets – 88.5 percent of which were in real estate construction and 11.5 percent in small-ticket leasing. Non interest-bearing deposits, which account for 16.8 percent of total deposits, rose significantly – from \$24.3 million to \$34.2 million, an increase of 41.1 percent.

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The bank's net interest margin of 4.16 percent in the fourth quarter of 2008 was down from 4.42 percent a year ago – a 26 basis-point decrease that is attributed to generally eroding margins experienced throughout the industry.

On December 23, 2008, First Sound Bank received \$7.4 million in capital as a participant in the U.S. Treasury Department's Capital Purchase Program ("CPP"). Under the terms of the transaction, the bank issued 7,400 shares of Series A, Fixed-Rate Cumulative Perpetual Preferred Stock and a warrant to purchase 114,080 shares of the bank's common stock at an exercise price of \$9.73 per share. The bank's intention in electing to participate in the CPP was to add capital that would allow First Sound Bank to increase its lending to businesses and consumers in its market area.

With \$43 million in capital – and a Tier 1 capital ratio of 14.8 percent that is well above the regulatory 10 percent minimum – First Sound Bank remains one of the better-capitalized banks in the Northwest. The book value of the bank's common stock at year-end was \$10.09 per share, compared to \$10.54 a year ago.

First Sound Bank has a well-diversified loan portfolio with 34.9 percent of loans in commercial and industrial (including asset-based lending), 17.0 percent in real estate construction, 20.9 percent in other real estate, 26.2 percent in small-ticket leasing, and 1.0 percent in consumer loans.

First Sound Bank is in litigation with the former owners of Puget Sound Leasing Co., Inc. – as well as various investor banks that have done business with the leasing company's former owners and First Sound Bank – over issues regarding the asset acquisition of Puget Sound Leasing. Details regarding litigation issues may be found in First Sound Bank news releases issued on January 2, 2009 and January 12, 2009. Given year-end events relating to the leasing division, management has retained third-party assistance to assess the value of the leasing transaction as it relates to goodwill.

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“First Sound Bank was well-capitalized prior to its participation in the U.S. Treasury Department’s Capital Purchase Program, and the program has allowed us to further strengthen our balance sheet so that we can continue to take advantage of growth opportunities in the market,” said First Sound Bank Chairman and CEO Don Hirtzel.

First Sound Bank was founded in July 2004. With \$276 million in assets, the bank and its dedicated 83-person staff serve clients from its downtown Seattle office and its leasing company in Bellevue.

For a more detailed financial analysis, contact

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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.

About First Sound Bank

Seattle-based First Sound Bank offers customized banking for small- to medium-sized businesses, organizations, not-for-profits and professionals in the Puget Sound region. Founded by a team of veteran local banking executives, it is committed to delivering personalized service, convenient access and competitive rates to support the needs of the business community. The bank offers online banking at www.firstsoundbank.com plus an expansive banking network in the western U.S., as well as ATM banking throughout the country and abroad. On March 1, 2008, First Sound Bank purchased a majority of the assets of Puget Sound Leasing Company, Inc. – a small ticket, business-to-business leasing company – and established Puget Sound Leasing as a division of First Sound Bank.

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