

SOUND Bank

Sound Bank Locations

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PO Box 943

Morehead City, NC 28557
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Fax: 252-727-5559

204 W.B. McLean Drive, Suite C
Cape Carteret, NC 28584
Phone: 252-393-8460
Fax: 252-393-7845

1897 Live Oak Street
PO Box 2176

Beaufort, NC 28516
Phone: 252-728-2181
Fax: 252-728-2404

1706-D Highway 70 East
New Bern, NC 28562
Phone: 252-633-0878
Fax: 252-633-6850

www.soundbanking.com



Bev Daniel and John Aldredge count money for the NC Seafood Festival. John was this year's festival treasurer.



Nikki Siler and Abby Blaylock walk to support the March of Dimes. Nikki served as Sound Bank team captain.

5039 Executive Drive • Morehead City, NC 28557 • 252-727-5558

A Letter from the President

Dear Sound Bank Friends,

As we come to the end of a year filled with unprecedented and sweeping challenges facing the banking industry and entire economy, I want to take this opportunity to let you know that Sound Bank continues to be a safe, solid and secure bank. We continue to meet the federal standards for being a well capitalized bank and are pleased to have recently been approved by the US Treasury as one of the healthy banks to receive funds under the Treasury Capital Purchase Plan. We see this approval as national recognition of our strength and financial health. The funds we receive will enhance our ability to provide credit in our community during these difficult times and emerge from the economic recession as an even stronger bank.

There are many factors contributing to our strong financial position. Notably, we have never engaged in any subprime lending and did not participate in the risky investments that have crippled some of the larger financial institutions and insurance companies. Our first priority has always been to act as a trusted financial partner with each customer, helping to find the right combination of loan, deposit and investment services to meet each individual's needs. Being a local community bank, our customers really are our friends and neighbors and we want to help you reach your goals.

Sound Bank has always been very committed to giving back to our communities. This year, we have focused even more towards hands-on ways to contribute. We are involved with helping over 60 local organizations, from sponsoring a Habitat for Humanity Volunteer Day in the spring to adopting four Project Christmas Cheer families and ringing the Salvation Army bell in December.

We are very active in our local schools, providing readers for the annual "Read Across America" campaign and speakers to teach high school students how to balance checkbooks and establish good credit. We are also working on a savings program with Morehead Middle School 6th grade math teachers to reinforce math skills

and help students learn the importance of saving and managing money.

We offer further service to our communities by sponsoring complimentary 1031 Tax Deferred Exchange Seminars. These classes provide continuing education credits for local attorneys, CPAs and realtors.

Sound Bank also sponsors "Lunch and Learn" seminars on timely subjects such as the recent "Economic Outlook and Strategy in Uncertain Times" presented by Jim Russo.

As always, we strive to provide our customers with an outstanding and complete array of financial services. In the spring, Altrius Capital Management, Inc. came on board to provide investment advisory services for our customers. Altrius was chosen because of the firm's proven performance in both good and bad markets and an intense focus on research and customer service. The firm's trustworthy reputation and exemplary service record have distinguished Altrius from its peers. We are pleased to have them with us and have more details about Altrius later in this newsletter.

As we reflect on 2008 and our successful 7th year of operation, we look forward to 2009 and the challenges we expect to face. We feel confident that Sound Bank is well positioned and prepared to continue providing the outstanding financial products and special hometown service that our customers deserve.

We appreciate your ongoing confidence and support. Our best to you and your family for a happy holiday season and a successful new year.

Sincerely,

S. Phillip Collins

S. Phillip Collins
President and CEO





Jim Russo
President and Chief
Investment Strategist



Dave Schneider
Financial Advisor

Investment Services - Altrius Capital Management, Inc.

In March, Sound Bank established a relationship with Altrius Capital Management to provide investment advisory services for the bank's customers. This includes a full line of products including stocks, bonds, mutual funds, annuities, retirement plans and trust and estate planning.

Altrius Capital Management was founded in 1997 and now manages over \$120 million in assets.

The firm's President and Chief Investment Strategist, James M. Russo, is a regular commentator for WCTI News Channel 12, appearing every Wednesday as an economic analyst for the News at Noon. He is a frequent guest analyst on local CBS and Fox affiliate stations and host of the radio program "Your Money Matters" on WTKF 107.1 FM The Talk Station.

Dave Schneider joined

Altrius Capital Management in April of 2008, bringing 20 years of experience. An Ohio native, Dave is a graduate of Ohio State University and an avid Buckeye fan.

Dave is headquartered at Sound Bank's Morehead City office. Dave and Jim are available to meet with customers at all Sound Bank locations. Call 252-727-2140 or 252-474-9301 to schedule a no obligation consultation.

FDIC Insurance Increases

On October 3rd, FDIC deposit insurance increased from \$100,000 to \$250,000 per depositor, effective until December 31, 2009.

Ask a Sound Bank CSR for details on structuring

your accounts to receive the most FDIC insurance coverage.

There are four categories of accounts for individuals insured by the FDIC with each category insured separately:

\$250,000 for single ownership deposit accounts.

\$250,000 for joint ownership deposit accounts.

\$250,000 for certain retirement accounts.

\$250,000 for each beneficiary of an owner's revocable trust account that meets certain requirements.



New Advisory Board Members and Chairmen selected

Morehead City Glenn Macfadden was voted Chairman of the Morehead City Advisory Board. Jane Newbern, Mike Toler and Mike

Turnage were named as new members of the Morehead City Advisory Board.

Beaufort Julius McCabe was voted Chairman of

the Beaufort Advisory Board for a second term. Jeff Vinton and Mila Guthrie were named as new members of the Beaufort

Advisory Board.

Cape Carteret Jason Humphrey was voted Chairman of the Cape Carteret Advisory Board.



Glenn Macfadden



Jane Newbern



Mike Toler



Mike Turnage



Julius McCabe



Jeff Vinton



Mila Guthrie



Jason Humphrey

Sound Bank Named Employer of the Year

Sound Bank was recognized as 2008 Employer of the Year by the Carteret County Chamber of Commerce and the JobLink Career Center.

Chamber Chairman Chris Barnes cited Sound Bank's commitment to the community

as primary basis for the award. She stated that "Sound Bank is a community bank that is totally committed to the community...the bank boasts a 100 percent community involvement rate among its employee group and many are

involved in multiple organizations and serve in leadership roles. The bank lists 62 different community organizations, all within Carteret County, that are touched in some way by Sound Bank's spirit of volunteerism."



Richard McIntyre and Phil Collins accept the Employer of the Year Award from Chris Barnes.

DeAnna Bousman Receives "Outrageous Customer Service" Award

Sound Bank customer service representative, DeAnna Bousman, was honored October 9th at the Carteret County Chamber of Commerce Customer Service Champions Luncheon with an "Outrageous Customer Service Award". Each year the Chamber asks for nominations of those who go the extra mile to deliver superior customer service. This year five winners were chosen from nineteen outstanding nominees.

DeAnna's recommendation stated "DeAnna shows outrageous customer service every day. She takes the time to find out what would really be the best thing for the customer...and explains things in a way that takes the mystery out of banking services. She is especially good at teaching children and young adults who are opening their first accounts, walking them through every step."

One appreciative customer wrote, "We found

DeAnna to not only be knowledgeable and proficient, but extremely pleasant and sincere. She is loaded with common sense and has exceptional customer service skills...the only difference between ordinary and extraordinary is that little extra, and DeAnna clearly demonstrates that she is extraordinary. You are fortunate to have someone with DeAnna's personality, work ethic and skills serving on your banking team."



DeAnna Bousman accepts the "Outrageous Customer Service" Award.

Sound Bank Promotions

Phil Collins, President and CEO of Sound Bank, announced the following promotions: Ralphen Abell to assistant vice president, Abby Blaylock to cus-

tommer service representative of the Beaufort branch and Christy Flynt to deposit operations and compliance officer.



Ralphen Abell



Abby Blaylock



Christy Flynt

Sound Bank Gives Back to Community

Sound Bank Habitat for Humanity Volunteer Day



Sound Bank volunteers wait for instructions.

On Saturday, May 31st Sound Bank sponsored a Habitat for Humanity Volunteer Day. Sixteen Sound Bank employees, family members and advisory board members spent their day working on the

foundation and constructing the floor system for a new home in Newport. The day was such a rewarding experience the Sound Bank staff decided to make the volunteer day an annual event.

Crystal Coast Habitat for Humanity was founded in 1988 by a group of citizens concerned with the lack of affordable housing in the area. The group is currently working on its 75th home.



Traci Ellingsworth works on the foundation.



Phil Collins, John Aldredge & Shea Byrd concentrate on their assignments.



John Aldredge and Glenn Macfadden bring experience to the project.



Jody Smith aligns a board for the foundation.

Sound Bank Sponsors Red Cross Blood Drive



The next Sound Bank blood drive is scheduled for April 22, 2009.

On September 10th, Sound Bank sponsored a blood drive for the American Red Cross with the blood mobile setting up operations in the parking lot of the Morehead City office. The goal of 25 pints was easily exceeded

with 35 Sound Bank employees, board and advisory members, customers and friends contributing.

until 2:30 p.m. with homemade refreshments served all day.

Each single donation of whole blood may help save up to 3 lives. You can donate blood every 56 days.

The next Sound Bank blood drive is scheduled for Wednesday, April 22, 2009. Hours will be from 8:30 a.m.



Richard McIntyre reads files while giving blood.



Board member Dean Wagaman jokes with Red Cross friend.



Advisory Board member Council Renfrow takes it easy before donating.



Shea Byrd relaxes after donating.