



**For immediate release**

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**First Sound Bank Raises \$7.9 Million in New Capital  
and Completes Repurchase of TARP Preferred Securities**

**SEATTLE**, February 21, 2013 – First Sound Bank (OTCBB: FSWA) today announced that, in accordance with a negotiated agreement with the U.S. Treasury, it has retired all \$7.4 million in preferred stock issued to the Treasury in late 2008 in exchange for capital received under the Troubled Asset Relief Program (TARP). The Bank received regulatory approval to close on the agreement and repaid the Treasury on February 20.

The agreement, which called for a 50 percent discount to purchase the securities and warrants and extinguish accumulated unpaid dividends of approximately \$1.3 million, required First Sound to raise at least \$7 million in new capital and meet certain other requirements. The Bank closed out its offering on February 15, 2013, raising over \$7.9 million from individual investors.

CEO Patrick Fahey, who was appointed to his position in January, 2012, stated, “This is a major milestone for First Sound Bank, as it has recovered from being one of the most troubled banks in Washington State to one of the healthier ones.” The Bank was considered “significantly undercapitalized” a year ago, but with its increased funding, its capital ratios will now exceed the regulatory definition of a “well-capitalized” institution.

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Fahey also noted that First Sound Bank has made significant progress on improving its asset quality, reducing non-performing assets from a high of \$46 million to \$4 million as of December 31, 2012. "The Bank has benefitted from an amazingly loyal customer base and staff who have stayed with it through its difficult period," said Fahey. "As a result, First Sound Bank is poised to increase its lending to small- and medium-sized businesses and is better positioned to make larger loans with its increased capital base," he added.

**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.*

**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. The bank 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](http://www.firstsoundbank.com) plus an expansive banking network in the western U.S., as well as ATM banking throughout the country and abroad.

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