



First Sound Bank.

Innovative Business Banking. Your Way.

**Fourth & Madison Building
925 Fourth Avenue, Suite 2350
Seattle, Washington 98104**

June 24, 2010

ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of First Sound Bank (the “Bank”) to the holders of common stock of the Bank (“Common Stock”) in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareholders to be held on Thursday, June 24, 2010 at 5:00 p.m. at the Bank’s main office located in the Fourth & Madison Building, 925 Fourth Avenue, Suite 2350, and any adjournment thereof. The shares represented by the enclosed proxy will be voted in accordance with the shareholder’s directions, if the proxy is duly executed and returned prior to the Annual Meeting. If no directions are specified on the proxy, it will be voted at the discretion of the proxy holder in accordance with the recommendations of the Board of Directors on all matters as may properly come before the meeting or any adjournment thereof. A proxy delivered pursuant to this solicitation is revocable at the option of the person giving the proxy at any time before it is exercised. A proxy may be revoked, prior to its exercise, by executing and delivering a later-dated proxy to the Secretary of the Bank prior to the Annual Meeting, delivering written notice of revocation of the proxy to the Secretary of the Bank prior to the Annual Meeting, or attending and voting at the Annual Meeting. Attendance at the Annual Meeting, in and of itself, will not constitute revocation of a proxy.

All costs of the solicitation of the proxies will be borne by the Bank. These proxy materials are being mailed to shareholders on or about June 1, 2010.

PURPOSE OF THE MEETING

At the Annual Meeting, shareholders will be asked:

1. To elect six (6) members to the Board of Directors; and
2. To approve an amendment to the Bank’s Articles of Incorporation to increase the number of authorized shares of Common Stock from 11,586,250 to 91,586,250; and
3. To act on such other matters as may properly come before the meeting.

OUTSTANDING VOTING SECURITIES AND VOTING RIGHTS

At May 13, 2010, there were 5,156,471 shares of Common Stock outstanding. The presence at the meeting, in person or by proxy, of a majority of the outstanding shares, or 2,578,737 shares, is necessary to constitute a quorum for the meeting. Each outstanding share is entitled to one vote on all matters. For purposes of the quorum and the discussion below regarding the vote necessary to take shareholder action, shareholders of record who are present at the meeting in person or by proxy and who abstain, including brokers holding customers' shares of record who cause abstentions to be recorded at the meeting, are considered shareholders who are present and entitled to vote, and they count toward the quorum.

Brokers holding shares of record for customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. As used herein, "uninstructed shares" means shares held by a broker who has not received instructions from its customers on such matters, and the broker has so notified the Bank on a proxy form in accordance with industry practice or has otherwise advised the Bank that it lacks voting authority. As used herein, "broker non-votes" means the votes that could have been cast on the matter in question by brokers with respect to uninstructed shares if the brokers had received their customers' instructions.

Directors are elected by a plurality, and the six (6) nominees who receive the most votes will be elected. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election. The proposal to amend the Articles of Incorporation requires the affirmative vote of 66 2/3% of the votes entitled to be voted on the proposal. Abstentions and broker non-votes will have the same effect as a no vote on this proposal.

<p style="text-align: center;">PROPOSAL 1 ELECTION OF DIRECTORS</p>

The Articles of Incorporation of First Sound Bank provide for a Board of Directors consisting of not fewer than 5 nor more than 15 persons, each to serve until the next regular meeting of shareholders at which directors are elected, unless a director resigns or is removed from office. The Board has set the number of directors at six (6).

Should any of these nominees become unavailable for any reason, which is not anticipated, the Board of Directors may, unless the Board by resolution provides for a lesser number of directors, designate substitute nominees, in which event the persons named in the enclosed proxy will vote for the election of such substitute nominee or nominees.

Set forth below are the names of each nominee for director, the positions and offices held at the Bank, the year in which the nominee became a director of First Sound Bank, and the nominee's principal occupation and business experience for the past 5 years.

NOMINEES FOR ELECTION TO TERM EXPIRING 2011

Michael O. Evered

Director since 2004

Mr. Evered, age 69, born in Seattle, and a graduate of Seattle University, Mr. Evered brings to the Board a wealth of prior business experience and community involvement indicative of his interest in the Seattle area. His early career included positions with Shell Oil, Chrysler Credit and Baxter Medical before he joined Bellevue Lincoln Mercury -- a successful Eastside auto dealership owned and operated by his family for more than 44 years. During his time there, Mr. Evered was elected to and served on the Lincoln Mercury National Dealer Council from 1993-94.

Mr. Evered has always given back to the community in a variety of significant ways. A member of the Bellevue Rotary Club since 1979, he served as its president in 1990-91, raised over \$250,000 for the Rotary Wishing Well Foundation to benefit terminally ill children, and continues as president emeritus of the organization today. Mr. Evered also served as president and board member of Eastside Mental Health; as a Bellevue City Council member from 1979-1983; as a member of the Bellevue Civil Service Commission; and as a member of the Central Business District Action Committee, which was instrumental in the development of Downtown Bellevue. Additionally, Mr. Evered chaired the finance committee for the development of Meydenbauer Center and for the \$2.5MM capital campaign for St. Madeline Sophie Catholic Church. He currently serves as spokesperson for Electron Beam Tomography (EBT) for the Swedish Heart Institute at Swedish Medical Center and as a member of the Board of Regents at Seattle University, and provides driving assistance for veterans being served by the Veterans Administration.

Don L. Hirtzel, Chairman and Chief Executive Officer

Director

since 2004

Mr. Hirtzel, age 64, has been involved in the banking industry for 42 years with the past 29 in the greater Seattle-Eastside markets. He resigned as Senior Vice President and Division Manager of Business and Professional Banking from Pacific Northwest Bank (Wells Fargo) to pursue the formation of First Sound Bank. At Pacific Northwest Bank Mr. Hirtzel developed a new King County Commercial Banking Team in addition to managing the activities of five other Business Centers throughout Washington. Prior experience included serving as Executive Vice President in charge of production for Tacoma-based Columbia Bank and various other Senior Vice President positions with responsibilities in retail, business and corporate banking for Rainier National Bank, Security Pacific Bank, West One Bank and U S Bank. Mr. Hirtzel was recognized in 1984 as Area Executive of the Year by Rainier National Bank, in 1991 by Security Pacific Bank as Business Banking Center Leader of the Year, in 1992 by West One Bank as Banker of the Year, and in 1998 awarded the U S Bank Leadership Award. Mr. Hirtzel currently serves on the Board of the Council of Better Business Bureaus, a national organization based in Arlington, Virginia where he serves as Chair of the Audit Committee. Mr. Hirtzel also serves as Board member of the Better Business Bureau of Western Washington, Oregon and Alaska where he has served for 10 years and was their former Board Chair. Mr. Hirtzel has served on a variety of community boards over the years including the Bellevue Chamber of Commerce, Kirkland Chamber of Commerce, Bellevue Community College Foundation (where he served as

Treasurer), and Junior Achievement. Mr. Hirtzel is a graduate of the University of South Dakota and a graduate of the Colorado Graduate School of Banking at the University of Colorado.

Pamela R. Myers

Director since 2004

Ms. Myers, age 61, has been a member of the State Bars of Washington and California since 1974 and 1977, respectively. She has been active in the practice of law in the Pacific Northwest since 1974. Previously Ms. Myers served as Vice President, General Counsel and Secretary of Recreational Equipment, Inc. (REI) in Kent, Wash. from 2000 to 2005, and as General Counsel for Northwest Power Enterprises in Bellevue, handling all the legal matters for this entrepreneurial developer of gas turbine electric generating projects. She also has served as Counsel for First Interstate Bank (1979-1982), Rainier Bank (1982-1992) and subsequent acquisitions by Security Pacific Bank (1987) and Bank of America (1992). From 1992 to 1996 she was Vice President, General Counsel and Secretary of West One Bank, Washington, where she served as a member of the Executive Team participating in the development of a new bank in Washington. West One was acquired in 1996 by U S Bank where she managed a five lawyer legal department for U S Bank in Portland through 1997.

Ms. Myers received her BA degree from the University of Washington and her JD from Northwestern School of Law, Lewis and Clark College, Portland, Oregon.

Steven J. Schwartz

Director since 2006

Mr. Schwartz, age 50, is a founding principal of Pacific Real Estate Partners, Inc., a leading commercial real estate brokerage company with offices in Bellevue, Seattle and Portland, Ore. The company represents its clients in the sale and leasing of commercial and industrial properties throughout the region. He currently sits on the Board of Directors of ONCOR International, an international real estate network. Mr. Schwartz is the recipient of the Baird Award for Excellence in Real Estate and was recognized by his peers as a finalist for the Society of Industrial and Office Realtors (SIOR) "Broker of the Year" award in 2000. Mr. Schwartz received his BS Degree (Finance, International Business) from New York University and started his professional career with Manufacturers Hanover Trust Bank in New York City. He subsequently worked at Paine Webber as an institutional bond salesperson before returning to the Pacific Northwest in 1988. Mr. Schwartz has been very active in community activities. He has served on the Board of Wellspring (formerly Family Services) and was board president during the 2003-04 term. Previously, Mr. Schwartz was active in the formation of the Young Leadership Division of the Jewish Federation.

Steven M. Shaughnessy, President and Chief Operating Officer

Director since 2004

Mr. Shaughnessy, age 57, has 34 years of experience in the Seattle banking and finance market encompassing a wide range of positions in traditional banking as well as asset-based finance. In 1990 he helped form CAPCO Financial, for which he served as President until the company was sold to Greater Bay Bancorp of Palo Alto, Ca. in 2001. CAPCO designed and delivered secured finance products targeting high risk or non-conforming small and medium-sized business borrowers in Washington and Oregon. Prior to forming CAPCO, Mr. Shaughnessy was a Vice President with First Interstate Bank of Washington and Rainier National Bank with various positions in retail branch management, internal bank auditing,

commercial lending and business development. He is a graduate of the University of Washington with a BA degree in Finance and Accounting.

Kathleen Y. Titcomb

Director since 2004

Ms. Titcomb, age 52, is an active community volunteer serving a variety of King County organizations over the years. She has prior associations with the Junior League, the Seattle Art Museum Supporters (SAMS) where she served as President from 1989-2000, Seattle Art Museum Board of Trustees, and the Seattle Children's Home Board of Trustees from 1994-2002. She has had an active role in fundraising and served as Chair of Fundraising for Brookside Elementary from 1999-2000. Ms. Titcomb was Internal Auditor for Mobil Oil Corporation from 1980-82 and Internal Auditor for MCO Resources in 1982-83 (both in Los Angeles), and Business Broker and Manager for V.R. Business Brokers in 1983-85 in Bellevue and Seattle. She was co-owner of Sorel's Gourmet Food and Kitchen Store in Seattle from 1985 to 1990.

Ms. Titcomb graduated Magna Cum Laude from the University of Puget Sound in 1980 with B.A. Degrees in both Economics and Finance. She was awarded the Certified Internal Auditor, (C.I.A.), designation from the Institute of Internal Auditors in 1982.

**THE BOARD RECOMMENDS THAT THESE NOMINEES
BE ELECTED AS DIRECTORS.**

**PROPOSAL 2
TO APPROVE AN AMENDMENT TO THE BANK'S ARTICLES OF INCORPORATION
TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK
FROM 11,586,250 TO 91,586,250.**

On May 6, 2010, the Board adopted a resolution recommending that the Bank's Articles of Incorporation be amended to increase the authorized shares of Common Stock from 11,586,250 to 91,586,250 (the "Amendment"). The Board further directed that the Amendment be presented to the shareholders for a vote at the Annual Meeting. If the Amendment is approved by shareholders, the Bank will thereafter execute and submit to the Washington Department of Financial Institutions ("DFI"), who will file the Articles of Amendment with the Washington Secretary of State. The Amendment will become effective when the Articles of Amendment are accepted for filing by the Washington Secretary of State.

As of the date of this Proxy Statement, there are 5,156,471 shares of common stock issued and outstanding. There are 460,680 shares of common stock reserved for issuance upon exercise of options previously granted under the Bank's 2004 Stock Option Plan. There are an additional 99,810 shares available for future options and grants under the Bank's 2004 Stock Option Plan, which was approved by the Bank's shareholders in 2004.

Reasons for Proposed Amendment

On March 4, 2010, the Bank entered into a Stipulation and Consent to the Issuance of a Consent Order with the Federal Deposit Insurance Corporation ("FDIC") and the Washington Department of Financial Institutions ("DFI"). The Consent Order requires the Bank to increase

its Tier 1 Capital to 10% by July 3, 2010. The Bank's Tier 1 Capital Ratio at March 31, 2010 was 2.5%. The Bank received from the FDIC a Supervisory Prompt Corrective Action Directive dated April 28, 2010, requiring the Bank to sell enough voting shares so that the Bank will be adequately capitalized (generally 4% Tier 1 Capital) and/or to accept an offer to be acquired by a depository institution holding company or to combine with another insured depository institution by May 28, 2010, or be subject to possible further enforcement action. The Bank has informed the FDIC and the DFI that it cannot raise capital until the pending lawsuit with LARASCO, Inc. has been resolved, and believes that the FDIC and DFI will take no further enforcement action pending resolution of the LARASCO trial, provided the Bank maintains a Tier 1 Capital Ratio of not less than 2.5%. The trial is scheduled to commence on June 1, 2010 in the U.S. District Court for the Western District of Washington. Upon the completion of that trial, the Bank will have a clearer understanding of the capital it will need to raise to avoid further enforcement action, which could include closure. Many banks in this region have received similar orders and based on what has occurred in each case, the Bank must make a good faith effort to raise additional capital and will likely have to raise enough capital to raise its Tier 1 Capital level to a minimum of 5%, and to increase it further over a reasonable period of time through the raising of additional capital, or the reduction in assets or both. Based on the Bank's March 31, 2010 capital level to reach 5% Tier 1 Capital the Bank will need to raise a minimum of \$4,818,100 and to attain a 10% Tier 1 Capital Ratio, will need to raise an additional \$14,472,200. At the current stock price of \$.36 (mid-price between current ask offer and bid price on the OTC Bulletin Board) the Bank would need to sell 13,383,611 shares to attain a 5% Tier 1 Capital Ratio and 40,200,556 shares to attain a 10% Tier 1 Capital Ratio. The purpose of this proposed amendment to the Articles of Incorporation is to authorize sufficient shares necessary to raise the additional capital needed to be in compliance with the regulatory requirements.

The amendment, if approved, will also provide the Bank with sufficient authorized shares of common stock to raise additional capital in the future to repay the funds received by the Bank as a participant in the U.S. Treasury Department's Capital Purchase Program and for other corporate purposes.

Potential Effects of the Proposed Amendment

While the Bank has no specific agreements in place for any financing at this time, the proposed increase in the number of authorized shares of common stock will give the Board authority to issue additional shares of common stock from time to time without delay or further action by the shareholders except as may be required by applicable law. The additional shares of common stock, when and if issued, would have the same rights and privileges as the shares of common stock now issued, including the right to cast one vote per share and to participate in dividends when and to the extent declared and paid. Any issuance of additional shares of common stock would increase the number of outstanding shares of common stock. As a result, existing shareholders would experience dilution in their percentage ownership, voting power and in their earnings per share (unless such issuance was pro rata among all existing shareholders). Holders of the Bank's common stock are not entitled to preemptive rights or other protections against dilution. The Board intends to take these factors into account before authorizing any new issuance of shares.

Although an increase in the authorized shares of common stock could, under certain circumstances, also be construed as having an anti-takeover effect (for example, by permitting easier dilution of the stock ownership of a person seeking to effect a change in the composition of our board of directors or contemplating a tender offer or other transaction resulting in our acquisition by another company), the proposed increase in authorized shares is not in response to any effort by any person or group to accumulate shares of our common stock or to obtain control of the Bank by any means. In addition, the proposal is not part of any plan by the Board to recommend or implement a series of anti-takeover measures.

If this proposal is approved, the Bank will file an amendment to its Articles of Incorporation to effect the proposed increase in our authorized shares of common stock. Such amendment will be filed with the DFI for approval and the DFI will file the Amendment with the Washington Secretary of State as soon as practicable following such approval. Exhibit A to this Proxy Statement sets forth the text of the form of the Articles of Amendment of Articles of Incorporation if this proposal is approved. Such text is subject to revision for such changes as may be required by the DFI and/or the Washington Secretary of State and other changes consistent with the proposals that we or our counsel may deem necessary or appropriate.

THE BOARD RECOMMENDS A VOTE FOR AN AMENDMENT TO THE BANK'S ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 11,586,250 TO 91,586,250.

MISCELLANEOUS TRANSACTIONS WITH MANAGEMENT AND OTHERS

First Sound Bank has had, and expects to have in the future, banking transactions in the ordinary course of its business with directors, officers, principal shareholders, and their associates, on substantially the same terms, including interest rates and collateral on loans, as those prevailing at the same time for comparable transactions with others and which do not involve more than the normal risk of collectability or present other unfavorable features.

OTHER INFORMATION

Board of Director Nominations

In accordance with the Bank's Articles of Incorporation, nominations for the election to the Board of Directors may be made by the Board of Directors or by any shareholder entitled to vote for the election of directors. Such nominations other than by the Board of Directors shall be made in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Bank not less than 60 days prior to the first anniversary of the date of the last meeting of shareholders of the Bank called for the election of directors.

Each notice shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice; (ii) the principal occupation or employment of each such nominee; (iii) the number of shares of stock of the Bank which are beneficially owned by each such nominee; and (iv) such other information as would be required by the Federal Securities Laws and the Rules and Regulations promulgated thereunder in respect to any

individual nominated as a director of the Bank and for whom proxies are solicited by the Board of Directors of the Bank.

The Chairman of any meeting of shareholders may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Other Business

Management does not intend to bring before the meeting any matters not referred to in this Proxy Statement and the Bank has not been informed that any other matters are to be presented by others. If any other matters properly come before the meeting, it is intended that the shares represented by proxies will be voted in accordance with the recommendations of management.

By Order of the Board of Directors,



Donald L. Hirtzel
Chairman and Chief Executive Officer

EXHIBIT A

**State of Washington
Corporations Division
Office of the Secretary of State
ARTICLES OF AMENDMENT**

Pursuant to RCW 30.08.090, the undersigned corporation hereby submits the following amendment to the corporation's Amended and Restated Articles of Incorporation.

1. The name of the corporation is: FIRST SOUND BANK.
2. The text of the amendment as adopted is as follows:

Article VI, Section A, of the Articles of Incorporation, which sets forth the number, kind and par value of authorized shares, is deleted in its entirety and replaced with the following:

ARTICLE VI

A. Authorized Capital Stock

The total number of shares that this corporation is authorized to issue is 91,596,250, consisting of 91,586,250 shares of Common Stock, with no par value, and 10,000 shares of preferred stock, \$.01 par value ("Preferred Stock"). The Common Stock is subject to the rights and preferences of the Preferred Stock as set forth below.

3. The date of adoption of the above amendment was June 24, 2010.
4. The amendment was adopted by the shareholders of the corporation in accordance with the provisions of RCW 30.08.090.
5. These Articles of Amendment will be effective upon filing.

DATED: June _____, 2010.

FIRST SOUND BANK

By: _____
Donald L. Hirtzel, Chairman/CEO