

Annual Report 2019

Rich History. Innovative Services.



**WashingtonSM
Financial Bank**



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

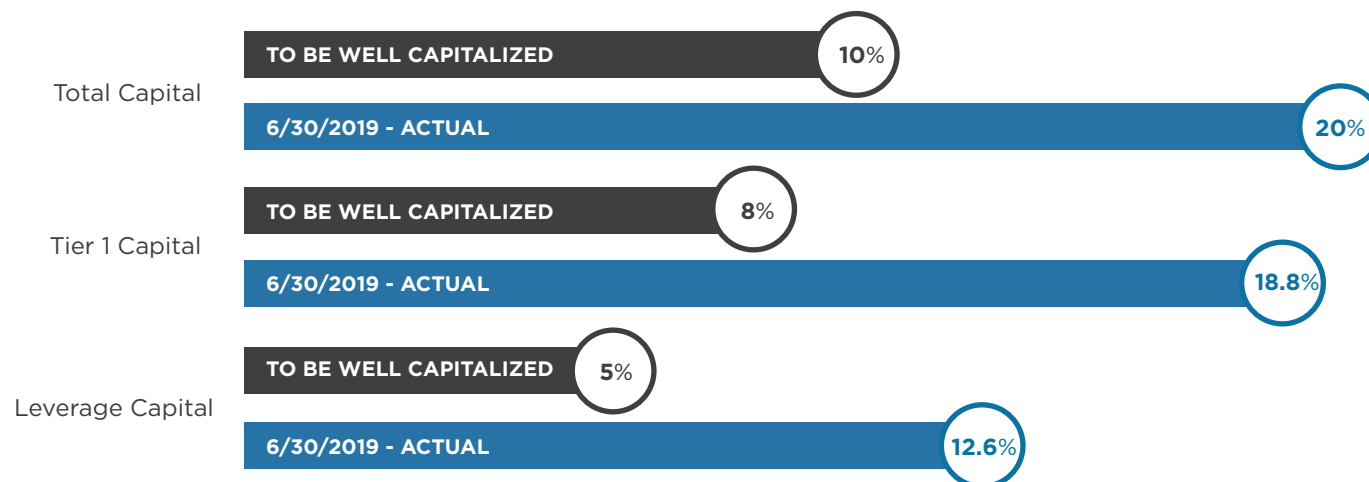


Bank sponsors Washington Symphony Orchestra performance at Trinity High School
FEBRUARY 2019

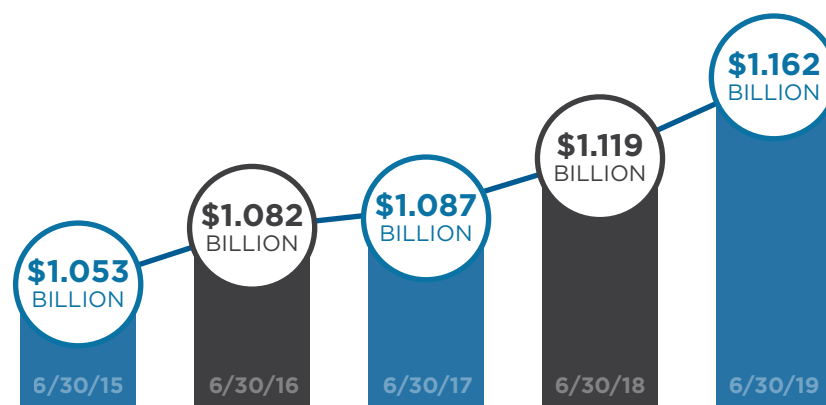


First-time homebuyers program launched
MARCH 2019

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
Assets		
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
Total Assets	\$1,162,290,089	\$1,119,376,705

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

