

# Annual Report 2019

*Rich History. Innovative Services.*



## A message to our customers...

At Washington Financial Bank, we are proud to have remained the largest locally owned and managed financial institution headquartered in Washington County. We have stayed the course for 120 years while growing the Bank to ten locations and \$1.2 billion in assets. We realize that we have you, our loyal customers, to thank for these accomplishments.

# YEAR-IN-REVIEW



Bank once again earns 5-Star  
Rating for financial strength  
**JULY 2018**



### Our Philosophy

Washington Financial Bank is committed to remaining financially strong and independent while providing the financial services our customers need. We remain dedicated to creating true value in our relationships and to adhering to our core values of respect and integrity in all interactions. We do what we say we will do – for our customers, for our communities and for our employees.

### Our Financial Performance

Washington Financial Bank had a record year ending June 30, 2019 with solid growth in assets and earnings. The Bank's capital ratios far exceed regulatory requirements and the Bank was once again recognized with a 5-star rating by Bauer Financial, the Nation's Premier Bank Rating Firm, for this measurement of financial strength. This marks the 119th consecutive quarter the Bank has earned the highest rating possible. This is quite an accomplishment, especially in light of the unrelenting regulatory environment in which we operate and increasing competition from national banks as they enter Southwestern Pennsylvania. Our loan portfolio reflects balanced, solid growth in both residential and commercial loans and deposit growth is keeping pace with our projections. We continue to see steady growth in accounts and in new customers, with 2019 being a record year for total relationships for Washington Financial Bank.

### Our Footprint

Due in large part to the warm reception by the leaders and residents of South Fayette, the Bank's expansion into southern Allegheny County has proven successful with our South Fayette office achieving the expected growth. As has been our tradition for more than 120 years, our employees have immersed themselves in the South Fayette community and we are grateful for our community partners. We continually look to expand our market footprint to not only grow our customer base but to ensure the highest level of convenience for our current customers as well. As our competitors continue to close branches, we look for opportunities to serve those communities both in person and digitally.



Employees volunteer to rehab home with Rebuilding Together Pittsburgh  
**AUGUST 2018**



Personalized debit cards available instantly in all branches  
**SEPTEMBER 2018**



## Our Services

As we continue to expand our markets, we keep a clear focus on providing the financial solutions our customers need and the exceptional service they have come to expect from Washington Financial Bank. Earlier this year, we implemented a new customer survey system that reaches out regularly to ask for your input so that you know that your opinion matters to us. We're also monitoring the new account experience, both at opening and at a 6-month follow-up, to ensure we're meeting your needs from the moment you join us. We are pleased to report that your comments and ratings have been overwhelmingly positive and far above industry averages.

In addition to enhancing our systems to streamline the online application process for both mortgage and consumer loans, we have developed programs specifically designed to help first-time homebuyers by reducing the minimum down payment amount. We were also pleased to offer a Spring home equity special which allowed so many of you to take

advantage of a lower rate to complete your home improvement projects or to help with costs of your children's higher education.

The Bank's checking account suite continues to grow with the most popular accounts being our rewards checking products. These accounts offer customers cash back, a higher interest rate or App store credits depending on the account type. We are in the process of re-branding this suite so look for details in early 2020. The ability to have a debit card instantly issued at our branches has also been a significant convenience for our customers. With a wide selection of gallery images available and the option to download a custom design, Washington Financial customers enjoy a very personalized approach when new cards are needed or when you feel like showing off what makes you proud. We've moved the ability to freeze your debit card directly into your Washington Financial online banking application. Now you can protect your cards instantly directly from your app, in the event



Bank hosts Community  
Shred Events  
**OCTOBER 2018**



Bank distributes \$45,000 in educational  
grants to 8 local school districts  
**NOVEMBER 2018**

they are lost or misplaced. As debit card usage increases, we are always looking for ways to enhance their convenience and now offer customers the optional payment of overdrafts on debit card transactions that may have been previously denied. To take advantage of this service, customers need only complete a simple form either in their online banking account or at any branch.

In order to meet the increasing needs of our business clients, we have designed a complete suite of lending and deposit products to address these evolving needs. Our traditional business accounts and commercial loans have been complemented with an extensive suite of Business Cash Management solutions. We have expanded our Treasury Management staff to better serve our clients and to continually look to offer new services. We ensure that all these services are competitive by implementing the latest technological advances and by installing security updates as soon as they become available. As consumers have become more mobile dependant, so have our business clients.

Consequently, we've enhanced our business banking solution to include permitting use of a smartphone app to login and to approve transactions, increasing flexibility and convenience. We are also planning for the launch of a new remote deposit system in the first quarter of 2020. The new system, which will work with all major browsers and operating systems, is equipped with significant

enhancements including an updated user interface and improved reporting. Remote Deposit customers using our Business Express online banking solution will have the ability to complete their deposits directly within their online banking session. We are very excited to be able to offer the latest in technology upgrades while utilizing "best-in-class" security solutions for Washington Financial clients.



Lifestyle members enjoy trip to Phipps Conservatory  
**DECEMBER 2018**



Bank hosts Christmas party with Santa for local non-profit organizations  
**DECEMBER 2018**

## Our Technology

One of the most important issues facing our industry today is maintaining the security of your financial information. You trust us to keep your information secure and we place the highest priority on ensuring we do just that. We take pride in providing industry-leading technologies in this area and employ a team of dedicated experts to ensure we remain at the forefront of this extremely important aspect of our business. Earlier this year, we made a significant investment to install state-of-the-art card readers at all of our ATM machines that are designed to make every type of skimming device obsolete. The technologies used in these devices make it virtually impossible for debit card information to be duplicated and stolen from our ATMs by

encrypting the information captured. We continue to monitor this critical component to ensure your personal financial information remains secure.

The technology in the banking industry is continually evolving. As we keep pace with the evolution, we will soon be changing our website and email from a “.com” address to washfin.bank. This change further assures the security of our website as these addresses are only provided once stringent due diligence has been performed to ensure the legitimacy of the request for the domain name. As we move closer to this change, be assured that we will keep you well-informed.



Online account opening process is enhanced  
**JANUARY 2019**



Treasury Services management staff expanded  
**FEBRUARY 2019**

## Our Charitable Giving

As a mutual organization, Washington Financial Bank is in a unique position to be able to freely re-invest in the communities it serves. We are proud of our efforts – both in monetary contributions and volunteer time – that help our local non-profit organizations and related causes. Our charitable giving program was created to address health and human service needs, community development and educational initiatives. This past year, we were proud partners in the capital campaign of the Washington Health System Foundation, The Presbyterian SeniorCare expansion, local libraries, the Food Bank, Education Partnership and a host of other organizations. The Washington Financial Charitable Foundation is also a lead sponsor of the WCCF Gives match pool which provides significant help to many smaller non-profits in our communities.

One of the factors that make our community unique is the number of local events that bring our neighbors together. Washington Financial Bank is a lead partner in many of these events including the Washington Symphony Orchestra's winter performance, the Canonsburg Old Fashioned Christmas Celebration, the Whiskey Rebellion Festival, July 4th celebrations in both Washington and Canonsburg, South Fayette Light-Up Night, the Pony League World Series and countless dinners and sporting events to benefit charity.

We also have several of our own celebrations which include an essay and coloring contest for local schools to commemorate Flag Day, a Cherrybration

to celebrate George Washington's Birthday and a Santa event which provides gifts for children in need. We continue to seek input from Bank customers for a portion of our giving through our annual Customer Choice campaign which, when coupled with our total giving program, has provided close to \$10 Million in contributions. Because we recognize the importance of education, we have increased the amount of the Washington Financial scholarship to \$5,000 to help students with the ever-increasing costs of post-secondary education. We continue to sponsor the Washington Financial scholars program in seven area school districts and at the LeMoyne Center so that students have access to financial literacy programs as they prepare for the work force. As an incentive, the Bank offers those students who successfully complete the course a \$50 deposit to a Washington Financial Bank checking account. We are expanding this initiative to include a component for adult financial literacy as well and expect to launch the adult program in the Fall of 2019.

In addition to our monetary support, Washington Financial Bank employees donate countless hours of time to volunteer on non-profit organization boards, in school activities and at community events. We've partnered with the Education Partnership to fill backpacks for students within the Washington School district and serve as



educational mentors with Junior Achievement. As the needs of our community grow, we continue to provide time and talent to help our neighbors.

As we close the fiscal year and begin a new one, we do so with gratitude for the trust you, your families and friends have placed in us for over 120 years. We look forward to the future with great optimism and excitement as we continue to serve your financial needs and the needs of our communities.

Mary Lyn Drewitz  
*Chairman*

Brian J. Smith  
*President & CEO*

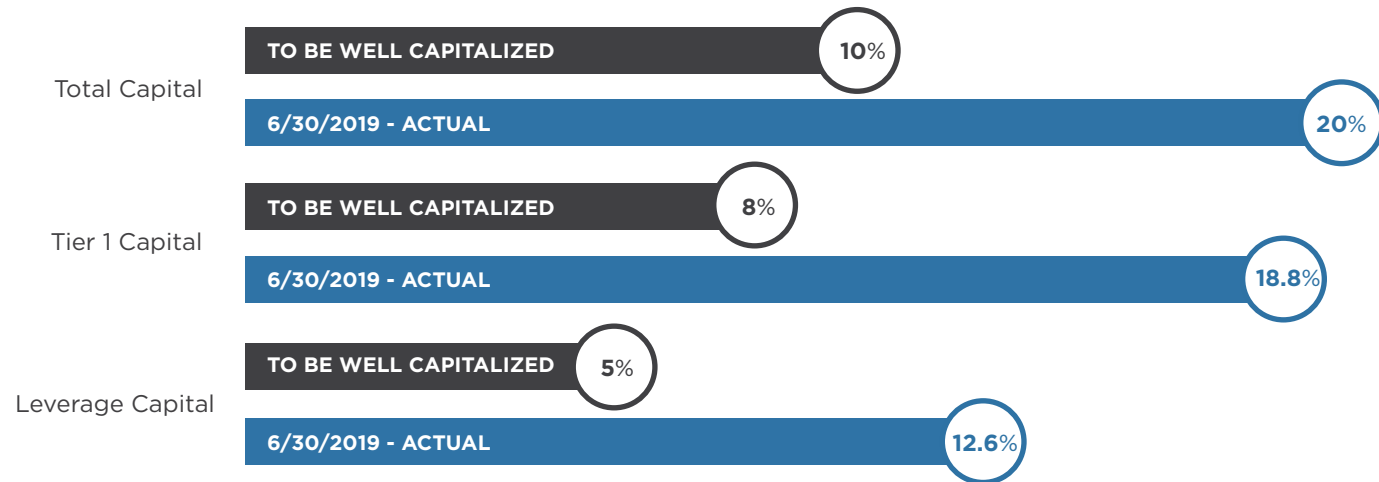


Bank sponsors Washington Symphony Orchestra performance at Trinity High School  
**FEBRUARY 2019**

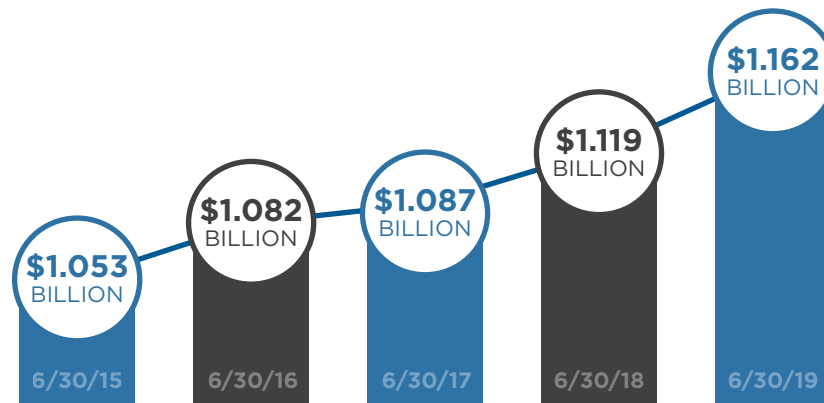


First-time homebuyers program launched  
**MARCH 2019**

## CONSOLIDATED CAPITAL REGULATORY COMPLIANCE - 6/30/2019



## TOTAL ASSETS - YEARS ENDED 6/30



The Bank's Foundation supports Washington Health System with a \$100,000 capital campaign pledge for the new OB/GYN unit  
**APRIL 2019**



ATMs equipped with state-of-the-art fraud prevention devices  
**APRIL 2019**



## CONSOLIDATED STATEMENT OF CONDITION

	June 30, 2019	June 30, 2018
<b>Assets</b>		
Cash on Hand and in Banks .....	\$56,814,896	\$24,488,346
Securities - Available for Sale .....	136,960,980	158,629,681
Securities - Held to Maturity .....	55,391,248	65,411,314
Loans .....	857,216,774	814,355,155
Office Property & Equipment, Net .....	11,112,238	11,282,086
FHLB Stock .....	2,777,300	3,675,000
Other Assets .....	42,016,653	41,535,123
<b>Total Assets .....</b>	<b>\$1,162,290,089</b>	<b>\$1,119,376,705</b>

### Liabilities & Retained Earnings

Deposits .....	\$1,002,002,293	\$971,855,278
Borrowings .....	0	0
Other Liabilities .....	11,262,168	9,772,225
Retained Earnings .....	149,025,628	137,749,202

**Total Liabilities & Retained Earnings .. \$1,162,290,089 ..... \$1,119,376,705**

Copies of the annual audited financial statements are available to the public after September 30, 2019, by writing to Administrative Services, Washington Financial Bank, 190 North Main Street, Washington, PA 15301.



Washington Financial Charitable Foundation  
awards Customer Choice and scholarship grants  
**MAY 2019**



Assets total \$1.16 billion  
at fiscal year-end  
**JUNE 2019**

Directors (Of both WFSB Mutual Holding Company and Washington Financial Bank)

Mary Lyn Drewitz, Chairman ..... Of Counsel, Goldfarb, Posner, Beck, DeHaven,& Drewitz  
D. Jackson Milhollan, Vice Chairman ..... President/Precision Marshall Steel Co.  
Martin P. Beichner, Jr. .... President/Accutrex Products, Inc.  
R. Carlyn Belczyk ..... Partner/Guthrie, Belczyk & Associates, P.C.  
William M. Campbell ..... Retired President/Camalloy, Inc.  
Edward C. Morascyzk, Esq. .... Senior Partner/Morascyzk, Stopperich & Associates  
James R. Proudfit ..... Vice President/Proudfit Insurance  
Brian J. Smith ..... President/CEO/WFSB Mutual Holding Company & Washington Financial Bank  
Telford W. Thomas ..... Retired President/The Washington Hospital  
Louis E. Waller ..... President/Waller Corporation

Director Emeritus of Washington Financial Bank

Richard L. White ..... Retired President/CEO/WFSB Mutual Holding Company & Washington Financial Bank

WFSB Mutual Holding Company Officers (Parent Company of Washington Financial Bank)

Brian J. Smith ..... President/Chief Executive Officer  
John S. Milinovich, CPA ..... Executive Vice President/Treasurer/Chief Financial Officer  
Michael L. Chaido, Esq. .... Senior Vice President/Chief Operations Officer  
Lee D. Truax ..... Senior Vice President/Chief Risk and Compliance Officer  
Harry A. Stiffler, Jr., Esq. .... Senior Vice President/General Counsel  
Suzanne L. Taylor ..... Senior Vice President/Secretary  
Janet L. Brandtonies, CPA ..... Vice President/Controller

Washington Settlement Services (Subsidiary of Washington Financial Bank)

Brian J. Smith ..... President/Chief Executive Officer  
Delbert O. Hague, Jr. .... Senior Vice President  
John S. Milinovich, CPA ..... Vice President/Treasurer  
Suzanne L. Taylor ..... Secretary

## Washington Financial Bank Officers

Brian J. Smith .....	President/Chief Executive Officer	Jeffrey A. Francona .....	Vice President/Business Banking Officer
John S. Milinovich, CPA	Executive Vice President/Treasurer/Chief Financial Officer	Timothy M. Grady .....	Vice President/Group Manager/Commercial Banking
Michael L. Chaido, Esq. ....	Senior Vice President/Chief Operations Officer	Elizabeth I. Guerrieri .	Vice President/Marketing and Public Relations Manager
Edward R. Ermine .....	Senior Vice President/Chief Credit Officer	William M. Harker .....	Vice President/Group Manager/Commercial Banking
Lee D. Truax .....	Senior Vice President/Chief Risk and Compliance Officer	Theresa M. Hudson .....	Vice President/Operations Manager
Harry A. Stiffler, Jr., Esq. ....	Senior Vice President/General Counsel	Douglas M. Klescich .....	Vice President/Information Security Officer
Suzanne L. Taylor .....	Senior Vice President/Secretary/Administrative Services	Stephanie T. Leoni .....	Vice President/Compliance & Risk Management Officer
Jeanine M. Fallon .....	Senior Vice President/Community Banking Division	James M. Medved .....	Vice President/Business Banking Officer
Delbert O. Hague, Jr. ....	Senior Vice President/Retail Lending Division	Christopher L. Monaghan .....	Vice President/Credit Department Manager
William J. King, Jr. ....	Senior Vice President/Commercial Banking Manager	Christopher T. Mowery .....	Vice President/Business Banking Officer
Robert B. Vettorel .....	Senior Vice President/Wealth Management Division	Gordon A. Plancon .....	Vice President/BSA/AML Officer
Joseph R. Bartolomeo .....	Vice President/Business Banking Officer	Dawn L. Rankin .....	Vice President/Consumer Lending Manager
G. Ryan Bates .....	Vice President/Treasury Services Manager	Robert L. Rogers .....	Vice President/Group Manager/Commercial Banking
Victor D. Bell .....	Vice President/Wealth Management	Lori L. Szallar .....	Vice President/Human Resources Manager
Janet L. Brandtonies, CPA .....	Vice President/Controller	Jessica L. Tokay .....	Vice President/Residential Mortgage Lending Manager
Eric S. Burt .....	Vice President/Business Banking Officer	Carmen A. Trovato .....	Vice President/Business Banking Officer
Anthony M. Cardone .....	Vice President/Business Banking Officer		

## Branch Offices

### Burgettstown

1803 Main Street  
Burgettstown, PA 15021  
724.947.2745

### Canonsburg

160 East Pike Street  
Canonsburg, PA 15317  
724.745.2417

### Hickory

220 Main Street  
Hickory, PA 15340  
724.356.2900

### McMurray

3616 Washington Road  
McMurray, PA 15317  
724.941.4275

### South Fayette

173 Millers Run Road  
Bridgeville, PA 15017  
412.221.1026

### Tylerdale

98 East Wylie Avenue  
Washington, PA 15301  
724.225.9100

### Valley Brook

430 Valley Brook Road  
McMurray, PA 15317  
724.941.8430

### Washington

77 South Main Street  
Washington, PA 15301  
724.206.1100

### Washington Crown Center

1500 West Chestnut Street  
Washington, PA 15301  
724.223.8000

### Washington Mall Plaza

255 Murtland Avenue  
Washington, PA 15301  
724.229.7600

## Loan Centers

### Latrobe Loan Office

401 Depot Street  
Latrobe, PA 15650  
724.537.6358

### McMurray Loan Office

3616 Washington Road  
McMurray, PA 15317  
724.942.2301

### North Hills Loan Office

6200 Brooktree Road  
Wexford, PA 15090  
724.940.4450

## Remote ATM Locations

Courthouse Square

The Washington Hospital



*Rich History. Innovative Services.*

190 North Main Street  
Washington, PA 15301  
724.222.3120  
[mywashingtonfinancial.com](http://mywashingtonfinancial.com)

Member  
**FDIC**

