

Sound Financial Bancorp, Inc.
Form 424B3
July 09, 2012
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Filed Pursuant to Rule 424(b)3

Registration No. 333-180385

SUBSCRIPTION AND COMMUNITY

OFFERING PROSPECTUS

SOUND FINANCIAL BANCORP, INC.

(Proposed Holding Company for Sound Community Bank)

Up to 1,552,500 Shares of Common Stock

(Subject to Increase to up to 1,785,375 Shares)

\$10.00 per Share

Sound Financial Bancorp, Inc., a Maryland corporation referred to throughout this document as Sound Financial Bancorp, is offering up to 1,552,500 shares of common stock for sale at \$10.00 per share in connection with the conversion of Sound Community MHC from the mutual holding company to the stock holding company form of organization. The shares being offered represent the 54.8% ownership interest in Sound Financial, Inc. currently owned by Sound Community MHC. Sound Financial, Inc.'s common stock is currently traded on the OTC Bulletin Board under the trading symbol SNFL. We expect that Sound Financial Bancorp's shares of common stock will trade on the Nasdaq Capital Market under the trading symbol SFBC. For additional information regarding our current and proposed organizational structure, see page 2. We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012. See Emerging Growth Company Status.

We are offering the common stock for sale on a best efforts basis. The shares are first being offered in a subscription offering to current and former depositors of Sound Community Bank as of specified eligibility dates, with aggregate account balances of at least \$50, and tax-qualified employee benefit plans of Sound Community Bank as described in this prospectus. Shares not purchased in the subscription offering may simultaneously be offered to the general public in a community offering, with a preference given to residents of the communities served by Sound Community Bank and existing shareholders of Sound Financial, Inc. Existing shareholders of Sound Financial, Inc. do not have priority rights in the subscription offering, absent any status they may have as depositors. We may also offer shares of common stock not subscribed for in the subscription and community offerings in a syndicated community offering through a syndicate of selected dealers.

We must sell a minimum of 1,147,500 shares of common stock in the offering in order to complete the offering. We may sell up to 1,785,375 shares because of demand for the shares, as a result of regulatory considerations or changes in market conditions, without resoliciting

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purchasers. Keefe, Bruyette & Woods, Inc. will assist us in selling the shares on a best efforts basis in the subscription and community offerings and will serve as sole book-running manager for any syndicated community offering. Neither Keefe, Bruyette & Woods, Inc. nor any member of the syndicate group is required to purchase any shares of common stock in the offering.

In addition to the shares we are selling in the offering, the remaining 45.2% interest in Sound Financial, Inc. common stock currently held by the public will be exchanged for shares of common stock of Sound Financial Bancorp using an exchange ratio that will result in the existing public shareholders owning approximately the same percentage of Sound Financial Bancorp common stock as they owned of Sound Financial, Inc. common stock immediately prior to the completion of the conversion. We will issue up to 1,281,699 shares of common stock in the exchange, which may be increased to up to 1,473,954 shares of common stock if we sell 1,785,375 shares of common stock in the offering.

The minimum order is 25 shares. The subscription offering will expire at noon, Pacific time, on July 31, 2012. We expect that the community offering will terminate at the same time, although it may be extended without notice to you until September 14, 2012, unless the Federal Reserve Board approves a later date. No single extension may exceed 90 days and the offering must be completed by August 15, 2014. Once submitted, orders are irrevocable unless the offering is terminated or is extended beyond September 14, 2012, or the number of shares of common stock to be sold is increased to more than 1,785,375 shares or decreased to less than 1,147,500 shares. Funds received prior to the completion of the subscription and community offering will be held in a segregated account at Sound Community Bank and will earn interest at Sound Community Bank's regular savings rate, which is currently 0.05%. If all of the shares offered are purchased in the subscription offering, purchasers in the community offering will have their funds returned promptly, with interest. If the subscription and community offerings are terminated, purchasers will have their funds returned promptly, with interest. If the offering is extended beyond September 14, 2012, we will resolicit purchasers, and you will

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have the opportunity to maintain, change or cancel your order. In such event, if you do not provide us with a written indication of your intent, your order will be canceled and your funds will be returned to you, with interest. If there is a change in the offering range, we will promptly return all funds with interest, and all subscribers will be provided with updated information and given the opportunity to place a new order.

Completion of the conversion and offering is subject to several conditions, including the approval of the plan of conversion and reorganization by a vote of at least a majority of the outstanding shares of Sound Financial, Inc., excluding shares held by Sound Community MHC. See Summary Conditions to Completion of the Conversion.

OFFERING SUMMARY

Price: \$10.00 per share

	Minimum	Midpoint	Maximum	Adjusted Maximum
Number of shares	1,147,500	1,350,000	1,552,500	1,785,375
Gross offering proceeds	\$ 11,475,000	\$ 13,500,000	\$ 15,525,000	\$ 17,853,750
Estimated offering expenses, excluding selling agent fees and expenses	\$ 1,077,500	\$ 1,077,500	\$ 1,077,500	\$ 1,077,500
Estimated selling agent fees and expenses(1)	\$ 452,620	\$ 511,750	\$ 570,880	\$ 638,880
Net proceeds	\$ 9,944,880	\$ 11,910,750	\$ 13,876,620	\$ 16,137,371
Net proceeds per share	\$ 8.67	\$ 8.82	\$ 8.94	\$ 9.04

(1) Includes (i) fees payable by us to Keefe, Bruyette & Woods, Inc. in connection with the subscription and community offerings equal to 1.00% and 2.00% of the aggregate amount of common stock sold in the subscription and community offerings, respectively (less shares purchased by our directors, officers and employees and their immediate families and by our tax-qualified compensation plans), assuming that 40% of the shares are sold in the subscription offering and 25% of the shares are sold in the community offering, (ii) fees and selling commissions payable by us to Keefe, Bruyette & Woods, Inc. and any other broker-dealers participating in the syndicated community offering equal to 6.00% of the aggregate amount of common stock sold in the syndicated community offering, assuming that 35% of the shares are sold in the syndicated community offering, and (iii) other expenses of the stock offering payable to Keefe, Bruyette & Woods, Inc. estimated to be \$120,000. If all shares were sold in the syndicated community offering (excluding shares purchased by the employee stock ownership plan, directors and executive officers), the maximum commission payable to participating members would be \$618,720, \$730,500, \$842,280 and \$970,827 at the minimum, midpoint, maximum and adjusted maximum of the offering range. For further information regarding selling agent fees and commissions, including certain additional compensation not included in the table above, see The Conversion and Offering Marketing Arrangements.

This investment involves a degree of risk, including the possible loss of principal.

Please read Risk Factors beginning on page 20.

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These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

KEEFE, BRUYETTE & WOODS

For assistance, please contact the Stock Information Center toll-free at (877) 860-2091.

The date of this prospectus is June 29, 2012.

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SUMMARY

The following summary explains the material aspects of the conversion, the offering and the exchange of existing shares of Sound Financial, Inc. common stock for shares of Sound Financial Bancorp, Inc. common stock. It may not contain all of the information that is important to you. Before making an investment decision you should read the remainder of this prospectus carefully, including the consolidated financial statements, the notes to the consolidated financial statements and the section entitled Risk Factors.

The Companies

Sound Financial Bancorp, Inc. Sound Financial Bancorp, Inc., referred to in this prospectus as Sound Financial Bancorp, is a newly formed Maryland corporation that was incorporated in March 2012 to be the successor corporation to Sound Financial, Inc. upon completion of the conversion. While federal regulations contemplate the use of federally chartered entities in the mutual holding company structure, fully converted public stock holding companies must be state-chartered entities. Sound Financial Bancorp will own all of the outstanding shares of common stock of Sound Community Bank upon completion of the conversion. Sound Financial Bancorp will be subject to regulation by the Board of Governors of the Federal Reserve System (the Federal Reserve Board or Federal Reserve). Sound Financial Bancorp's executive offices are located at 2005 5th Avenue, Suite 200, Seattle, Washington 98121. Our telephone number at this address is (206) 448-0884.

Sound Community MHC. Sound Community MHC is the federally chartered mutual holding company of Sound Financial, Inc. Sound Community MHC's principal business activity is the ownership of 1,621,435 shares of common stock of Sound Financial, Inc., or 54.8% of the issued and outstanding shares as of the date of this prospectus. After the completion of the conversion, Sound Community MHC will cease to exist.

Sound Financial, Inc. Sound Financial, Inc. is a federally chartered stock holding company that owns all of the outstanding common stock of Sound Community Bank. Sound Financial, Inc. was incorporated in 2008 for the purpose of becoming the holding company of Sound Community Bank in connection with the mutual-to-stock conversion of Sound Community Bank. Sound Community Bank reorganized into the mutual holding company form of ownership and completed a public stock offering on January 8, 2008. In conjunction with the public stock offering, Sound Financial, Inc. raised approximately \$13.0 million of proceeds. Sound Financial, Inc. has no significant assets other than its ownership of all of the outstanding shares of common stock of Sound Community Bank, its loan to the employee stock ownership plan, and certain liquid assets. Sound Financial, Inc.'s stock is traded on the OTC Bulletin Board under the symbol SNFL .

At March 31, 2012, Sound Financial, Inc. had consolidated assets of \$348.7 million, deposits of \$307.8 million and stockholders' equity of \$29.5 million. After the completion of the conversion, Sound Financial, Inc. will cease to exist, and will be succeeded by Sound Financial Bancorp. As of the date of this prospectus, Sound Financial, Inc. had 2,960,045 shares of common stock issued and outstanding, of which 1,621,435 shares were owned by Sound Community MHC. The remaining 1,338,610 shares of Sound Financial, Inc. common stock outstanding as of the date of this prospectus were held by the public.

Sound Community Bank. Sound Community Bank is a federally chartered stock savings bank headquartered in Seattle, Washington and the wholly-owned subsidiary of Sound Financial, Inc. Sound Community Bank was originally founded as a credit union and converted to a federal mutual (meaning no shareholders) savings bank in 2003. In 2008, Sound Community Bank converted to stock form and became the

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wholly-owned subsidiary of Sound Financial, Inc. as part of a mutual holding company reorganization and stock issuance.

Executive Overview

We serve the Puget Sound region in western Washington, including the Seattle-Tacoma-Bellevue metropolitan area (Seattle MSA), and Clallam County, Washington through our main office in Seattle and four branch offices, two of which are located in the Seattle MSA and two that are located in Clallam County, west of Puget Sound. Our main office is located in Seattle in King County, while the Tacoma branch is located in Pierce County, the Mountlake Terrace branch is located in Snohomish County and the Sequim and Port Angeles branches are located in Clallam County. In 2009, we acquired branches located in Port Angeles and Tacoma, Washington from another local institution. We are a member of the Federal Home Loan Bank (FHLB) system, and our

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customers' deposits are insured up to the regulatory maximums by the Federal Deposit Insurance Corporation (FDIC).

Although our total assets, loans and deposits have remained relatively stable over the last three years, we have continued to diversify our loan portfolio over this period. At March 31, 2012, residential mortgage loans (including home equity loans) and consumer loans comprised 45.4% and 9.3%, respectively, of our total loan portfolio, compared to 58.9% and 21.0%, respectively, at December 31, 2007. We have also in recent years focused on expanding our commercial loan portfolio, including both real estate secured loans and loans secured by business assets. In this regard, commercial real estate (including multifamily loans) and commercial business loans have more than doubled as a percentage of our total loans, from 16.2% to 39.2% from December 31, 2007 to March 31, 2012, while construction and loans have increased slightly from 3.9% to 6.0% during this same period. As of March 31, 2012, 86.3% of our total loans were real estate secured mortgage loans, substantially all of which secured by properties located in the state of Washington.

We focus on residential mortgage loan originations, most of which are written using generally accepted underwriting guidelines, and are sold in the secondary market to Fannie Mae, with servicing retained for continued customer contact, relationship building and to increase non-interest income. Primarily as a result of these sales, substantially all of the one- to four-family residential mortgage loans we retain in this portfolio consist of loans that are non-conforming because they do not satisfy acreage limits, income, credit or various other requirements imposed by Fannie Mae or other secondary market purchasers. We believe that these loans satisfy a need in our market area and, subject to market conditions, intend to continue to originate these types of loans. See Business of Sound Financial Inc. and Sound Community Bank Lending Activities One- to Four-Family Real Estate Lending. We do not actively engage in originating alt A loans, interest-only, option adjustable rate or subprime loans and have no established program to originate or purchase these loans. Through our normal lending practices, we held in our loan portfolio at March 31 2012, \$988,000 of interest only loans, representing less than one-half percent of our total loan portfolio, and \$22.7 million in loans identified as subprime at the time of loan origination, representing 7.5% of our total loan portfolio, and no alt A or option adjustable rate loans. Subprime loans are defined by bank regulators as loans that at the time of loan origination had a Fair Isaac and Company, Incorporated, or FICO, credit score of less than 660. At the time of loan origination or modification, our subprime borrowers had an average FICO score of 631. We obtain updated FICO scores on all our borrowers semi-annually and based on this updated score, at March 31 2012, \$16.6 million or 5.5% of our total loan portfolio would be deemed subprime. As of March 31, 2012, our subprime portfolio, based on the FICO score at the time of loan origination or modification, included approximately \$14.3 million in one- to four-family mortgage loans (of which \$3.0 million were adjustable rate), \$5.2 million in home equity loans (all of which are adjustable rate), \$2.4 million in manufactured home loans (none of which were adjustable rate) and \$942,000 in other types of consumer loans (of which \$203,000 were adjustable rate). Approximately 91% of these subprime loans were originated prior to 2010, and these loans are managed in the ordinary course of business. We do not believe subprime lending to be a material part of our business. See also Risk Factors Our loan portfolio possesses increased risk as the result of subprime loans.

The composition of our deposit mix has also changed over the last three years due to our emphasis on increasing core deposits, which we define as our non-certificate or non-time deposit accounts. Core deposits comprised 55.8% of total deposits at March 31, 2012, versus 53.3% of total deposits at year end 2009. We also use borrowings to fund growth and to manage funding costs and interest rate risk. Borrowings totaled \$8.3 million at March 31, 2012, a decrease of \$16.5 million from December 31, 2010, as we reduced reliance on these borrowings as the result of deposit growth exceeding loan growth.

Our market area for business operations is the Puget Sound region in western Washington and Clallam County, Washington. In recent years, like much of the country, the economy in our market area has experienced a downturn, reflecting the impact of the nationwide recession. Unemployment rates increased, and real estate prices diminished from peak levels. As a result, like most financial institutions, our future operating results and financial performance will be significantly affected by the course of recovery in our market area from the recent recessionary downturn. Economic conditions in general appear to be stabilizing, as the unemployment rates in two of our four county market areas and the state of Washington have decreased since December 31, 2010, which is consistent with the nation as a whole. King County reported an unemployment rate of 7.1% for March 2012, which is lower than the state and national unemployment rates of 8.3% and 8.2%, respectively, as of March 2012. The unemployment rates for Clallam, Pierce and Snohomish Counties all are above the state and national rates as of March 2012. The

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unemployment rate in Clallam County increased from 10.1% at December 31, 2010 to 11.2% for March 2012, while the unemployment rate in Pierce County also increased from 9.2% for December 2010 to 9.8% as of March 2012. Snohomish County reported an unemployment rate of 8.4% as of March 2012 as compared to 9.8% at December 31, 2010.

For most of the past three years, housing markets remained weak in our market area, resulting in elevated levels of delinquencies and nonperforming assets, deterioration in property values, and the need to provide for provision for loan losses in amounts that have materially adversely affected our earnings. For the three months ended March 31, 2012 and the years ended December 31, 2011 and 2010, we recorded net income of \$546,000, \$1.6 million and \$1.3 million, respectively, as compared to a net loss of \$614,000 for the year ended December 31, 2009. Our provision for loan loss for the three months ended March 31, 2012 and year ended December 31, 2011 was \$1.5 million and \$4.6 million, respectively, as compared to \$4.7 million and \$4.3 million in the years ended December 31, 2010 and 2009, respectively. At March 31, 2012, we had \$9.8 million of nonperforming assets (representing 2.81% of total assets), compared to \$9.5 million and (representing 2.78% of total assets), and \$5.9 million (representing 1.75% of total assets) at December 31, 2011 and 2010, respectively. Nonperforming assets increased since 2010 primarily due to a \$2.0 million increase in nonperforming commercial and multifamily loans and a \$1.4 million increase in nonperforming one-to four-family loans. At March 31, 2012, our allowance for loan losses was \$4.4 million, equal to 1.45% of total loans and 56.28% of non-performing loans. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition at March 31, 2012 Compared to March 31, 2011 Delinquencies and Nonperforming Assets for more information on nonperforming assets.

In this prospectus, the terms we, our, and us refer to Sound Financial, Inc. and Sound Community Bank unless the context indicates another meaning.

Our Business Strategy

Our principal objective is to remain an independent, community-oriented financial institution serving customers in our primary market area. Our Board of Directors has sought to accomplish this objective through the adoption of a strategy designed to maintain profitability, a strong capital position and high asset quality. This strategy primarily involves:

- Focusing on asset quality;

- Improving earnings by expanding product offerings, including increasing the percentage of our assets consisting of higher-yielding commercial real estate and commercial business loans, which offer higher risk-adjusted returns, shorter maturities and more sensitivity to interest rate fluctuations than one-to four- family mortgage loans while maintaining our focus on residential lending by offering additional loan products;

- Emphasizing lower cost core deposits to manage the funding costs of our loan growth;

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- Improving profitability through continued expense control;
- Maintaining our customer service focus; and
- Expanding our presence within our existing and nearby market areas by capturing business opportunities resulting from changes in the competitive environments.

These strategies are intended to guide our investment of the net proceeds of the offering. We intend to continue to pursue our business strategy after the conversion and the offering, subject to changes necessitated by future market conditions and other factors. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Business Strategy for a further discussion of our business strategy. A full description of our products and services begins on page 72 of this prospectus under the heading Business of Sound Financial Inc. and Sound Community Bank.

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Our Current Organizational Structure

In 2008, Sound Financial, Inc. became the mid-tier stock holding company of Sound Community Bank, owning 100% of its stock, and conducted an initial public offering by selling a minority of its common stock to the public. The majority of the outstanding shares of common stock of Sound Financial, Inc. are owned by Sound Community MHC, which is a federally chartered mutual holding company with no shareholders.

Pursuant to the terms of the Plan of Conversion and Reorganization of Sound Community MHC, which is referred to throughout this prospectus as the plan of conversion, Sound Community Bank will convert from the mutual holding company to the stock holding company corporate structure. As part of the conversion, we are offering for sale in a subscription offering, a community offering and possibly a syndicated community offering, the majority ownership interest of Sound Financial, Inc. that is currently owned by Sound Community MHC. Upon completion of the conversion, Sound Community MHC will cease to exist, and we will complete the transition from partial to full public stock ownership. In addition, as part of the conversion, existing public shareholders of Sound Financial, Inc. will receive shares of common stock of Sound Financial Bancorp in exchange for their shares of Sound Financial, Inc. common stock pursuant to an exchange ratio that maintains the same percentage ownership in Sound Financial Bancorp (excluding any new shares purchased by them in the offering and their receipt of cash in lieu of fractional exchange shares) that existing shareholders had in Sound Financial, Inc. immediately prior to the completion of the conversion and offering.

The following diagram shows our current organizational structure:

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Our Organizational Structure Following the Conversion

After the conversion and offering are completed, we will be organized as a fully public stock holding company, as follows:

Reasons for the Conversion and the Offering

Our primary reasons for converting and raising additional capital through the offering include:

- to support organic growth by increasing our lending in the communities we serve;
- to improve our capital position during a period of significant economic uncertainty, especially for the financial services industry (although, as of March 31, 2012, Sound Community Bank was considered well capitalized for regulatory purposes and is not subject to any directive or recommendation from the Office of the Comptroller of the Currency (OCC) or the FDIC to raise capital);
- to finance the possible acquisition of branches from other financial institutions or build or lease new branch facilities in, or adjacent to, our market areas, although we do not currently have any agreements or understandings regarding any specific acquisition transaction;

- to enhance existing products and services, and support the development of new products and services, by investing, for example, in technology to support growth and enhanced customer service;
- the stock holding company structure is a more familiar form of organization, which we believe will make our common stock more appealing to investors, and will give us greater flexibility to access the capital markets through possible future equity and debt offerings, although we have no current plans, agreements or understandings regarding any additional capital raising efforts; and
- to seek to improve the liquidity of our shares of common stock and shareholder returns through higher earnings and more flexible capital management strategies.

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Terms of the Offering

We are offering between 1,147,500 and 1,552,500 shares of common stock to eligible depositors of Sound Community Bank, to our tax-qualified employee benefit plans, including our employee stock ownership plan and, to the extent shares remain available, to natural persons and trusts of natural persons residing in the Washington counties of Clallam, King, Pierce and Snohomish, to our existing public shareholders and to the general public. The number of shares of common stock to be sold may be increased to up to 1,785,375 as a result of regulatory considerations, demand for our shares, or changes in the market for financial institution stocks. Unless the number of shares of common stock to be offered is increased to more than 1,785,375 shares or decreased to fewer than 1,147,500 shares, or the offering is extended beyond September 14, 2012, purchasers will not have the opportunity to modify or cancel their stock orders once submitted. If the number of shares of common stock to be sold is increased to more than 1,785,375 shares or decreased to fewer than 1,147,500 shares, or if the offering is extended beyond September 14, 2012, purchasers will have the opportunity to maintain, cancel or change their orders for shares of common stock during a designated resolicitation period or have their funds returned promptly with interest. If, in that event, you do not provide us with written indication of your intent, your stock order will be canceled, your funds will be returned to you with interest calculated at Sound Community Bank's regular savings rate and any deposit account withdrawal authorizations will be canceled.

The purchase price of each share of common stock to be offered for sale in the offering is \$10.00. All investors will pay the same purchase price per share. Investors will not be charged a commission to purchase shares of common stock in the offering. Keefe, Bruyette & Woods, Inc., our marketing agent in the offering, will use its best efforts to assist us in selling shares of our common stock. Keefe, Bruyette & Woods, Inc. is not obligated to purchase any shares of common stock in the offering.

We may also offer for sale to the general public in a syndicated offering through a syndicate of selected dealers shares of our common stock not purchased in the subscription offering or the community offering. We may begin the syndicated community offering at any time following the commencement of the subscription offering. Keefe, Bruyette & Woods, Inc. will manage the syndicated community offering, if any, which will also be conducted on a best efforts basis. Neither Keefe, Bruyette & Woods, Inc., nor any other member of the syndicate, is required to purchase any shares in the syndicated community offering.

How We Determined the Offering Range, the Exchange Ratio and the \$10.00 Per Share Stock Price

The offering range and exchange ratio are based on an independent appraisal of the estimated market value of Sound Financial Bancorp assuming the conversion, the exchange and the offering are completed. RP Financial, L.C., an appraisal firm experienced in appraisals of financial institutions, has estimated that, as of May 25, 2012, this estimated pro forma market value ranged from \$20.9 million to a maximum of \$28.3 million, with a midpoint of \$24.6 million. Based on this valuation, the 54.8% ownership interest of Sound Community MHC being sold in the offering and the \$10.00 per share price, the number of shares of common stock being offered for sale by Sound Financial Bancorp will range from 1,147,500 shares to 1,552,500 shares. The \$10.00 per share price was selected primarily because it is the price most commonly used in mutual-to-stock conversions of financial institutions. The exchange ratio will range from 0.70771 shares at the minimum of the offering range to 0.95749 shares at the maximum of the offering range in order to approximately preserve the existing percentage ownership of public shareholders of Sound Financial Bancorp (excluding any new shares purchased by them in the offering and their receipt of cash in lieu of fractional exchange shares). If the demand for shares or market conditions warrant, the appraisal can be increased by 15%. At this adjusted maximum of the offering range, the estimated pro forma market value is \$32.6 million, the number of shares of common stock offered for sale will be 1,785,375 and the exchange ratio will be 1.10111 shares.

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The independent appraisal is based primarily on Sound Financial, Inc.'s financial condition and results of operations, the pro forma impact of the additional capital raised by the sale of shares of common stock in the offering, and an analysis of a peer group of 10 publicly traded savings bank and thrift holding companies that RP Financial considered comparable to Sound Financial Bancorp. The appraisal peer group was initially selected from the universe of all publicly-traded savings institutions with resources, strategies, financial and other operating characteristics relatively comparable to Sound Financial Bancorp. Additional criteria applied in the selection of the appraisal peer group included that the stock institution was fully-converted for at least one year and not subject to an actual or rumored acquisition, headquartered in the state of Washington with assets less than \$1.5 billion, and