

2017 Annual Report



WASHINGTON TRUST BANCORP, INC.

Message to Shareholders



2017 was another good year for Washington Trust, as we reached a record level of total loans, total deposits and wealth management assets under administration. Earnings were solid, as net income for the year ended December 31, 2017 totaled \$45.9 million, or \$2.64 per diluted share. Income before income taxes for 2017 amounted to \$77.6 million, up by 13% over 2016. Capital levels remained healthy and continued to exceed regulatory requirements.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was signed into law, permanently lowering the corporate federal income tax rate from 35% to 21%, effective January 1, 2018. The enactment of the Tax Act in 2017 required companies to revalue and reassess deferred tax assets and liabilities reflecting the new federal income tax rate. As a result, in the fourth quarter of 2017, Washington Trust's net deferred tax assets were written down by a non-cash charge of \$6.2 million, with a corresponding increase to income tax expense. This write-down reduced 2017 earnings per diluted share by \$0.36.

Washington Trust's overall performance continues to rank us high among banks of similar size in both the Northeast region and nationwide. Our unique business model – personal banking, mortgage banking, commercial

banking, wealth management, and trust services – has been the key to our continued success, allowing us to generate a diverse stream of earnings in all economic cycles.

We reached a record \$3.2 billion in total deposits at year-end with solid increases in demand deposit accounts. Branch expansion contributed to deposit growth by helping us attract and build customer relationships in new markets. In November 2017, we opened a branch in Coventry, RI, providing full-service banking and added convenience to customers and businesses in the central part of the state. While Washington Trust continued to rank third, behind Bank of America and Citizens, in Rhode Island deposit market share, our expanded branch network and strong brand reputation helps us compete against these larger, national institutions.

Mortgage lending had another successful year, recording the second highest production level in Washington Trust's 217-year history. While mortgage activity was steady throughout the region, our Massachusetts loan production offices had an exceptionally good year. Personal service is a key part of our mortgage banking model and recent efforts to attract seasoned lending professionals and implement new technology have helped improve our internal processing and the delivery of service to our customers. Mortgage banking generates significant revenues for the Corporation, so future growth is dependent on developing new programs and strategies to broaden our customer base. In 2017 we introduced I Luv Rhode Island Community Lending, an innovative affordable housing program designed to help low-to-moderate income borrowers achieve home ownership.

Message to Shareholders *cont'd*

Our commercial lending area had another good year, generating new commercial and industrial loans and commercial real estate deals throughout the region. Our commercial portfolio exhibited good diversity and our credit quality remained pristine. The commercial team works in close partnership with the cash management area to build client relationships. In 2017, our cash management team attracted a significant number of new commercial deposits from commercial and institutional clients.

Wealth management had a record 2017, as wealth management revenues amounted to an all-time high \$39.3 million. A robust stock market and market appreciation contributed to a record \$6.7 billion in assets under administration at year-end. Throughout 2017, our wealth management and technology teams worked diligently to implement and test a new integrated wealth management platform, which will be introduced in April 2018. The platform features a portal which will provide clients with a comprehensive view of their investment accounts. The portal is accessible both online and through a mobile application and promises to deliver positive client experiences.

We undertook several key technological initiatives in 2017, as we sought to enhance the customer experience across all delivery channels, reduce enterprise risk and improve internal processes. In October 2017, a team of more than 100 employees successfully conducted a data migration of our in-house core operating system to an externally hosted environment. The spirit of cooperation among the team was critical to ensuring the project was completed on time and on budget.

One of the Corporation's core values is "community," and Washington Trust (and our employees) actively supports the communities in which we live and work through financial donations and voluntary support. In May 2017, more than 100 employees participated in the 1st Annual Washington Trust Statewide Beach Cleanup, beautifying eight Rhode Island State beaches in preparation for the summer tourist season. We held our 17th Annual Peanut Butter Drive to help stock the local food banks' shelves and feed hungry families. Our Charitable Foundation contributed to a number of notable causes, including the Station Fire Memorial Foundation and the Westerly Higher Education and Job Skills Center.

In appreciation of our employees' hard work and dedication, and as a result of the anticipated reduction in corporate taxes from the Tax Act, Washington Trust provided special employee compensation enhancements in January 2018.

Washington Trust received numerous accolades both locally and nationally. We were named one of the Best Places to Work in Rhode Island by Providence Business News for the 7th consecutive year. We received the Exemplary Worksite Health Award from Blue Cross & Blue Shield of Rhode Island and the Greater Providence Chamber of Commerce for effective programs encouraging employee health and well-being. Keefe, Bruyette & Woods, Inc. named Washington Trust Bancorp, Inc. to its "Bank Honor Roll" of superior performers for the 6th consecutive year.

In September 2017, we announced the planned retirement in January 2018 of David Devault, who served as Vice Chair, Chief

Financial Officer and Secretary, after 31 years with Washington Trust. David played a key role in the Corporation's growth and success over time and deserves our utmost appreciation for his personal and professional commitment and unparalleled work ethic.

Washington Trust begins a new chapter in 2018 with a new executive leadership team at the helm. Upon my retirement in March, I will continue to serve as a member of Washington Trust's board of directors, Ned Handy will assume my position as Chairman and Chief Executive Officer, and Mark Gim will become President and Chief Operating Officer. They will be joined by Ron Ohsberg, who succeeded David Devault. I am confident that Ned, Mark, Ron, and the entire leadership team will continue to guide the Corporation by the same core values and principles that have been key to our success for more than 217 years. We remain committed to our customers, employees, and shareholders and thank you for your continued support.



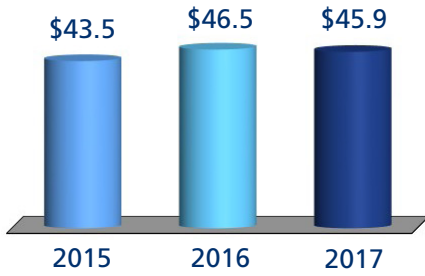
Joseph J. MarcAurele
*Chairman and Chief Executive Officer**



Washington Trust's New Executive Leadership Team, pictured left to right: Mark Gim, President and Chief Operating Officer; Ned Handy, Chairman and Chief Executive Officer; and Ron Ohsberg, Senior Executive Vice President, Chief Financial Officer and Treasurer.

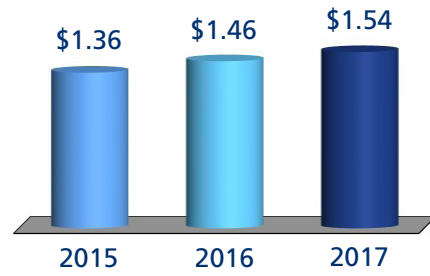
Financial Highlights

Net Income



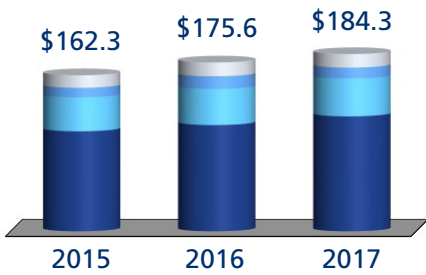
In Millions

Cash Dividends Declared Per Share



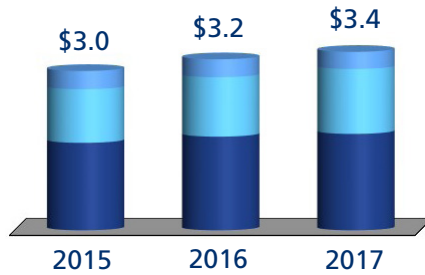
In Dollars

Total Revenues



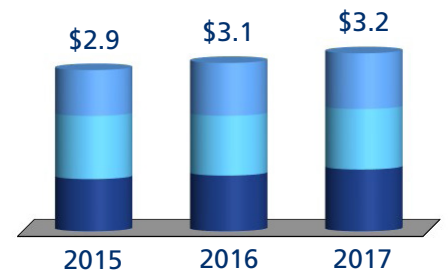
In Millions

Total Loans



Year-end; In Billions

Total Deposits



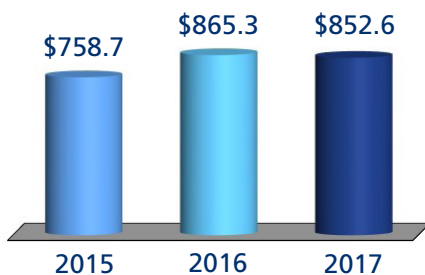
Year-end; In Billions

- Mortgage Banking Revenue
- Other
- Wealth Management Revenues
- Net Interest Income

- Consumer
- Residential
- Commercial

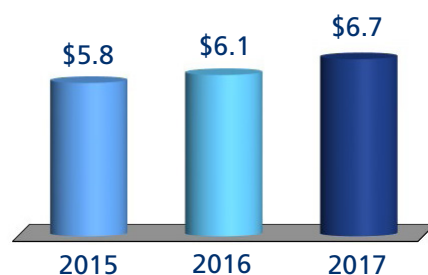
- Time Deposits
- Money Market & Savings
- Demand & NOW

Mortgage Originations



Including Brokered Loans as Agent; In Millions

Wealth Management
Assets Under Administration



Year-end; In Billions

Financial Highlights *cont'd*

Dollars in thousands, except per share amounts	At or for the years ended December 31,				
	2017	2016	2015	2014	2013
Financial Condition					
Total assets	\$4,529,850	\$4,381,115	\$3,771,604	\$3,586,874	\$3,188,867
Total securities	793,495	755,545	395,067	382,884	422,808
Total loans	3,374,071	3,234,371	3,013,127	2,859,276	2,462,884
Allowance for loan losses	26,488	26,004	27,069	28,023	27,886
Total deposits	3,242,707	3,063,752	2,934,255	2,754,818	2,505,321
Total shareholders' equity	413,284	390,804	375,388	346,279	329,646
Book value per share	23.99	22.76	22.06	20.68	19.84
Total risk-based capital ratio	12.45%	12.26%	12.58%	12.56%	13.29%
Equity to assets	9.12%	8.92%	9.95%	9.65%	10.34%
Operating Results					
Net interest income	\$119,531	\$110,478	\$103,982	\$99,505	\$91,785
Provision for loan losses	2,600	5,650	1,050	1,850	2,400
Wealth management revenues	39,346	37,569	35,416	33,378	31,825
Mortgage banking revenues	11,392	13,183	9,901	7,152	13,293
Income before income taxes	77,640	68,854	64,343	59,823	52,680
Income tax expense	31,715	22,373	20,878	18,999	16,527
Net income	45,925	46,481	43,465	40,824	36,153
Diluted earnings per common share	2.64	2.70	2.54	2.41	2.16
Cash dividends declared per share	1.54	1.46	1.36	1.22	1.03
Return on average assets	1.04%	1.16%	1.19%	1.23%	1.17%
Return on average equity	11.26%	11.96%	12.00%	11.87%	11.65%
Net interest margin (taxable equivalent basis)	2.93%	3.02%	3.12%	3.28%	3.28%
Asset Quality					
Nonperforming assets to total assets	0.34%	0.53%	0.58%	0.48%	0.62%
Total past due loans to total loans	0.59%	0.76%	0.58%	0.63%	0.89%
Allowance for loan losses to total loans	0.79%	0.80%	0.90%	0.98%	1.13%
Net loan charge-offs to average loans	0.06%	0.21%	0.07%	0.07%	0.23%

Stock Transfer and Dividend Disbursing Agent:

American Stock Transfer & Trust Company

6201 15th Avenue

Brooklyn, NY 11219

800-852-0354

www.astfinancial.com

The Corporation's 2018 Proxy Statement, Form 10-K and Annual Report for 2017 are available online by visiting the Corporation's website www.washtrustbancorp.com/proxy, by calling the Corporation's toll-free number 800-475-2265 extension 1566, or by email at investor.relations@washtrust.com.

Auditors: KPMG, LLP, Providence, Rhode Island

Counsel: Goodwin Procter LLP, Boston, Massachusetts

This report contains certain statements that may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results, performance or achievements of Washington Trust may differ materially from those discussed in these forward-looking statements, as a result of, among other factors, the factors described under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the Securities and Exchange Commission and updated by our Quarterly Reports on Form 10-Q. You should carefully review all of these factors, and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this report, and Washington Trust assumes no obligation to update forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Leadership

Board of Directors

John J. Bowen, Chancellor, President and Chief Executive Officer,
Johnson & Wales University

Steven J. Crandall, Vice President, Ashaway Line & Twine Mfg. Co.

Robert A. DiMuccio, CPA, Chairman, President and
Chief Executive Officer, Amica Mutual Insurance Company

Edward O. Handy III, Chairman and Chief Executive Officer*,
Washington Trust Bancorp, Inc.

Barry G. Hittner, Esq., Retired Attorney

Katherine W. Hoxsie, CPA, Retired Vice President,
Hoxsie Buick-Pontiac-GMC Truck, Inc.

Joseph J. MarcAurele, Retired Chairman and Chief Executive Officer*,
Washington Trust Bancorp, Inc.

Kathleen E. McKeough, Retired Senior Vice President of Human
Resources, GTECH Holdings Corporation

Victor J. Orsinger II, Esq., Law Office of Victor J. Orsinger II

H. Douglas Randall III, Chief Executive Officer,
The Randall Family of Companies, Kinlin Grover, Pequot Commercial,
Page Taft & Randall

Edwin J. Santos, Chairman, Prospect CharterCARE, LLC

John F. Treanor, Retired President and Chief Operating Officer,
Washington Trust Bancorp, Inc.

Officers of the Corporation

Joseph J. MarcAurele, Retired Chairman and Chief Executive Officer*

Edward O. Handy III, Chairman and Chief Executive Officer*

Mark K. W. Gim, President & Chief Operating Officer*

Ronald S. Ohsberg, Senior Executive Vice President,
Chief Financial Officer and Treasurer

Kristen L. DiSanto, Senior Executive Vice President,
Chief Human Resources Officer and Corporate Secretary

Maria N. Janes, CPA, Executive Vice President and Controller

The Washington Trust Company Directors' Advisory Council

Alcino G. Almeida	Joseph H. Potter
Gary P. Bennett	Joyce Olson Resnikoff
Larry J. Hirsch	Patrick J. Shanahan Jr.
Joseph J. Kirby	James P. Sullivan
Edward M. Mazze	Neil H. Thorp
James W. McCormick Jr.	John C. Warren
Thomas F. Moore	William Blunt White
Brendan P. O'Donnell	

Senior Management of The Washington Trust Company

Joseph J. MarcAurele, Retired Chairman and Chief Executive Officer*

Edward O. Handy III, Chairman and Chief Executive Officer*

Mark K. W. Gim, President and Chief Operating Officer*

Ronald S. Ohsberg, Senior Executive Vice President,
Chief Financial Officer and Treasurer

Kristen L. DiSanto, Senior Executive Vice President,
Chief Human Resources Officer and Corporate Secretary

William K. Wray Sr., Senior Executive Vice President
and Chief Risk Officer

Debra A. Gormley, Executive Vice President, Retail Banking

James M. Hagerty, Executive Vice President and
Chief Lending Officer

Maria N. Janes, CPA, Executive Vice President and Controller

Mary E. Noons, Executive Vice President, Retail Lending

Kathleen A. Ryan, Esq., Executive Vice President
and Chief Wealth Management Officer

Dennis L. Algieri, Senior Vice President, Chief Compliance Officer
and Director of Community Affairs

Colleen O. Anderson, Senior Vice President,
Wealth Management Support Services

Michael T. Clarkin, Senior Vice President and
Corporate Sales Manager

Joseph M. Confessore, Senior Vice President and Team Leader,
Commercial Banking

Laura L. Davis, Senior Vice President, Lending Support Services

Elizabeth B. Eckel, Senior Vice President, Marketing

Alfred L. Grant, Senior Vice President, Mortgage Origination

Barbara K. Hart, Senior Vice President, Credit Risk

Robert R. Kent Jr., Senior Vice President and Team Leader,
Commercial Banking

Thomas H. Klump, Senior Vice President
and Chief Information Officer

James A. Mignone, Senior Vice President and
Chief Information Security Officer

C. Scott Ostrowski, Senior Vice President, Internal Audit

Timothy M. Pickering, Senior Vice President,
Commercial Real Estate Group

L. Peter Sheehan, Senior Vice President,
Wealth Management Strategy and Investments

Julia Anne M. Slom, Senior Vice President and Team Leader,
Commercial Real Estate Group

Richard T. Tjader, Senior Vice President and
Director of Project Management

Weston Financial Group, Inc.

John W. Filoon III, President and Chief Operating Officer

Kerry P. Falco, CPA, Managing Director

Maria A. Staffiere, Managing Director

Ronald A. Sugameli, Esq., Managing Director and
Chief Investment Officer

Nicole M. Tremblay, Esq., Senior Vice President and
Chief Compliance Officer

Halsey Associates, Inc.

James S. Zoldy Jr., President

Kenneth J. Julian, Executive Vice President

**As of March 2, 2018*

Locations

Branch Offices

HEADQUARTERS

23 Broad Street
Westerly, RI 02891
401-348-1200

BLOCK ISLAND, RI

Block Island Office
Ocean Avenue
Block Island, RI 02807
401-466-7710

CHARLESTOWN, RI

Charlestown Office
4137 Old Post Road
Charlestown, RI 02813
401-364-4000

COVENTRY, RI

Coventry Office
732 Tiogue Avenue
Coventry, RI 02816
401-262-3690

CRANSTON, RI

Oaklawn Avenue Office
1203 Oaklawn Avenue
Cranston, RI 02920
401-732-0049

Plainfield Pike Office

2174 Plainfield Pike
Cranston, RI 02921
401-383-8223

Reservoir Avenue Office

645 Reservoir Avenue
Cranston, RI 02910
401-946-1004

EAST PROVIDENCE, RI

East Providence Office
587 Taunton Avenue
East Providence, RI 02914
401-383-8800

Rumford Office

330 Newport Avenue
Rumford, RI 02916
401-228-6555

JOHNSTON, RI

Johnston Office
1383 Atwood Avenue
Johnston, RI 02919
401-654-4837

NARRAGANSETT, RI

Bonnet Shores Office
885 Boston Neck Road
Narragansett, RI 02882
401-782-4800

Sweet Meadows Office

20 Point Judith Road
Narragansett, RI 02882
401-782-1000

NORTH KINGSTOWN, RI

North Kingstown Office
7625 Post Road
North Kingstown, RI 02852
401-295-4700

PROVIDENCE, RI

East Side Office
229 Waterman Street
Providence, RI 02906
401-443-2800

Providence Office

156 Westminster Street
Providence, RI 02903
401-421-3600

RICHMOND, RI

Richmond Office
1200 Main Street
Wyoming, RI 02898
401-539-2427

SOUTH KINGSTOWN, RI

Wakefield Office
730 Kingstown Road
Wakefield, RI 02879
401-782-4200

WARWICK, RI

Centerville Road Office
236 Centerville Road
Warwick, RI 02886
401-739-2353

Governor Francis Office

1473 Warwick Avenue
Warwick, RI 02888
401-921-2500

WESTERLY, RI

Main Office
23 Broad Street
Westerly, RI 02891
401-348-1200

Franklin Street Office

126 Franklin Street
Westerly, RI 02891
401-348-1367

McQuade's Marketplace

106 Main Street
Westerly, RI 02891
401-348-1201

MYSTIC, CT

McQuade's Marketplace
14 Clara Drive
Mystic, CT 06355
860-572-2058

Commercial Banking Offices

PROVIDENCE, RI

10 Weybosset Street, Suite 100
Providence, RI 02903
401-331-5090

WARWICK, RI

236 Centerville Road
Warwick, RI 02886
401-739-2353

WESTERLY, RI

23 Broad Street
Westerly, RI 02891
401-348-1200

Mortgage Offices

WARWICK, RI

171 Service Avenue
Warwick, RI 02886
401-681-4224

DARIEN, CT*

1025 Boston Post Road
Darien, CT 06820
203-309-5571

GLASTONBURY, CT*

180 Glastonbury Boulevard, Suite 107
Glastonbury, CT 06033
860-430-9900

BRAINTREE, MA*

25 Braintree Hill Office Park, Suite 309
Braintree, MA 02184
781-428-7970

BURLINGTON, MA*

25 Mall Road, Suite 408
Burlington, MA 01803
781-229-2004

SHARON, MA*

One Merchant Street, Suite 102
Sharon, MA 02067
781-784-3089

WELLESLEY, MA*

62 Walnut Street, Suite 102
Wellesley, MA 02481
781-489-3175

*Operating as Washington Trust Mortgage Company

Wealth Management Offices

PROVIDENCE, RI

10 Weybosset Street, Suite 200
Providence, RI 02903
401-654-4801

NARRAGANSETT, RI

20 Point Judith Road
Narragansett, RI 02882
401-782-1000

WESTERLY, RI

23 Broad Street
Westerly, RI 02891
401-348-1238

WELLESLEY, MA

Weston Financial Group
Wellesley Office Park
100 William Street, Suite 200
Wellesley, MA 02481
781-235-7055

NEW HAVEN, CT

Halsey Associates
One Century Tower
265 Church Street, Suite 1006
New Haven, CT 06510
203-772-0740

Customer Solutions Center

RI: 401-348-1200
CT: 860-443-1508
Toll-free: 800-475-2265

Websites

www.washtrustbancorp.com
www.washtrust.com
www.washtrustmortgage.com
www.washtrustwealth.com
www.westonfinancial.net
www.halseyassociates.com

Ticker Symbol

NASDAQ: WASH



WASHINGTON TRUST BANCORP, INC.

Parent Company of The Washington Trust Company

The Corporation has an Affirmative Action Plan and is an Equal Opportunity Employer.
Washington Trust is also a member of the FDIC and an Equal Housing Lender.