

Washington Financial News

It's banking that's in your best interest.



A message from the CEO

“Customer first” is the basic premise of our business philosophy here at Washington Financial. To that end, we strive to provide a complete and competitive array of financial products and services with every employee committed to the concept of true “Relationship Banking.” Our commitment to serving the community is also very important to us, and we continually strive to be good corporate citizens.

We believe very strongly in listening to our customers, and we genuinely value your opinion. Consistent with that ideal, we implemented our Customer Choice program in 1997 to allow Washington Financial customers a role in helping us decide which community organizations should receive financial support as part of the Bank’s total charitable giving program. Since the inception of this program, over \$650,000 has been awarded to a number of community organizations based solely on our customers’ votes.

Over the years, one of the most popular organizations for our customers has been the Washington City Mission. The City Mission is a local non-profit organization that provides food, shelter and various programming for those in need.

“Over the past 71 years, the City Mission has grown from a ‘three hots and a cot’ storefront mission on Main Street to a place of restoration of health and wholeness,” said Shirley Fiero, Director for Advancement at the Washington City Mission. “The significant monetary awards from Washington Financial Bank’s Customer Choice program have helped support the needs of thousands of our residents.”

Customer Choice ballots will be mailed to Washington Financial customers, either in your monthly statement or in the mail if you receive statements electronically. I encourage you to vote for your favorite non-profit, and you may even want to talk to your friends and rally them to vote for that same entity. The more votes cast for an organization, the more potential contributions they may receive. We are delighted that the Bank’s Customer Choice program has been able to benefit so many worthwhile organizations in the past and look forward to continuing this valuable program now and in the future.

Brian J. Smith
Brian J. Smith, President and CEO

To be considered for funding, charities must have 501(c)(3) non-profit status and receive at least 25 votes. In the event that an agency receives less than the required minimum of votes, the eligibility of said agency will be at the discretion of Washington Financial Bank. Washington Financial Bank customers are eligible to vote for Customer Choice. One vote per customer. Ballots must be submitted by March 15, 2012. Nomination of a charity does not guaranty funding. All funding decisions are at the discretion of Bank management.

In this issue

Bank donates \$50,000 for local schools

The Bank is proud to help fund innovative initiatives at local schools by contributing to the WCCF’s EIO Fund.

Congratulations photo contest winners

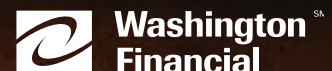
Of more than 300 submissions, only 12 photos were selected to appear in the Bank’s business calendar.

Boost your retirement contribution plans

The IRS has increased the amount people can contribute to their 401(k) and other defined contribution plans.

WINTER 2012

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In your own words

Washington Financial continues to receive exceptionally high scores from our customer loyalty surveys. We review each response and personally address any questions or concerns for those who submit contact information. Thank you for sharing your experiences with us. Here are some of the responses we've received!

"I learned how to use online banking from a friendly employee at the Main St. office. Her instructions to me were spot on. On another visit, I had a problem with an electronic bill taking more than a week to get to my telephone company. I learned that the telephone company does not participate [in electronic payments], so I have to make my requests earlier [to allow for manual processing]."

"The manager of my branch... has helped our family make smart decisions about college, about opening accounts for my teens and about mortgage questions."

"My husband and I have really enjoyed working with Rob Vettorel for our investments, which we have done for many years. Rob is very reliable and trustworthy, and has given us very sensible advice."

"Besides being an excellent Bank, your commitment to the local community and its charities is outstanding"

"I was on unemployment for 1-1/2 years and then finally found a job that paid decent, but not well. I appreciate that Wash Financial offered the overdraft protection option; it was a lifesaver. After a year, my new company has great faith in me and is increasing my pay 47-1/2%, and hopefully I won't have to worry about that overdraft protection any more. Thanks for being there."

Share your story by using the CustomerVoice feature on our Web site. Like our surveys, CustomerVoice is anonymous unless you provide your contact information.

Occupy Main Street



John Clayton
Senior Vice President
Community Banking

For the past couple of months, we have heard a lot about "Occupy Wall Street," some of it pretty negative; however, even though they employed a number of objectionable tactics in making their point, their message about the dubious methods and outright fraud committed by some of America's largest financial institutions was not off base...in fact, it was brutally true!

So, in response to "Occupy Wall Street," this article supports the idea of doing business with your local community bank, Washington Financial, where such dubious methods and fraud are as foreign as moon rocks! Let's call this movement to the community bank "Occupy Main Street," where your business will be rewarded by prudent investment in our customers, our community and our employees! The contrast between Wall Street and Main Street is stark, and in all cases, the Main Street experience is better! Here are just some of the reasons why it makes sense to bank with Washington Financial as opposed to some of our "big bank" competitors. We promise to:

- Approach your needs with a sense of urgency—you are our highest priority
- Always apply the "golden rule"—treating our customers as we ourselves would want to be treated
- Be friendly—going beyond "courteous" and "cordial"
- Handle your financial needs with professionalism—doing the right thing at the right time using all the resources at our disposal
- Be empathetic—putting ourselves in our customers' shoes
- Be resourceful—finding ways to accomplish the objective especially when it's difficult
- Use teamwork—calling on our specialists for appropriate solutions to our customers' unique needs
- Communicate—keeping our customers informed along the way to achieving high quality service outcomes
- Match you only with products that specifically meet your needs—no "product of the month" high pressure sales here
- Keep your money SAFE through conservative investments and thorough assessment and recognition of risks

There are probably many, many more reasons to bank with Washington Financial, but you get the idea. Here, you are a person, not a "demographic" or a number. We are committed to you, our employees and our community with nothing held back. This has been true for the past 112 years and will be true for the next 112. Welcome to Main Street banking!

Bank donates \$50,000

Washington Financial contributed \$50,000 to the Washington County Community Foundation's EIO Fund to help fund innovative initiatives at local schools. "Washington Financial is pleased to continue our support of the Community Foundation and to initiate this new relationship under the EITC [Educational Improvement Tax Credit] Program," said Brian J. Smith, President & CEO of Washington Financial. "The Bank has always been a very strong supporter of education and the EITC program is an excellent complement to our charitable giving program."

The EIO Fund is one of three pass-through funds created by the WCCF to accept qualifying contributions through the Commonwealth's EITC Program. Grants are awarded from the EIO Fund to innovative educational programs at area public schools.

"The EITC funds are examples of the WCCF's efforts to facilitate philanthropy in our community, particularly as it relates to educating our next generation of leaders," stated Betsie Trew, WCCF President & CEO. "Corporations have shown an interest in the EITC program because it permits them to support educational efforts in a very tax-wise manner and we are delighted to serve as a vehicle through which these community-minded corporations may support local educational programs. The cumulative generosity of our corporate partners has enabled us to award more than \$500,000 from our three EITC funds."

"Through our participation with the Community Foundation in the EITC, we are able to direct specific dollars to local school districts to fund a number of innovative initiatives," said Smith. "We strongly encourage other corporations to contact the Community Foundation to see if the EITC program could benefit them as well."



Bank President and CEO Brian J. Smith (left) poses with WCCF Chairman of the Board Richard L. White after the Bank made a \$50,000 contribution to the Foundation's EIO Fund. Now retired, White served as President & CEO of the Bank. Smith is his successor at the Bank and was also elected to the WCCF Board of Trustees.

Consumers safely destroy personal documents



A paper trail is one of the most common ways that identity thieves steal personal information. To help prevent identity theft, Washington Financial held a Community Shred Day at each branch office throughout October and November.

Community members were invited to use a shred truck from DocSolutions to destroy their personal paper or confidential documents. A combined total of 7,347 pounds of paper was safely destroyed.

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On account of you.

Bringing in the holidays at Riverside

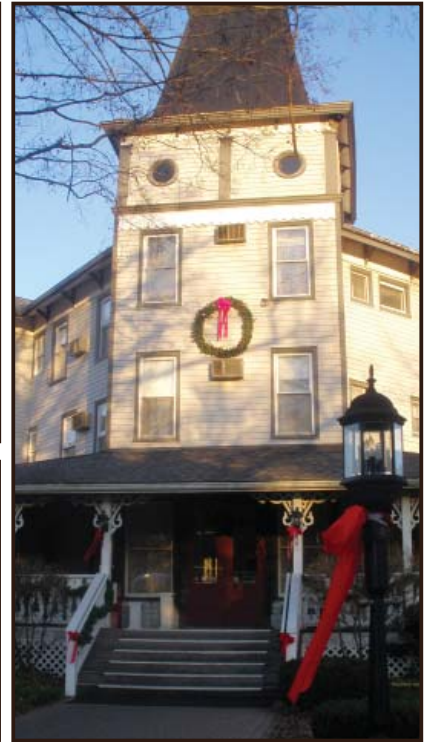
By Michelle Thompson
Senior Marketing Associate

Lifestyle members brought in the holiday season with a show and luncheon at the Riverside Inn. With more than 130 guests, the Bank took three buses to Cambridge Springs to visit this historic inn.

Prior to lunch, we had the opportunity to take a walking tour of the Inn to see its holiday decor and historic charm. Lunch was served with soup, salad, fresh bread, pot roast, roasted turkey, baked pineapple ham, mashed potatoes and more. After lunch, we enjoyed their holiday-themed musical, *All I Want for Christmas*.

The Riverside Inn was built to accommodate the wealthy patrons during the mineral water boom of the late 1800's and early 1900's. The popularity of the mineral water therapy brought visitors from around the world. In fact, the town's "healing water" was so much in demand that a rail line was built between New York City and Chicago with Cambridge Springs as its halfway point.

When the health spa image of the town faded, so did the tourist trade. In 1985, the Riverside Inn was sold, and the new owners began to restore it to its original splendor. Today, it is a well-known destination for group tours because of its historic charm and live performances.



The Riverside Inn has 74 uniquely decorated and furnished guest rooms, and was decorated inside and out for the holiday season. With more than 125 years of operation, the Riverside Inn is on the National Register of Historic Places.

Save 15% on TurboTax federal products



TurboTax® is now available right inside your online account to guide you step by step to your biggest possible refund.¹ And this year, if you need extra help you can get free one-on-one personalized tax advice. With TurboTax's "Ask a Tax Expert" service, get FREE live tax advice (via phone or chat) from real-life tax experts.²

Only TurboTax offers you Total Assurance™ – protection to feel 100% confident about your taxes:

- Maximum refund, guaranteed¹
- 100% Accurate calculations, guaranteed³
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Don't miss out on this 15% discount on federal products when you access TurboTax through online banking. Log in at mywashingtonfinancial.com to start for FREE today – you don't pay unless you are satisfied with the results.⁴

(1) TurboTax's Maximum Refund Guarantee: If you get a larger refund or smaller tax due from another tax preparation method, TurboTax will refund the applicable TurboTax federal and/or state purchase price paid. TurboTax Federal Free Edition customers are entitled to payment of \$14.95 and a refund of your state purchase price paid. Claims must be submitted within sixty (60) days of your TurboTax filing date and no later than 6/17/12. E-file, Audit Defense, Professional Review, Live Tax Advice, Refund Transfer and technical support fees are excluded. This guarantee cannot be combined with the TurboTax Satisfaction (Easy) Guarantee. (2) Ask a Tax Expert Service is a free service provided by TurboTax. It will be available by phone or live chat to registered TurboTax users 12/1/2011– 4/30/2012 to answer questions related to 2011 U.S. Federal and State tax returns (restrictions apply). Service and experience levels, hours of operation, and availability will vary based on demand and capacity, and are subject to change without notice. Go to TurboTax.com for more information. Washington Financial Bank is not liable for advice provided erroneously or for losses due to advice not taken. (3) Guaranteed Accurate Calculations: If you pay an IRS or state penalty or interest because of a TurboTax Calculation error, TurboTax will pay you the penalty and interest. (4) Satisfaction Guaranteed – or you don't pay. You may use TurboTax Online without charge up to the point you decide to print or electronically file your tax return. Printing or electronically filing your return reflects your satisfaction with TurboTax Online, at which time you will be required to pay or register for the product. State filing charges apply. Limited time offer for TurboTax 2011. Terms, conditions, features, availability, pricing, fees, service and support options subject to change without notice. © 2012 Intuit Inc. All rights reserved. Intuit, TurboTax and TurboTax Online, among others, are registered trademarks and/or service marks of Intuit Inc. in the United States and other countries. Other parties' trademarks or service marks are the property of their respective owners.

Congratulations Contest Winners

Of more than 300 submissions, 12 photographs were selected to appear in the Bank's business calendar. Because of the contest's popularity, the Bank will hold another Photography Contest this year. Submit your 2012 photos of Washington County, and you could win \$50 for each photo featured in the Bank's 2013 business calendar. Our business calendar showcases the landmarks, festivals and seasons of Washington County. To enter, e-mail your photo and submission information to contest@mywashingtonfinancial.com. Submissions must include the photographer's name, contact information, photo location and a brief description of the photo. Images must be 11.625 by 7.25 inches and a minimum of 300 dpi. The deadline for submissions is August 31, 2012.



Henry Bridge by Melissa Faye Shaner



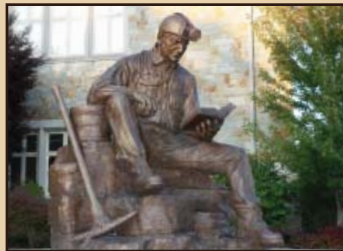
Pike Days by Pam Maffio



Washington Financial Square by Kevin Sell



Trinity High School by Brook Ward



Washington and Jefferson College by Jonathan Riddle



Lyle Bridge by Book Ward



Washington County Courthouse by Kevin Sell



CONSOL Energy Park by Andrew Gregg



Arrowhead Trail by Steve Pfeifer



American Legion by Brook Ward



West Finley by Melissa Faye Shaner



Peters Lake Park by Zachary Garrett

No purchase necessary to enter. Submissions must meet requirements listed above for consideration and may not include identifiable people or private property. "Identifiable people" is defined as any photo where the person's image can be clearly identified. "Private property" is defined as personal residence or privately owned land. By submitting the photo, you grant Washington Financial Bank an unqualified license to use your photo in its promotional materials. Winners will be announced by December 2012.

Boost your retirement plan contributions



Jason Alderman
Senior Director
Visa, Inc.

Reprinted from
Practical Money Matters

For the first time since 2009, the IRS has increased the amount people can contribute to their 401(k) and other defined contribution plans. Effective January 1, 2012, the maximum annual contribution grows by \$500 to \$17,000, thanks to an increase in the Department of Labor's Consumer Price Index for Urban Consumers (CPI-U), a common measure of inflation the IRS uses to determine whether or not to increase dozens of tax-related numbers from year to year.

That's good news for people who want to boost their tax-advantaged retirement savings. Here's an overview of what will and won't change in 2012 with the more common retirement savings plans:

Defined contribution plans. In addition to increasing the maximum allowable annual contribution to 401(k), 403(b), 457(b) and federal Thrift Savings plans to \$17,000, these additional factors apply:

- People over 50 can also make an additional \$5,500 in catch-up contributions (unchanged from 2011).
- The annual limit for combined employee and employer contributions increased by \$1,000 to \$50,000.
- Because your plan may limit the percentage of pay you can contribute, your maximum contribution may actually be less. (For example, if the maximum contribution is 10 percent of pay and you earn \$50,000, you could only contribute \$5,000.)
- Company-matching contributions do not count toward your maximum contribution.

Individual Retirement Accounts (IRAs). The maximum annual contribution to IRAs remains unchanged at \$5,000 (plus an additional \$1,000 if 50 or older). Maximum contributions to traditional IRAs are not impacted by personal income, but if your modified adjusted gross income (AGI) exceeds certain limits, the maximum you can contribute to a Roth IRA gradually phases out:

- For singles/heads of households the phase-out range is \$110,000 to \$125,000 (up from \$107,000 to \$122,000 in 2011). Above \$125,000, you cannot contribute to a Roth.
- For married couples filing jointly, it's \$173,000 to \$183,000 (up from \$169,000 to \$179,000 in 2011).

Keep in mind these rules for deducting IRA contributions on your federal tax return:

- If you're single, a head of household, a qualifying widow(er) or married and neither spouse is covered by an employer-provided retirement plan you can deduct the full IRA contribution, regardless of income.
- If you are covered by an employer plan and are single or a head of household, the tax deduction phases out for AGI between \$58,000 and \$68,000 (up from \$56,000 to \$66,000 in 2011); if married and filing jointly, the phase-out range is \$92,000 to \$112,000 (up from \$90,000 to \$110,000 in 2011).
- If you're married and aren't covered by an employer plan but your spouse is, the IRA deduction is phased out if your combined AGI is between \$173,000 and \$183,000 (up from \$169,000 to \$179,000 in 2011).
- For more details, read IRS Publication 590 at www.irs.gov.

Retirement Saver's Tax Credit: As an incentive to help low- and moderate-income workers save for retirement through an IRA or company-sponsored plan, many are eligible for a Retirement Saver's Tax Credit of up to \$1,000 (\$2,000 if filing jointly). This credit lowers your tax bill, dollar for dollar, in addition to any other tax deduction you already receive for your contribution. Qualifying income ceiling limits for the Retirement Saver's Tax Credit increased in 2011 to \$57,500 for joint filers, \$43,125 for heads of household, and \$28,750 for singles or married persons filing separately. Consult IRS Form 8880 for more information.

Consult your tax advisor for information specific to your situation.

Washington Financial earns highest 5-Star Rating

As a Superior 5-Star rated bank, Washington Financial is recognized as one of the strongest banks in the nation by BauerFinancial, the nation's leading bank rating and research firm. Washington Financial has a proven track record of financial stability and has earned Bauer's Recommended Rating for more than 85 consecutive quarters.

"The recent uproar against Big Banks has shed a whole new light on community banks, and for good reason," observes Karen L. Dorway, president of BauerFinancial. "While the primary focus of the big banks is dividend payments, smaller banks tend to be locals and therefore more in tune with the communities they serve. This community focus has paid off as Washington Financial Bank has earned Bauer's highest 5-Star rating for strength and stability."

As a community bank, Washington Financial understands the local market and has served the needs of Southwestern Pennsylvanians for more than 112 years. The Bank's experience and customer-focused approach to business has kept it financially strong, even in uncertain economic conditions.

BauerFinancial, the nation's leading independent bank and credit union rating and research firm, has been reporting on and analyzing the performance of U.S. banks and credit unions since 1983. No institution pays BauerFinancial to rate it, nor can any choose to be excluded. Consumers may obtain star-ratings by visiting www.bauerfinancial.com



Reduce interest expense with better cash management

By **Bill King**
*Senior Vice President
Business Banking*

Have you ever thought about how much you could save your business in interest expense simply by better managing your money? Well, if you carry an outstanding balance on your line of credit while at the same time you have money sitting idle in your checking account, the answer is you could be saving your business plenty. And, it doesn't have to be an inconvenience.

Through a "sweep" service offered by Washington Financial Bank, business customers can have excess checking deposits automatically "swept" or transferred out of their checking account and applied as a payment against their line of credit. And, this can be done daily. Over the course of a year the savings in interest expense on the line of credit can be substantial.



Cash management products offered through Washington Financial Bank are designed to simplify your banking and save you money. To learn more about the cash management products offered by Washington Financial, talk to your Loan Officer who can arrange a meeting with our Cash Management expert. There may be more solutions to your cash management problems than you know.

Contact Us

Branch Offices

Washington	(724) 222-3120
Mall Plaza	(724) 229-7600
Crown Center	(724) 223-8000
Tylerdale	(724) 225-9100
Hickory	(724) 356-2900
Canonsburg	(724) 745-2417
McMurray	(724) 941-4275
Valley Brook	(724) 941-8430

Loan Centers

McMurray	(724) 942-2301
North Hills	(724) 940-4450

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