



**Washington<sup>SM</sup>  
Financial Bank**

*Rich History. Innovative Services.*

## **2018 ANNUAL REPORT**





## FOR OVER 100 YEARS.

In November of 1899, The Industrial Building and Loan Association of Washington was founded with the sole purpose of “Accumulating a fund by the provisional contributions of the members thereof and safely investing the same.”

Almost 120 years later, while our name has changed, Washington Financial Bank proudly remains firmly committed to continuing our mission to safely invest in our communities as a mutual organization, owned solely by our depositors.

## A LETTER FROM THE CEO AND CHAIRMAN

For almost 120 years, Washington Financial Bank has been part of the fabric of this community. We've remained dedicated, not only to serving you, our loyal customers, but also to listening to what you need in a financial partner. We've come quite a long way since our founding in 1899 but the passion to provide you the best financial products and services remains unchanged.

While much of our industry continues to close branch offices and to push customers into virtual environments, we are opening new branch locations; enhancing our in-person experience to better serve you; and creating an even larger market footprint. As we do this, however, we continue to enhance our technology to ensure the latest banking services are available through our virtual channels as well. At Washington Financial Bank, we have continued to develop and to deploy industry-leading products and services, devoted to you and your financial goals. More importantly, we remain firmly committed to the health and well-being of our customers and our communities through the work of The Washington Financial Charitable Foundation. We have thrived as a mutual savings bank for almost 120 years. You can depend upon us to be here for you and your family in the future, just as we have been in the past. And, as always, we credit our success to you, our loyal customers, for the growth that is possible only through your support.

## OUR PERFORMANCE

Washington Financial Bank remains the largest locally owned and managed financial institution headquartered in Washington County. The Bank continues to experience solid growth with assets at \$1.1 billion as of June 30, 2018 and capital ratios that exceed all regulatory requirements by significant margins. These ratios have once again earned Washington Financial Bank the highest 5-star rating for financial strength from Bauer Financial. Our loan portfolio reflects steady growth in both residential and commercial loans while Bank deposits have grown by over 12% during the fiscal year.







## OUR FACILITIES

This past February we opened our first office in Allegheny County, at 173 Millers Run Road in South Fayette Township. The state-of-the-art facility is unique. Designed to reflect the history of the site, the décor is reminiscent of the early 1950's era of the steel mill offices which were situated a few steps from this branch location. The open, inviting environment features re-cycled brick walls, reclaimed lumber and rustic metal paneling. The branch's unique location, adjacent to the South Fayette Dunkin' Donuts, highlights cutting edge technology, including an Interactive Teller Machine with extended customer support hours. All of these features combine to distinguish this office as one-of-a-kind in not only this market, but also in the industry. We are pleased to have enhanced the convenience for our current northern Washington County customers while opening the door to serve the southern Allegheny County region.

## OUR PERFORMANCE

While we expand our branch network, we continue to provide industry-leading financial products and services to our customers. The Kasasa deposit products remain remarkably popular, offering retail customers rewards for everyday banking activities. We've also recently implemented new consumer lending and residential mortgage platforms which simplify the application process and allow applicants to process everything virtually.

With the increase in Kasasa accounts, we've also seen an increase in requests for our Instant Issuance of debit cards. In addition to the full set of gallery photo images available, our customers now have the ability to download a personal photo for their debit card and to receive it instantly at a branch. This instant issue function will also serve as an added convenience when a debit card must be re-issued because of loss or fraud. As one of the only banks in the region with the ability to produce your debit card for you while you wait, we continue to recognize that we must address your needs with immediacy.

We continue to expand our commercial banking solutions, ensuring that the ever-changing needs of our small business and commercial clients are met. With recent enhancements to our corporate credit card product, customers can now self-service their credit card accounts online, simplifying individual cardholder account management. Customers also have the ability to: access statements and account activity online; make online payments; freeze lost or stolen cards; and adjust individual cardholder limits. Customers can add or remove cardholders, request replacement cards, and establish alerts. Our online site is optimized to provide access from any smartphone or tablet device, providing customers with greater convenience, allowing them to focus on what truly matters most, their business.

Both our online and mobile retail banking services have been enhanced this past year as we continue to provide first-rate customer service. Our mobile banking app is even more user friendly and our Cardless Cash ATM functionality provides enhanced security and convenience for ATM withdrawals. At Washington Financial Bank, increased online accessibility does not translate into fewer interactions between employees and customers; our consistent commitment to customer care is what makes our Bank unique in this day and age. We continually search for ways to improve the customer experience, utilizing survey feedback and client commentary to provide an array of products and services that meet your needs.

Washington Financial Bank also offers a range of alternative investment options through our Wealth Management Division. With expansions among our advisory staff and product offerings, we're able to meet the continually changing needs of our clients, assisting them in pursuing their financial goals.







## OUR TECHNOLOGY

Recognizing the current state of information security, we continue to devote significant human, financial and technological resources to ensure your information remains secure. In an age where data breaches are common, protection of your financial information remains our highest priority. Not only does our team of experts utilize industry-leading technologies to secure our operating systems, we also offer our customers education and solutions so they can safeguard their devices as well. The SecurLock Solution, which allows customers to freeze a debit card in the event it is lost or stolen, is now available in a Mobile App. Additionally, Trusteer software, offered at no charge to our customers, helps to protect your online banking credentials from theft.

From a human resources standpoint, we have increased the staffs in both our Information Technology and Information Security departments with employees who hold the most respected information technology and security certifications, not only in the banking industry, but all industries.

## OUR CHARITABLE GIVING

Headquartered locally in Southwestern Pennsylvania, we have had a unique opportunity to make direct, meaningful impacts in the communities we serve. As a mutual organization, we are able to reinvest our profits into our employees, our technologies and our communities. Through the charitable programs of both the Bank and The Washington Financial Charitable Foundation, we've reinvested nearly \$10 million back into our communities since the inception of our formal program of giving.

This past year, we were proud to contribute to so many worthy initiatives including WCCF Gives, The Washington Health System Foundation's capital campaign for the new Family Birth & Women's Health Center, The Presbyterian Senior Care Alzheimer's unit in Washington, The City Mission Avis Arbor project, Washington County Foodbank, The Lemoyne Center Camp Challenge, Meals on Wheels at the Crossroads, Make-a-Wish Foundation and a host of other organizations. Moreover, we're privileged to assist with financial literacy initiatives in area schools, and to provide technology grants, allowing students to learn in a modern, educational environment. In addition, every year we award students who will be attending, full-time, an accredited college, university, or trade school scholarships to help further their education.

We also understand that "giving back" means much more than providing financial support to those in need. Each year, our employees volunteer thousands of hours to help improve the lives of the less fortunate in our communities. We not only organize and participate in community events, but many of our employees also assist local non-profit organizations with their workplace skills and knowledge.

As we approach our 119th anniversary, we'd like to thank you, our loyal customers, for your continued support and trust. We realize the role our customers play in our success and growth. We understand the value of our relationships with our customers and their communities and we pledge to maintain your trust and support each and every day.

Brian J. Smith  
*President & CEO*

Mary Lyn Drewitz  
*Chairman*



## CONSOLIDATED CAPITAL REGULATORY COMPLIANCE

June 30, 2018

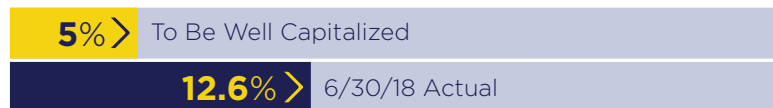
### Total Capital



### Tier 1 Capital



### Leverage Capital



## TOTAL ASSETS

Year Ended June 30





## CONSOLIDATED STATEMENT OF CONDITION

	June 30, 2018	June 30, 2017
<b>Assets</b>		
Cash on Hand and in Banks .....	\$24,488,346	\$13,114,490
Securities - Available for Sale .....	158,629,681	175,333,699
Securities - Held to Maturity .....	65,411,314	72,959,189
Loans .....	814,355,155	770,226,822
Office Property & Equipment, Net .....	11,282,086	11,038,061
FHLB Stock .....	3,675,000	5,387,400
Other Assets .....	41,535,123	39,176,505
<b>Total Assets</b>	<b>\$1,119,376,705</b>	<b>\$1,087,236,166</b>
<b>Liabilities &amp; Retained Earnings</b>		
Deposits .....	\$971,855,278	\$864,542,311
Borrowings .....	0	83,000,000
Other Liabilities .....	9,772,225	8,251,976
Retained Earnings .....	137,749,202	131,441,879
<b>Total Liabilities &amp; Retained Earnings</b>	<b>\$1,119,376,705</b>	<b>\$1,087,236,166</b>

Copies of the annual audited financial statements are available to the public after September 30, 2018, by writing to Administrative Services, Washington Financial Bank, 190 North Main Street, Washington, PA 15301.



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

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

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**Director Emeritus of Washington Financial Bank**

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Richard L. White .....	<i>Retired President/CEO/WFSB Mutual Holding Company &amp; Washington Financial Bank</i>
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**WFSB Mutual Holding Company Officers** *(Parent Company of Washington Financial Bank)*

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

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**Washington Settlement Services** *(Subsidiary of Washington Financial Bank)*

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



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## Washington Financial Bank Officers

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



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## Branch Offices

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### 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

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## Loan Centers

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### 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

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## Remote ATM Locations

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### Canonsburg Hospital

### Courthouse Square

### The Washington Hospital



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

Member  
**FDIC**  
The Equal Housing Lender logo consists of a house icon with an equals sign inside, and the words 'EQUAL HOUSING LENDER' below it.