

2024 ANNUAL REPORT



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President/CEO & Board Chair Report

On behalf of the Board of Directors, our Executive Management team, and the entire team at Sound Credit Union (Sound), we are pleased to share highlights from our successful year in 2024. Despite economic fluctuations, our commitment to prioritizing our members' needs and delivering exceptional service has enabled us to achieve balanced, responsible growth.

At the heart of our credit union is our commitment to putting our members first, and 2024 was no exception. Despite the challenges the financial landscape faced, we're excited to report that Sound remained steadfast in helping expand the financial confidence of our members and community through improved access to products, services, and guidance.

A YEAR OF RESILIENCE AND GROWTH

2024 marked a year of growth for Sound Credit Union. We witnessed continued success in our core areas, including increased membership and loan growth, reflecting our growing reputation as a trusted and reliable partner for both personal and business banking needs.

This trust continues to be important to achieving our member support goals, especially given the growing market trends around delinquencies and charge-offs. While Sound hasn't escaped increases in these numbers, our prudent financial management practices have allowed us to maintain good profitability which allows us to grow our assets and remain well capitalized.

INCREASING OUR MEMBER SUPPORT REACH

At Sound Credit Union, our focus is always on

delivering value to you. We regularly listen to your feedback and continue to expand and refine our services in response. Over the last year, we have enhanced training programs, expanded our service options like AI chat, improved our branch spaces, and updated our online platforms to offer more access to information, including new tools for SBA borrowers and real-time access to credit scores.

We also completed our acquisition of Washington Business Bank (WBB), a commercial bank headquartered in Olympia, Washington. Through this acquisition we increased our branch footprint in Thurston County and gained access to skilled talent that we'll rely on as we work to expand our support of the business segment. As we incorporate WBB accounts into Sound, we would like to personally welcome the estimated 800 business clients from WBB to Sound.

COMMUNITY IMPACT

Beyond supporting our members, Sound has continued its commitment to improving the financial confidence of our communities served through donations and financial education events. During 2024, Sound team members participated in over 360 community events, including hosting more than 50 financial education events such as

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President/CEO & Board Chair Report

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Lunch & Learns and the school-based program, Bite of Reality. Through these events, we were able to reach over 2,600 members, community partners, and students and help them gain life skills and behaviors needed to support long-term financial well-being.

LOOKING AHEAD

As we look to the future, we are excited about the opportunities and challenges that lie ahead. We will continue to prioritize your financial well-being, delivering innovative solutions that make your life easier and more secure. Our strategic focus

will remain on growth, service excellence, and expanding our reach, ensuring that we remain your trusted partner for all your financial needs.

We'd like to express our sincere appreciation for your continued trust and membership. We value the relationships we have with each of you and are committed to serving you for many years to come. Thank you for being a part of Sound Credit Union.

At Sound, we are Invested in We® and know that together we stand with our members, employees, and community through all waves of life.



DON L. CLARK, JR.
PRESIDENT/CEO



JOHN H. BAUDER
CHAIR, BOARD OF DIRECTORS



Audit Committee Report

The Audit Committee's responsibilities include monitoring the financial safety and soundness of Sound Credit Union and compliance with various financial and regulatory requirements. The Committee meets regularly to, among other things, review internal audit reports, compliance and risk management reports, and examination reports issued by regulatory agencies.

To fulfill these obligations, the Audit Committee engaged the independent auditing firm, Moss Adams LLP, which directly reports to the Committee, to conduct the annual audit of the credit union for the year ending December 31, 2024. Moss Adams issued an unqualified opinion and determined the financial statements of Sound Credit Union were presented fairly, in all material aspects, as of December 31, 2024.

The National Credit Union Administration and the State of Washington, Department of Financial Institutions, Division of Credit Unions conducted a joint examination for the period ending September 30, 2024. Their findings reflect a high rating for strong performance and safe and sound practices and operations.

The Audit Committee is pleased with the reports from the internal auditor, external audits, and regulatory compliance. We wish to thank the members, Board of Directors, and employees for their cooperation in helping us carry out our duties and responsibilities and will continue to work with management to ensure an effective internal audit program.



JAMES W. GRIGGS CPA
CHAIR, AUDIT COMMITTEE

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Income & Expense

Consolidated statement for year-end 2024.

Income

	2024	2023
Interest on Loans	127,495,596	106,289,447
Income from Investments	16,315,727	12,495,220
Total Interest Income	\$143,811,323	\$118,784,667
Less: Dividend Expense	46,399,171	28,088,708
Less: Interest on Borrowings	6,454,187	6,075,736
Net Interest Income	\$90,957,965	\$84,620,223
Non-Interest Income	33,304,195	32,300,553
Income from Operations	\$124,262,160	\$116,920,776

Expenses

Employee Salaries and Benefits	48,127,097	41,045,647
Travel and Conference	420,000	580,000
Office Occupancy	5,655,920	5,453,004
Office Operations	17,052,340	15,745,190
Marketing	3,239,175	2,064,898
Loan Servicing	10,510,807	9,271,326
Professional/Outside Services	4,324,730	3,853,533
Operating Fees	143,137	163,804
Provision Expense	15,301,061	11,036,290
Miscellaneous Operating Expense	6,371,843	7,161,479
Total Operating Expenses	\$111,146,110	\$96,375,171
Non-Operating Income (Expense)	1,202,757	693,976
Net Income	\$14,318,807	\$21,239,581

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Financial Condition

Consolidated statement for year-end 2024.

	Figures in (000's) 2024	Figures in (000's) 2023
Assets		
Loans	2,467,175	2,225,509
Allowance for Loan Losses	(20,517)	(19,048)
Net Loans	\$2,446,658	\$2,206,461
Cash & Cash Equivalents	235,563	277,741
Investments	222,714	289,807
Premises and Equipment	58,029	55,393
Other Assets	108,842	80,965
Total Assets	\$3,071,806	\$2,910,367
Liabilities & Equity		
Borrowings	124,500	141,519
Other Liabilities	34,592	40,740
Total Liabilities	\$159,092	\$182,259
Savings	612,241	713,360
Checking	569,661	552,952
Money Market	538,311	438,864
Certificate Accounts	826,727	671,109
IRAs	67,648	63,226
Total Deposits	\$2,608,588	\$2,439,511
Total Equity	304,126	288,597
Total Liabilities & Equity	\$3,071,806	\$2,910,367

INSURED BY NCUA. Equal Housing Opportunity.

Figures are audited. Financial statements, as of December 31, 2024, are available at Sound Credit Union's corporate office in Tacoma, WA. Created May 2025.

Board of Directors

John H. Bauder, Chair

Barry J. Wallis, Vice Chair

Altaf G. Merchant, Ph. D., Secretary/Treasurer

Shelley R. Coleman

Haluk Demirkan, Ph. D.

Brenda M. Goodson-Moore

James W. Griggs CPA

Terry Pentimonti CPA

David J. Wasson

Audit Committee

James W. Griggs CPA, Chair

Haluk Demirkan, Ph. D.

Terry Pentimonti CPA