



SOUND
COMMUNITY BANK
Simply better here.

..... 2017 Sustainability Report

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



environment ● community ● workplace ● financial stewardship

Plymouth Housing Group's mission is to eliminate homelessness and address its causes by preserving, developing, and operating safe, quality, supportive housing and by providing homeless adults with opportunities to stabilize and improve their lives. Since 1980, Plymouth has focused on helping men and women experiencing long-term homelessness leave life on the streets behind for good. For many of Plymouth's residents, managing their income is a challenge. Mental illness, chemical dependency disorders, disabilities, and other health challenges impede the management of their funds—which may cause the resident to fall behind in rent payments and subsequently jeopardize their housing. However, together, Plymouth and Sound Community Bank are changing that through Plymouth's new Payee Program, launched in 2017. This program offers free financial management services to Plymouth residents to help them maintain their housing stability. As Plymouth's banking partner for this program, Sound Community Bank is having a direct, positive impact on Plymouth's residents, such as Mr. Tinsley.



Barry Harkin
Plymouth Housing Group
Representative Payee (right)

Mr. Tinsley
Plymouth Housing Group Resident
(left)

Lynn Beck
Chief Development Officer
Plymouth Housing Group

Wildlife Computers relationship with Sound Community Bank began in 2017. The main mission of Wildlife Computers is to promote the sustainable use of our global environment by creating the most innovative technologies that empower data-driven decisions. It is this core value we share with Sound Community Bank. Sound Community Bank is dedicated to financial and environmental stewardship and helping each client along the way. We have complex business needs as we have many international clients with funding agencies from all over the world. Sound Community Bank put together an easy way to manage funds and remain financially relevant. The bank makes us feel like a valued client who appreciates our business.

Melinda Holland
President & CEO
Wildlife Computers



Dave and Robin McFarland
Real Estate Brokers
My Northwest Homes

My husband and I are both Real Estate Brokers and clients of Sound Community Bank for 21 years. We couldn't be happier! They helped us in so many ways, including acquiring two Home Equity Lines Of Credit (HELOC), a business account, a personal account and the ability to wire funds internationally. The HELOCs have come in handy several times over the years. Anytime we need anything or have questions, our local branch manager, Jeanette Davelaar, and Residential Lending Manager, David Raney, are always available to us. We recommend Sound Community Bank to anyone who appreciates a personal and professional banking relationship!

Community

1,881 hours volunteered within our communities

95.04% average client satisfaction score

90% employee participation in Corporate Giving Campaign

16.78% average market share in communities we serve

95 charitable events and activities

223 checking accounts offered free to nonprofit organizations

Workplace

90% employee participation in the Bank Wellness Program

Average employee tenure of 5 years

3,093 total hours of employee training

Employee Utilization ratio of 18.5%, representing the percentage of an employee needed to serve \$1,000,000 in assets

Environment

56% of clients choose electronic paper statement, eliminating approximately 425,000 printed pages

69% of clients with a checking account use Online Banking for paperless transactions and bill payment

68% of clients use a debit card, limiting the use of paper checks

5,161 clients utilize Mobile Banking, eliminating the need to visit a branch

39% of clients with a loan choose auto-pay instead of using a paper check or visiting a branch monthly

100% of loan files digitized, eliminating the need for storing 3,000,000 pieces of paper in filing cabinets, in turn saving space and reducing expenses

86,050 bills paid via online banking & 13,406 deposits made via EZ Deposit, eliminating the need for paper checks or a trip to the bank

Financial Stewardship

5-Star "Superior" safety and soundness rating from Bauer Financial

Employees earned 21,443 shares in the Employee Stock Ownership Plan, creating shared ownership and a financial interest in our success

Loan to Deposit ratio of 105.63%, displaying a commitment to the communities we serve

Return on Assets ratio of 0.87%, demonstrating efficient financial management to generate earnings

Return on Equity ratio of 8.13%, revealing profitable leverage of investments from shareholders

Efficiency ratio of 68.89%, making evident our commitment to preserving resources



Tom Sanford
Executive Director
North Olympic Land Trust

From left Tom Sanford, Michele Canale, Lorrie Mittmann, Alana Linderoth, Jennifer Calhoun, Joan Rutkowski, and Dean Miller

When we (North Olympic Land Trust) outgrew our office space in 2016, Sound Community Bank officials provided us with an incredible partnership enabling us to lease our own, larger location. The collaboration with Sound Community Bank allowed us to grow our team and gave the organization the necessary infrastructure to build our efforts to better conserve the lands that sustain the communities of Clallam County. Additionally, the larger office space now acts as a wonderful place to reflect the community's land conservation achievements and future goals.

We've been able to pass on the generosity and support of Sound Community Bank with the surrounding community by allowing other local nonprofits and groups to utilize the Land Trust office whenever possible. The partnership with Sound Community Bank to meet our infrastructure needs is only one example of the type of support the Bank has provided for local land conservation on the North Olympic Peninsula. Collaboration with Sound Community Bank is critical to the success of a number of farmland conservation projects which help our community preserve hundreds of acres of farmland for today and future generations.

North Olympic Land Trust is a nonprofit dedicated to the conservation of open spaces, local food, local resources, healthy watersheds and recreational opportunities. Its mission is to conserve lands that sustain the social, ecological and economic vitality of the communities of Clallam County. Since its founding in 1990, the Land Trust has conserved more than 3,300 acres across the North Olympic Peninsula for farms, fish and forests.

When I joined Sound Community bank almost 19 years ago, I didn't realize how rewarding my employment here would be. Over the years, I've had the opportunity to work in numerous positions. My career began in the Customer Service Department, followed by four years of Retail Banking, and currently I'm employed in the Lending Department. Sound Community Bank encourages me to achieve and exceed my professional goals. I feel very fortunate to work for a company that invests so much time in empowering their employees by offering great benefits and opportunities for growth, both personally and professionally.



Heather Lee
Residential Underwriter
Sound Community Bank

At Sound Community Bank, we make 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 2017, the management team continued to lead a focused effort to more fully integrate sustainability and corporate social responsibility into our day-to-day operations. We believe these principles, which are embedded throughout the Bank, creates satisfied clients, engaged employees, and sustainable financial performance for years to come. We hope you enjoyed learning about our efforts in 2017.

About the Cover: Lake Union, near Seattle, is a gateway to the Puget Sound and Strait of Juan de Fuca, connected by the world-famous Chittenden Locks. It represents our expanded footprint throughout the Puget Sound and North Olympic Peninsula regions. It also exemplifies our holistic commitment to sustainability - financial stewardship, excellence in the workplace, a commitment to the communities we serve, and the environment. For more information surrounding our efforts in the area of sustainability, enclosed please review the 2017 Sound Community Bank Sustainability Report. Photo courtesy of Nancy Walwick, AVP, Deposit Operations Manager.

Laura Lee Stewart
 President/Chief Executive Officer & Interim Chief Financial Officer
 Sound Financial Bancorp, Inc. and Sound Community Bank

Christina Gehrke
 Executive Vice President
 Chief Administrative Officer
 Sound Community Bank

Elliott Pierce
 Executive Vice President
 Chief Credit Officer
 Sound Community Bank