



 **WashingtonSM
Financial**
On account of you.®

2014
Annual Report



A Message to Our Members

Annual Report 2014
President/Chairman's Message

Welcome Home – to the area's best banking.

We've spent a great deal of time during the past fiscal year focusing on reinvestment – in our services, in our technologies, in our staff and facilities, in our communities, and in our brand. This reinvestment will enable us to continue providing you the best financial services in the industry with the welcoming, personal touch of home.

While significant time and energy was expended on this reinvestment strategy, our primary focus of serving customers translated into another very successful year for Washington Financial. At June 30, 2014, the Bank had record assets of \$990.3 million and capital ratios that remain well in excess of all regulatory requirements. Washington Financial continues to be recognized with a 5-star rating for financial strength, the highest in the industry, by Bauer Financial, the nation's leading independent bank and credit union rating and research firm.

Our reinvestment in services and technologies spans both retail and business offerings. In the retail banking area we expanded our online banking platform to include mobile banking with remote deposit, giving customers the ability to transact banking with a smartphone or tablet – anytime from anywhere. This feature enhances the convenience of banking with us, while providing the highest levels of industry recognized security controls to protect your personal information. To further enhance your online experience with Washington Financial, we will be launching a new website in early 2015. The new site will be streamlined, making access to online banking even easier and allowing you to locate valuable financial information quickly.



The 2015 fiscal year will bring the addition of person-to-person payments through online banking and a new, state-of-the-art, personal financial management tool. We are also investing considerable resources to enhance our retail product suite with a number of new reward checking account choices, which will provide increased benefits and added value.

With the instances of debit card breaches from both local and national merchants on the rise, Washington Financial remains committed to mitigating card fraud on behalf of our customers. Unlike many of our competitors, we take a proactive approach when our cardholders are impacted by a data breach, informing customers immediately upon notice, and automatically issuing new cards to all affected customers.

In the next several months, we will be taking even greater steps to ensure that Washington Financial customers enjoy the highest levels of security when using their debit cards. The momentum is growing for EMV cards, (European MasterCard & Visa) which have a microchip with encrypted data that requires a PIN. These cards offer an additional layer of protection when swiped at a merchant location. In 2015, Washington Financial will begin offering EMV cards for all new checking accounts and as current cards are reissued. We will also offer instant issuance for debit cards in select locations so that customers can receive a new debit card immediately upon account opening. In addition to the basic card design, customers will be able to choose from a variety of images or personalize their cards with a custom photo.

Washington Financial continues to offer sophisticated and innovative solutions for our business clients including a complete set of cash management services, small business and commercial loans, checking and investment management options. New this year, we're adding Positive Pay and ACH Debit block services to combat check fraud and detect unauthorized ACH activity.

These new systems will automatically alert business clients of any unauthorized transactions.

Our Wealth Management Division had its best year to date and exceeded expectations. The Division continues to grow its assets under management and has expanded its administrative staff to serve our growing customer base. Wealth customers can rely on our seasoned team of experts to provide valuable insight on investments, insurance and retirement planning services.

Although technology advancements are continually changing the banking industry, our customer-centric approach to community and relationship banking remains constant. While we believe that state-of-the-art technologies are critical, we also believe that our customers still want to have a personal, face-to-face connection with us. We take great pride in providing a welcoming experience in our offices and have plans to expand and renovate our Hickory location in the next few months.

Washington Financial has a long-standing commitment to investing in its communities. Through The Washington Financial Charitable Foundation, we provide support for a wide variety of projects supporting health and human service needs and community development. Since the inception of our scholarship program, more than 170 local students have received financial support to continue their education after high school.

In September 2014, Washington Financial was recognized by Pennsylvania Association of Community Bankers (PACB) with the Grow Your Community award for our support and involvement in the Highland Ridge Community Development Corporation. This award was established by the PACB as a way to recognize banks that go above and beyond to exceed normal business practices and impact their communities in meaningful ways. We are honored by this recognition.

As we enter a new year, we do so with a renewed commitment to you and to our community. Welcome Home – we appreciate your business and more importantly, your trust.

Brian J. Smith
President and CEO

Mary Lyn Drewitz
Chairman

*Securities offered through LPL Financial, member FINRA/SIPC. Insurance products offered through LPL Financial or its licensed affiliates. Washington Financial Bank is not a registered broker/dealer and is not affiliated with LPL Financial. The investment products sold through LPL Financial are not insured Washington Financial Bank deposits and are not FDIC insured. These products are not obligations of Washington Financial Bank and are not endorsed, recommended or guaranteed by Washington Financial Bank or any government agency. The value of the investment may fluctuate, the return on investment is not guaranteed, and loss of principal is possible.

Consolidated Statement of Condition

ASSETS

Cash on Hand and in Banks	\$12,881,386
Investments and Securities	256,626,240
Loans Receivable	671,878,876
Repossessed Assets	451,084
Fixed Assets Less Depreciation	12,185,374
Federal Home Loan Bank Stock	4,220,500
Other Assets	32,110,211
Total Assets	\$990,353,671

LIABILITIES & RETAINED EARNINGS

Deposits	\$849,932,333
Borrowed Funds	24,400,000
Other Liabilities	7,733,913
Retained Earnings	108,287,425
Total Liabilities & Retained Earnings	\$990,353,671

Financial Performance

The 2014 fiscal year was another extremely strong year for Washington Financial Bank. The Bank experienced record highs in Total Assets (\$990 Million), Total Loans (\$672 Million) and Retained Earnings (\$108 Million). These levels represent strong growth in each category: assets (\$15 Million), loans (\$73 Million), and Retained Earnings (\$6 Million). As always, we reinvest your deposit dollars back into our communities through home financing, auto, personal and business loans.

For more than a century, Washington Financial has demonstrated financial strength, growth and stability. We will continue our successful strategy of balancing growth, profitability and risk. At June 30, 2014, Washington Financial Bank was required to have tangible, core and risk-based regulatory capital of \$14,880,000, \$25,754,000, and \$51,508,000, respectively. The actual tangible, core and risk-based regulatory capital on this date was \$108,004,000, \$108,004,000, and \$115,264,000, respectively. As indicated by the significant capital levels reported, Washington Financial Bank exceeds all regulatory capital requirements.

The Federal Deposit Insurance Corporation (FDIC) standard insurance amount is currently \$250,000 (per depositor).

Copies of the annual audited financial statements are available to the public after September 30, 2014, by writing to Administrative Services, Washington Financial Bank, 190 North Main Street, Washington, PA 15301.

Directors, Directors Emeritus & Counsel

DIRECTORS*

Mary Lyn Drewitz <i>Chairman</i>	Partner/Attorney/Goldfarb, Posner, Beck, DeHaven & Drewitz
D. Jackson Milhollan <i>Vice Chairman</i>	President/Precision Marshall Steel Co.
David R. Andrews <i>1999-2014</i>	President/ Washington Tool and Machine
William M. Campbell	Retired President/Camalloy, Inc.
Martin P. Beichner, Jr.	President/Accutrex Products, Inc.
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

DIRECTORS EMERITUS**

James H. Boylan
Joseph M. Jefferson
Richard L. White

**Of both WFSB Mutual Holding Company and
Washington Financial Bank*

***Of Washington Financial Bank only*

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
Suzanne L. Taylor	Senior Vice President/Secretary
Lee D. Truax	Senior Vice President/ Chief Risk and Compliance Officer
Janet L. Brandtonies, CPA	Vice President/Controller

Full Service Branches, Remote ATM Locations & Loan Centers

BRANCH OFFICES

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

Valley Brook

430 Valley Brook Road
McMurray, PA 15317
724.941.8430

Tylerdale

98 East Wylie Avenue
Washington, PA 15301
724.225.9100

Washington

77 South Main Street
Washington, PA 15301
724.222.3120

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

Washington Financial Bank Officers

Brian J. Smith	President/Chief Executive Officer
John S. Milinovich, CPA	Executive Vice President/Treasurer/Chief Financial Officer
Michael L. Chaido, Esq.	Sr. Vice President/Chief Operations Officer
Suzanne L. Taylor	Sr. Vice President/Secretary/Administrative Services
John F. Clayton	Sr. Vice President/Community Banking/Sales
Edward R. Ermine	Sr. Vice President/Chief Credit Officer
Delbert O. Hague, Jr.	Sr. Vice President/Residential Mortgage Lending
William J. King, Jr.	Sr. Vice President/Commercial Banking Manager
Harry A. Stiffler, Jr., Esq.	Sr. Vice President/General Counsel
Lee D. Truax	Sr. Vice President/Chief Risk and Compliance Officer
Robert B. Vettorel	Sr. Vice President/Wealth Management Division Manager
G. Ryan Bates	Vice President/Treasury Services Manager
Victor D. Bell	Vice President/Wealth Management Registered Representative
Janet L. Brandtonies, CPA	Vice President/Controller
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/Commercial Loan Officer
Theresa M. Hudson	Vice President/Operations Manager
Douglas M. Klescich	Vice President/Corporate Security Officer
James M. Medved	Vice President/Business Banking Officer
Christopher T. Mowery	Vice President/Business Banking Officer
Lonnie C. Nicholls, Sr.	Vice President/Business Banking 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 Administration Manager
Carmen A. Trovato	Vice President/Business Banking Officer
John C. Wishart	Vice President/Commercial Real Estate Officer

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


Canonsburg Hospital
Courthouse Square

The Washington Hospital

190 North Main Street
Washington, PA 15301
724.222.3120
mywashingtonfinancial.com

Photos by Brook Ward



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