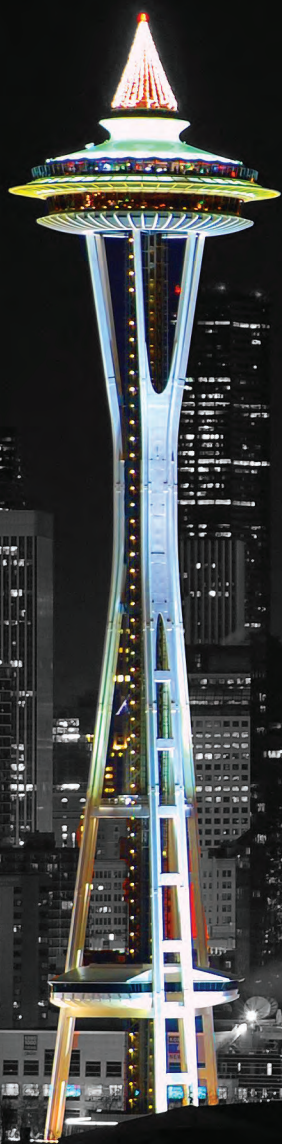




**SOUND**  
COMMUNITY BANK  
**Simply** better here.

## 2018 Sustainability Report



environment • community • workplace • financial stewardship



**Orca Conservancy**  
**Shari Tarantino,**  
President & Board of Directors

Orca Conservancy works on behalf of *Orcinus orca*, the killer whale, and protects the wild places on which it depends. Our urgent attention is focused on the critically endangered Southern Resident orca population which inhabits local waterways. Since 1996, Orca Conservancy has been a leader in ensuring Southern Resident orcas receive protection under the Endangered Species Act, safeguarding critical habits, protecting wild salmon populations, and providing education and outreach for these majestic animals.

We are proud of our recent partnership with Sound Community Bank, whose values align in recognizing sustainable everyday business practices. As the primary sponsor of our OrcaStars program, which honors businesses who practice sustainability, it allows us to continue work educating high school aged students from the ground up. They in turn enroll businesses within their communities. We look forward to inspiring the local community at large, supporting the recovery efforts of the Southern Resident orca population, and continuing to be their voice.

## Financial Stewardship

Employees earned 11,340 shares in the Employee Stock Ownership Plan, demonstrating commitment to their financial stability

Loan to Deposit ratio of 112.12%, displaying a commitment to the communities we serve

Return on Assets ratio 1.03%, expressing efficient financial management to generate earnings using assets

Return on Equity ratio of 10.24%, revealing profitability leveraging investments from shareholders

Efficiency ratio of 71.12%, making evident our commitment to preserving resources

## Environment

51% of clients choose electronic paper statement, eliminating approximately 405,000 printed pages

65% of clients with a checking account use Online Banking for paperless transactions and bill payment

64% of clients use a debit card, eliminating the need for paper checks

5,917 clients utilize Mobile Banking, eliminating the need to visit a branch

41% 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

# Community

2,117 hours volunteered within our communities

94.68% average client satisfaction score

90.00% employee participation in Corporate Giving Campaign

19.06% average market share in communities we serve

117 charitable events and activities

241 checking accounts offered free to nonprofit organizations

# Workplace

90% employee participation in the Bank Wellness Program

Average employee tenure of 5 years

2,542 total hours of employee training

Employee Utilization of 17.2%, representing the percentage of an employee needed to service \$1,000,000 in assets



## UP for Arts Board Members

Back row, left to right: Kathy Admire, Lori Forrest, Dan Skelley, Judy Scott  
Front row, left to right: Bunny Nance, Debbie Scoles, Barry Crust, Debbie Klosowski  
Not pictured: Elmira White, Sallie Zimmer, Helen Hein, Kristine Countryman, Mary Jane Dubbs

UP for Arts is a nonprofit volunteer group dedicated to supporting and promoting the arts in University Place, Washington.

UP for Arts sponsors six annual art and concert events with outstanding performing and visual artists, resulting in incredible evenings of cultural experiences.

Since 2005, UP for Arts raised funds to acquire permanent pieces of public art. These include several bronze sculptures, a suspended glass sculpture celebrating our Pacific Northwest heritage, and a concert quality grand piano for the University Place Civic and Library Atrium. Our current fundraising project is Forever Friends, a life-size bronze horse sculpture celebrating the legacy of the Curran Apple Orchard Park, a community gathering place.

Sound Community Bank is a dedicated partner to our organization, providing outstanding banking services as well as enthusiastic volunteers to support many of our fundraising efforts.

UP for Arts  
Debbie Klosowski, Board Member



**The Co-Op Farm and Garden**  
**Ken Garling,**  
General Manager

The Co-Op Farm and Garden has served Clallam and Jefferson counties for over 80 years. The Co-Op operates in accordance with the highest standards in all relationships with customers, suppliers, the environment and our community. Our corporate values of Integrity, Quality, Respect, Accountability, Teamwork, and Community govern our development. We are pleased to partner with Sound Community Bank because they too have the same values and standards. Sound Community Bank is friendly and efficient. They make us feel like a valued client every time we enter the branch. The Co-Op appreciates Sound Community Bank for all they do to make our business banking an enjoyable experience.



**Trevina Wang  
David Hasenstab**

We looked to finance the construction of our new four-unit apartment building on Capitol Hill in Seattle. We spoke with numerous banks who initially showed interest in our project, but after applying for financing, Sound Community Bank was the only one who agreed to fund our project. Throughout the construction, it was wonderful working with our loan officer Krista Levens. Our project completed July 2018 and all units rented quickly! Refinancing was very easy, too! Thank you Sound Community Bank for helping us realize our dream.



**Michele Sorrentino,**  
SVP, Hub Manager  
Sequim and Port Ludlow Branches

My career in banking spans 35 years. After 21 wonderful years with Sound Community Bank, I am retiring as Branch Manager of the Sequim and Port Ludlow branches. I'm grateful for a challenging and rewarding career. Managing a team of incredible, hardworking bankers, we achieved successes we are proud of. I especially cherish the client relationships formed over the last two decades. I strongly believe in investing in the communities where we do business. My passion for local fundraising and organizations is reflected in numerous events we supported and attended. While I look forward to retirement, spending time with my husband, tending to my garden, and enjoying the beautiful Olympic Peninsula, I will particularly miss my coworkers, teams and clients. I hope to see you around our community!

At Sound Community Bank, we make a strategic commitment to provide sustainable, secure financial services and support to 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 2018, 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, create satisfied clients, engaged employees and sustainable financial performance for years to come. We hope you enjoyed learning about our efforts in 2018.

**About the Cover:** Adorning the skyline of Seattle is the iconic Space Needle. The futuristic Space Needle opened for the Seattle World's Fair in 1962. Erected in only 400 days, the Space Needle is a globally recognized hallmark of the Pacific Northwest and represents our expanded footprint throughout the Puget Sound and North Olympic Peninsula regions. From air, land or sea, the Space Needle is a symbol of the region's pioneering sustainability efforts and exemplifies our holistic commitment to sustainability in four categories as well: financial stewardship, excellence in the workplace, a commitment to the communities we serve, and the environment. For more information surrounding our efforts in this area please review the 2018 Sustainability Report.

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

**Daphne Kelley**  
Executive Vice President  
Chief Financial Officer  
Sound Financial Bancorp, Inc.  
and Sound Community Bank

**Christina Gehrke**  
Executive Vice President  
Chief Administrative Officer  
Sound Community Bank

**Heidi Sexton**  
Executive Vice President  
Chief Operating Officer  
Sound Community Bank

**Elliott Pierce**  
Executive Vice President  
Chief Credit Officer  
Sound Community Bank