

2014 Sustainability Report



Our commitment to ease, access, transparency and sustainability is at the center of all initiatives.



Laurie Schmertz
Make-A-Wish ®
Alaska and Washington

I am proud to be a client of Sound Community Bank. From daily banking to mortgage needs in the Seattle area, my experience has been terrific. Each and every person that I work with provides the type of customer service you can't get anywhere – they genuinely care about you and that your needs are met. They treat you like family. I've had such great experiences that family members from Skagit County to Pierce County joined the bank as clients!

As a non-profit professional, I am honored to partner with Sound Community Bank for over 12 years. They are completely devoted to supporting Make-A-Wish® Alaska and Washington. They have adopted wishes throughout Washington. Not only do they support wishes financially, they go the extra mile by participating in the wish. Their employees helped a little girl experience her wish to have a room makeover by rolling up their sleeves to paint and decorate. That is just one of many examples. They never stop searching for new ways to support our chapter. They sponsor our Wish Night Gala & Auction which raises funds to help grant wishes to some of the 400 local children awaiting their wishes. And, they appoint an employee to serve on our corporate council each year, which helps leverage additional support from new corporations throughout the community.

Simply put, their time, talent and treasure allows Make-A-Wish to provide hope, strength, and joy to our wish families during their time of greatest need.

Financial Stewardship

Superior safety and soundness rating from Bauer Financial

Employees awarded 7.5% of salary in shares to Employee Stock Ownership Plan, demonstrating commitment to financial sustainability

Loan to Deposit ratio of 105.38% displaying a commitment to lend to the communities we serve

Return on Assets ratio 0.93% demonstrating efficient financial management to generate earnings using assets

Return on Equity ratio of 8.76% revealing profitable use of investments from shareholders

Efficiency ratio of 67.45% making evident our commitment to preserving resources

11.54% stock appreciation exhibiting commitment to shareholders and our financial success

Environment

52% of clients receive electronic statements, eliminating approximately 100,000 printed pages

57% of clients with a checking account use Online Banking for paperless transactions and bill payment

73% of clients use a debit card, eliminating the need for paper checks

3,370 clients utilize Mobile Banking, eliminating the need to visit a branch

46% of loan clients choose to pay automatically instead of using a paper check or visiting a branch

100% of our loan files are digitized, eliminating the need for storing 2,700,000 pieces of paper in filing cabinets, saving space, providing easy, fast access to data



Maria Carbullido
AVP Branch Manager

Twelve years ago, I joined the Bank as a teller. If I went back in time, I would not imagine all the accomplishments I've achieved at Sound Community Bank. Not only do I consider this my second home, my family does as well. Twelve years ago, I also married my best friend, started a family, and bought our first car and home through the Bank. Sound Community Bank demonstrates how valuable their employees are by investing in the development of their career and offering excellent health benefits. I took several classes to help me succeed in my career path such as Consumer Lending and Retail Management. Now, I am in the Executive Development Program with the Washington Bankers Association. This has been quite the journey for me and I feel honored to be working for a company that sustains its employees.

Workplace

93.68% employee participation in the Bank Wellness Program

Average employee tenure of 5.23 years

\$19,716 in tuition reimbursement for continuing employee education

2,134 total hours of employee training

Employee Utilization rate of 19% representing the percentage of an employee needed to service \$1 million

Community

1,990 employee hours volunteered within our communities

94.13% average client satisfaction score

96% employee participation in Corporate Giving Campaign

0.85% average market share in communities we serve

89 charitable events and activities supported during 2014

132 nonprofit checking accounts offered free to nonprofit organizations



We were let down by our previous bank when they completely “dropped the ball” at the final hour before our construction loan was to close. We approached Sound Community Bank with the dilemma. They were focused and professional and within a few short days had the financing we needed. Shortly after we closed on the property, we moved all of our accounts to Sound Community Bank. Since that time they have been by our side as we continue to grow our business. They have assisted with letters of guarantee for some of our larger vendors, helped increase our fleet of trucks, helped us manage our line of credit, provided short term project loans or emergency loans, and even helped me to finance my dream car. I cannot say enough about the Sound Community Bank team. From the local branch employees to the commercial lending team, Sound has been right by our side. I could not possibly be happier with the services and customer service they have provided.

Eric Schwartz, President

Olympic Restaurant Equipment Inc.
Sequim, WA

At Sound Community Bank, we made a strategic commitment to provide sustainable, secure financial services and support for individuals, businesses, communities and employees. We focus on initiatives like excellent financial performance, green products and services, superior client service and employee benefits that enhance employee relations and expand our productivity. In 2014, the management team led a focused effort to more fully integrate sustainability and corporate social responsibility into our day-to-day operations. We believe these efforts are the right thing to do and that they result in satisfied clients, engaged employees, and sustainable financial performance for years to come. We hope you enjoy learning about our efforts in 2014.

Laura Lee Stewart

President/Chief Executive Officer
Sound Financial Bancorp, Inc.
and Sound Community Bank

Matthew P. Deines

Executive Vice President/Chief
Financial Officer
Sound Financial Bancorp, Inc.
and Sound Community Bank

Kelli Nielsen

Senior Vice President/Retail
Banking
Sound Community Bank

Sustainability Materiality Matrix



Materiality is about identifying the issues that matter most to our business and our stakeholders. We plot issues that are of most concern to our external stakeholders against those that pose risks or present opportunities to Sound Community Bank. Conducting a materiality analysis not only helps us identify issues that stakeholders want to see us cover in our reporting, but also helps us to decide where to focus our internal resources.