

Sandler O’Neill
East Coast Financial Services Conference
November 2019



WASHINGTON TRUST BANCORP, INC.

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This presentation 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, 2018, 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 presentation, 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.

Executive Team



Pictured left to right: Mark Gim, Ned Handy, and Ron Ohsberg

Ned Handy

Chairman & Chief Executive Officer

Mark Gim

President and Chief Operating Officer

Ron Ohsberg

Senior EVP, Chief Financial Officer and Treasurer

Investor Information

Elizabeth B. Eckel

Senior Vice President, Chief Marketing & Corporate Communications Officer

401-348-1309, ebeckel@washtrust.com



WHO WE ARE

Corporate Profile

- Oldest community bank in the US
- High-performing regional bank
- Largest state-chartered bank in RI
 - \$5.2 B assets
 - \$3.8 B loans
 - \$3.6 B deposits
- Diversified financial services company
- Premier regional wealth management firm
 - \$6.1 B assets under administration
- Market capitalization⁽¹⁾: \$913 M



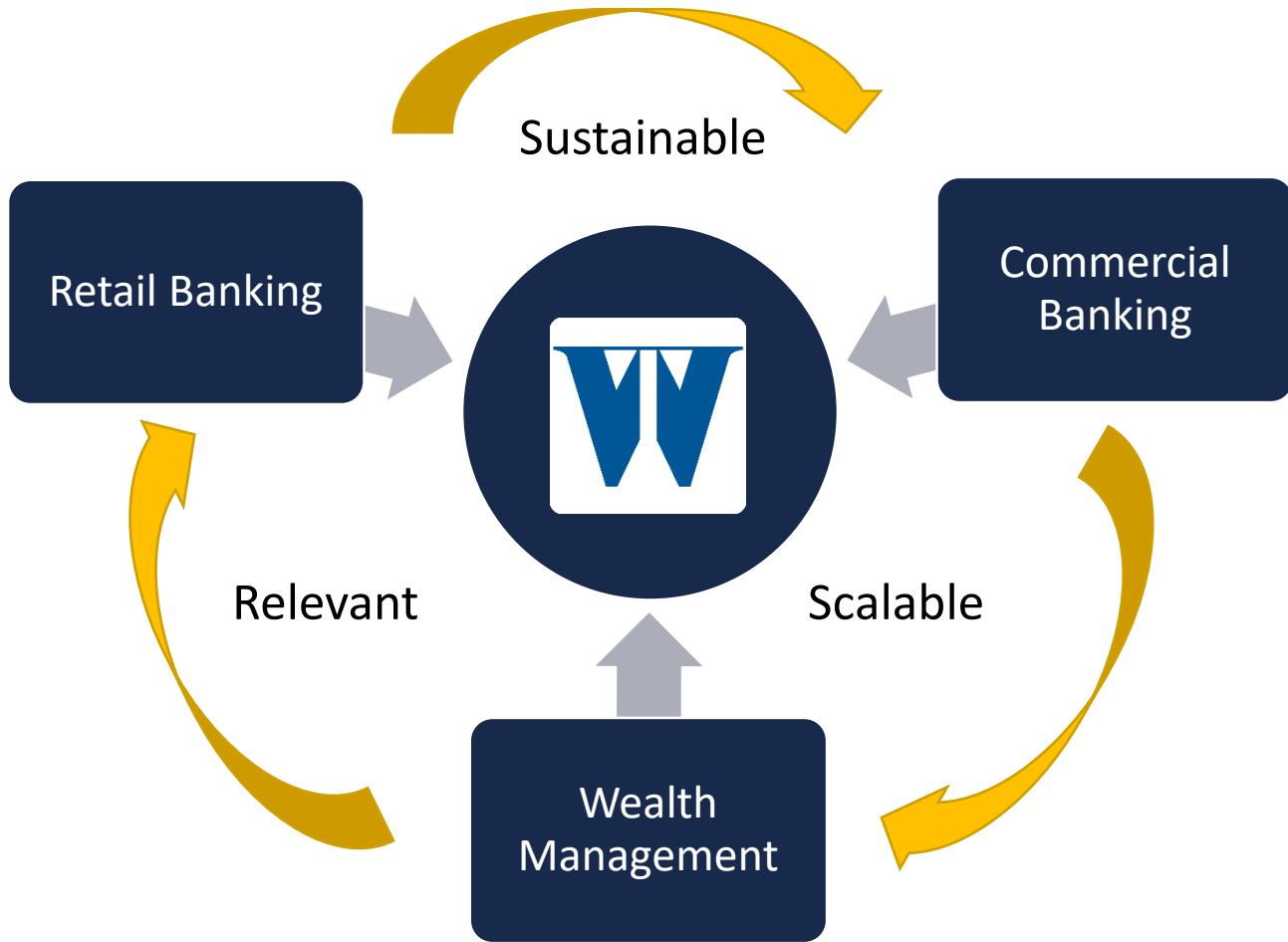
At November 05, 2019

Prestigious Recognition

- American Banker “Best Banks to Work For”
- American Banker “Top-Performing Mid-Tier Bank”
5th consecutive year
- Bank Director “Bank Performance Score Card”
6th consecutive year
- Providence Business News “Best Places to Work”
9th consecutive year
- S&P Global “Best-Performing Community Banks”
- Forbes “Best-In-State Bank”
- New England Banking Choice Awards
1st place for “Overall Quality” and “Community Contribution”



Unique Business Model



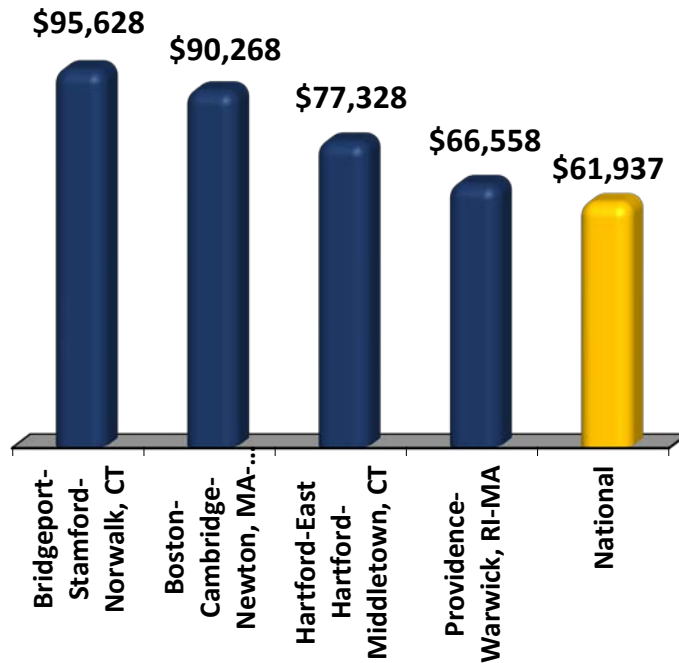
Proven Growth Model



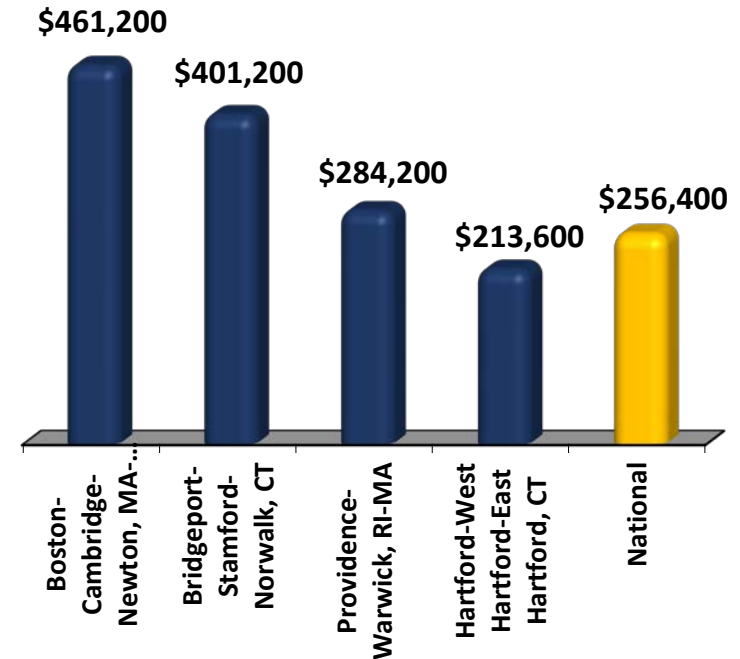
* Moved from 180 Washington Street, Providence

Attractive Demographic Markets

Median Household Income



Median Single Family Home Sale Price



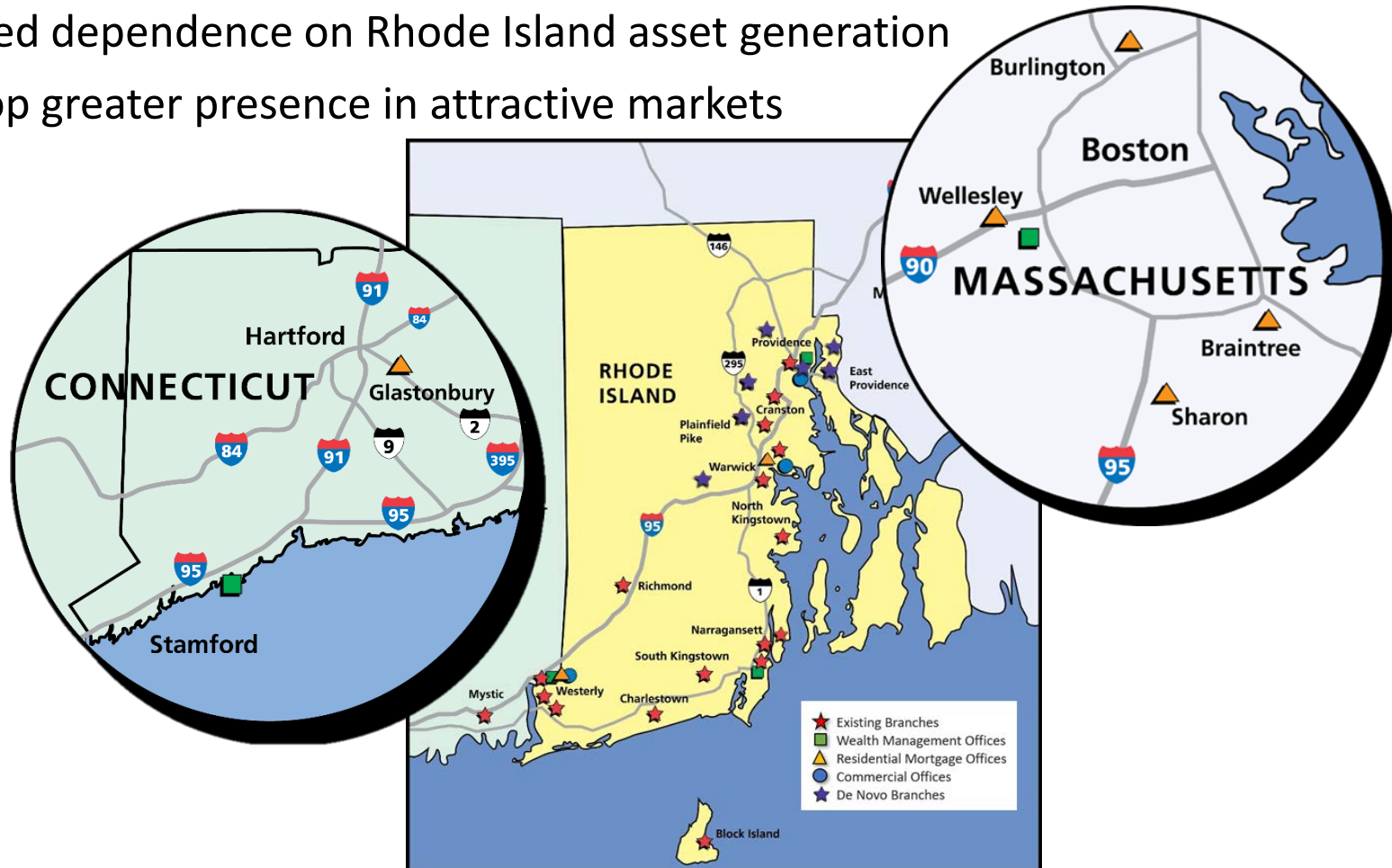
Source: Household income is provided by Claritas based primarily on US Census data. For non-census year data, Claritas uses samples and projections to estimate the demographic data. SNL performs calculations on the underlying data provided by Claritas
Source: Median Home Sale Price is provided by the NATIONAL ASSOCIATION OF REALTORS®



STRATEGIC PRIORITIES

Seize Opportunities in Growth Markets

- Enhanced lending activity into adjacent New England states
- Reduced dependence on Rhode Island asset generation
- Develop greater presence in attractive markets



Exploit Opportunities in Core Market

- Expand into markets dominated by key competitors
- Continue organic and contiguous growth
- Leverage key deposit relationships
- Capitalize on brand strength and service quality reputation



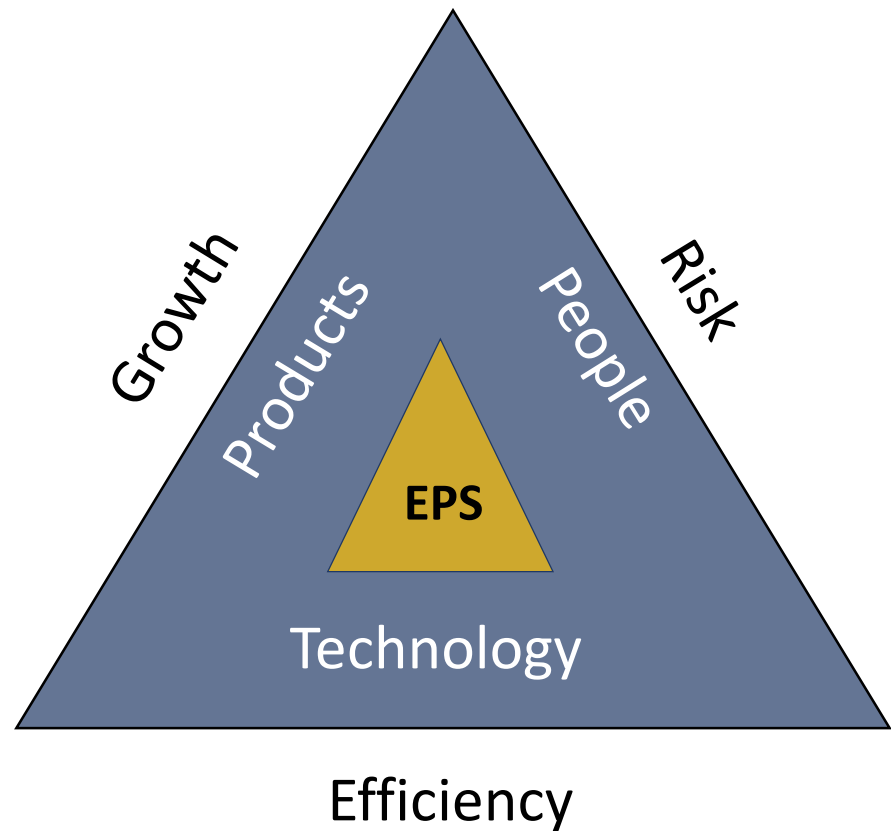
Enhance Client Experience

- Blend high service solutions with clients' technology needs
- Create seamless client experiences across all channels
- Deepen client relationships
- Optimize branch delivery
- Invest in key technology



Achieve Shareholder Value

- Top-quartile performance
- Pristine asset quality
- Consistent profitability
- Managed risk



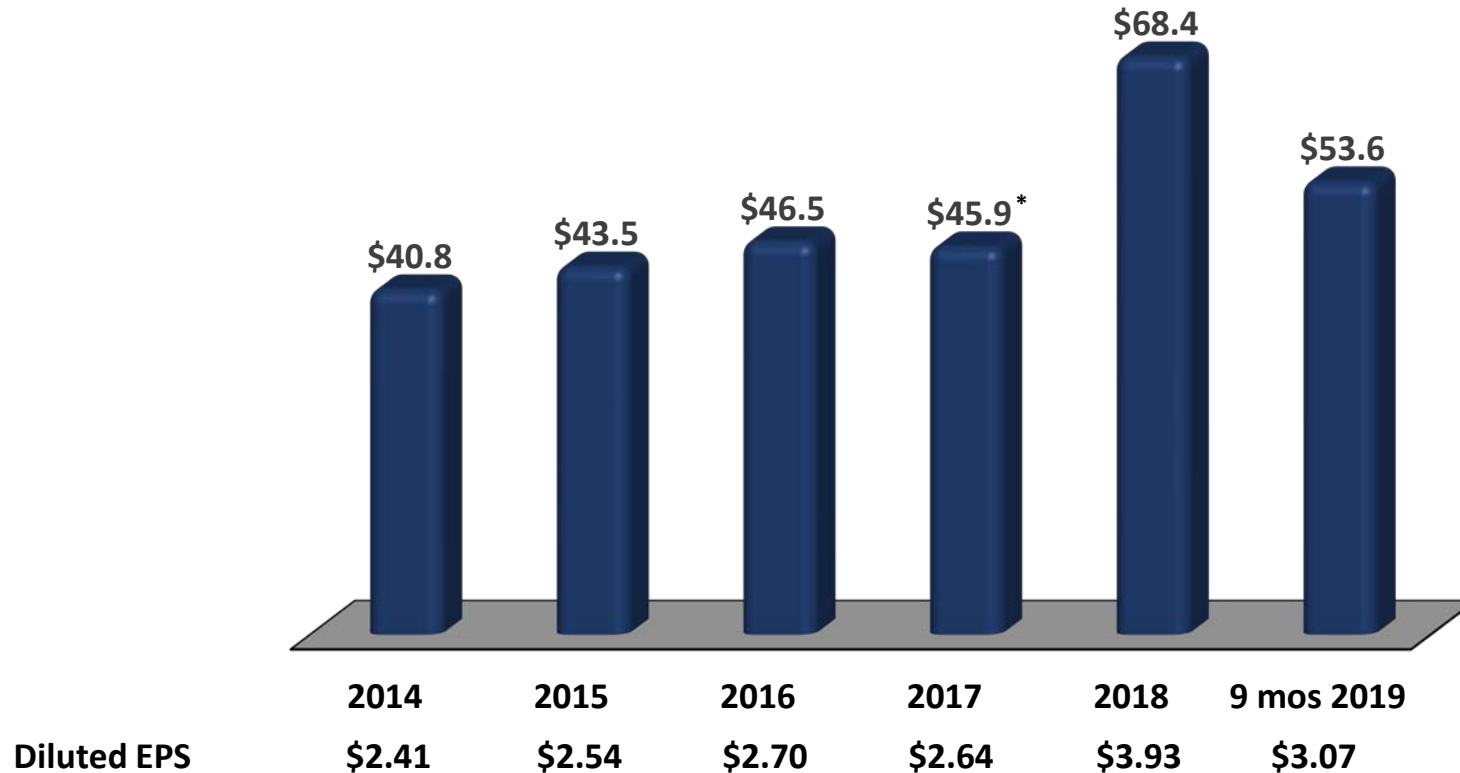


FINANCIAL OVERVIEW



Profitability Trend

Proven track record of earnings growth

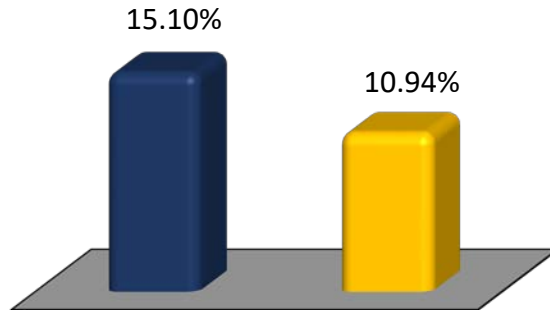


Net income \$ millions; for years ended December 31st unless otherwise noted

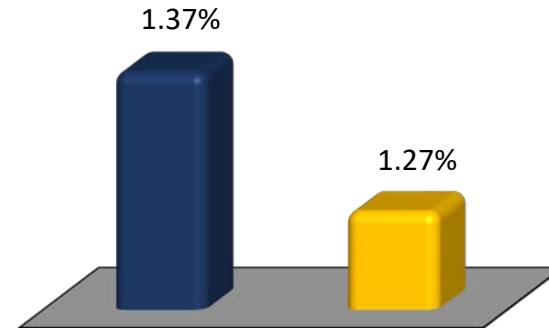
* Includes \$6.2 million deferred tax asset write-down resulting from Tax Reform Act

Profitability Metrics

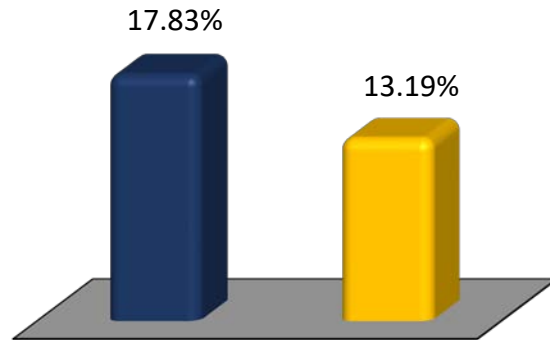
Core ROE (2)



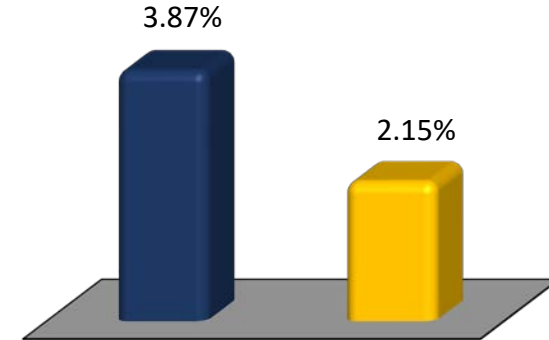
Core ROA (2)



ROATCE



Dividend Yield



■ WASH ■ United States ⁽¹⁾

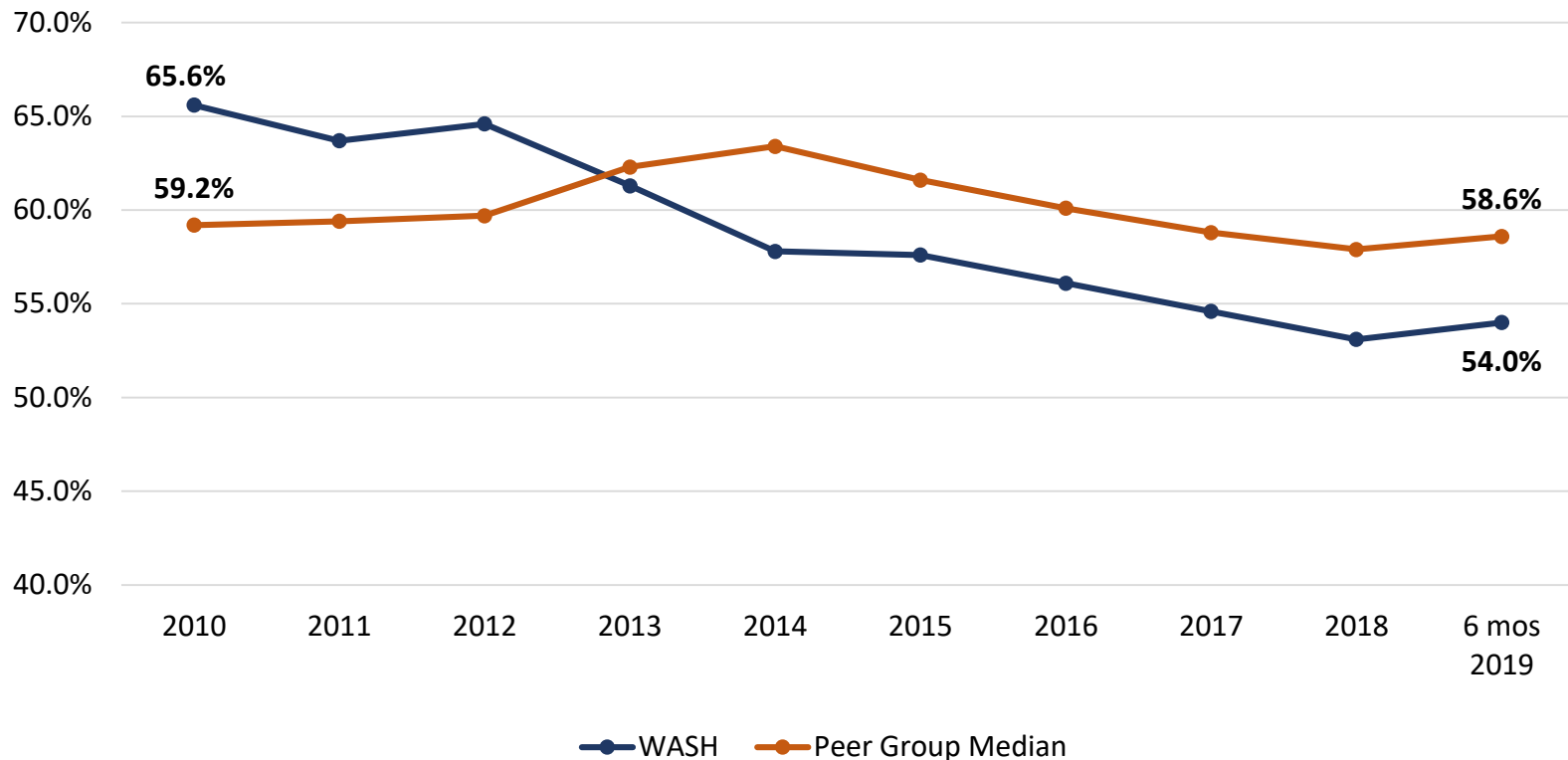
For the six months ended 6/30/2019; Dividend yield as of November 5, 2019

(1) Public banks & thrifts with \$3 billion to \$10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence

(2) Based on core income defined as "net income after taxes, less net income attributable to non-controlling interest, gain on the sale of securities, amortization of intangibles, goodwill and nonrecurring items. The assumed tax rate is 35%." Source: SNL

Efficiency Ratio

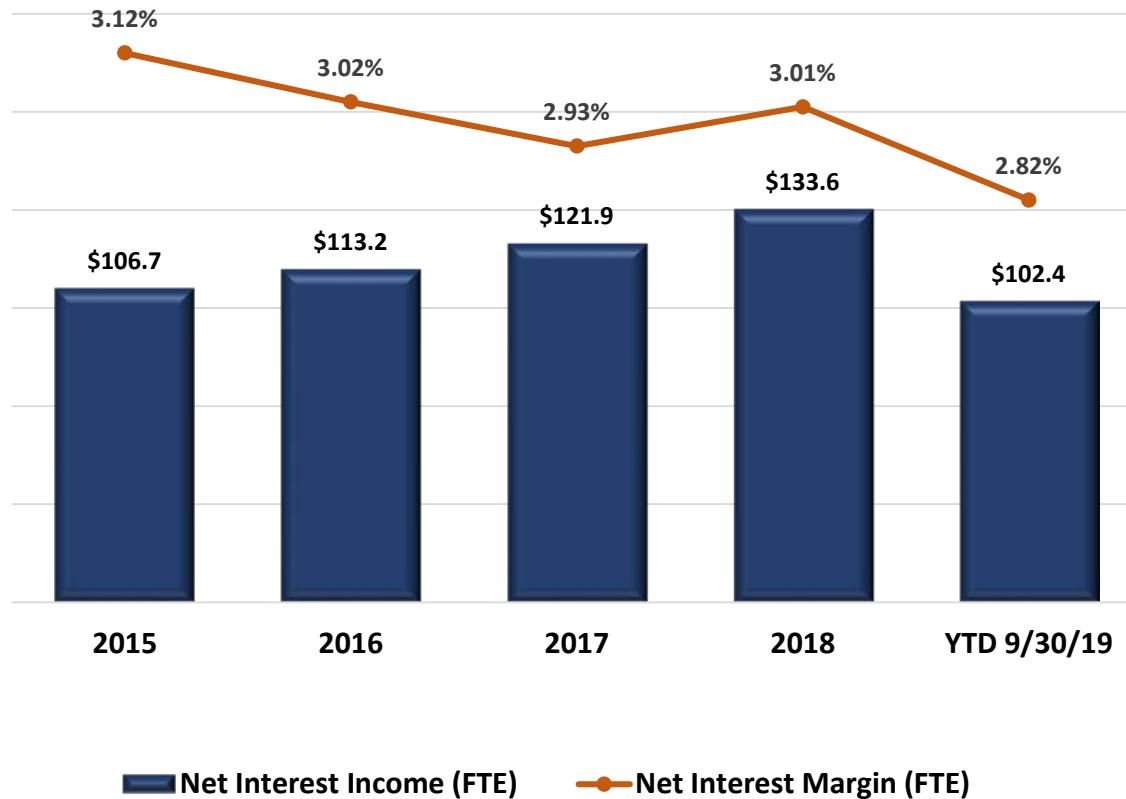
Better than 73% of peer group ⁽¹⁾



(1) Percentile ranking for the year ended December 31st unless otherwise noted among public banks & thrifts with \$3 billion to \$10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence

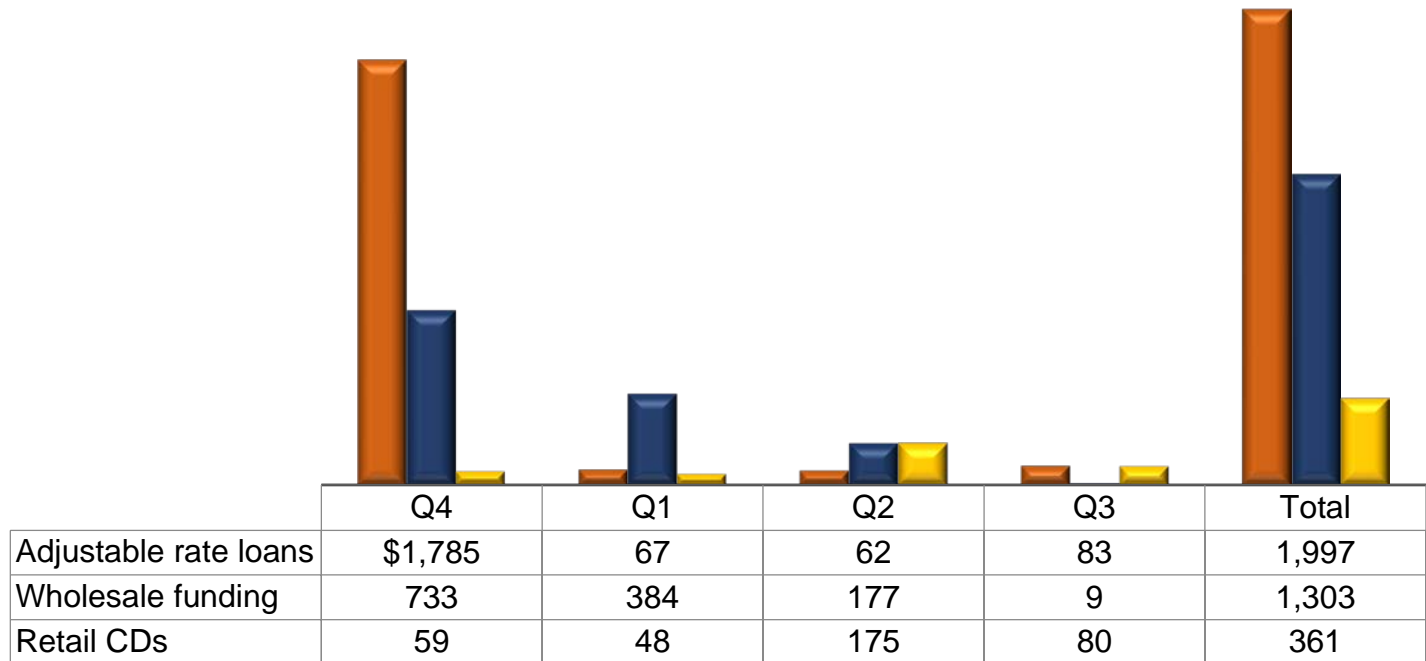
Net Interest Margin

Net interest income up \$3.1 million over YTD 9/30/18



\$ millions; as of and for the years ended December 31st unless otherwise noted
(1) Securities, short-term investments and Federal Home Loan Bank stock

Repricing Analysis

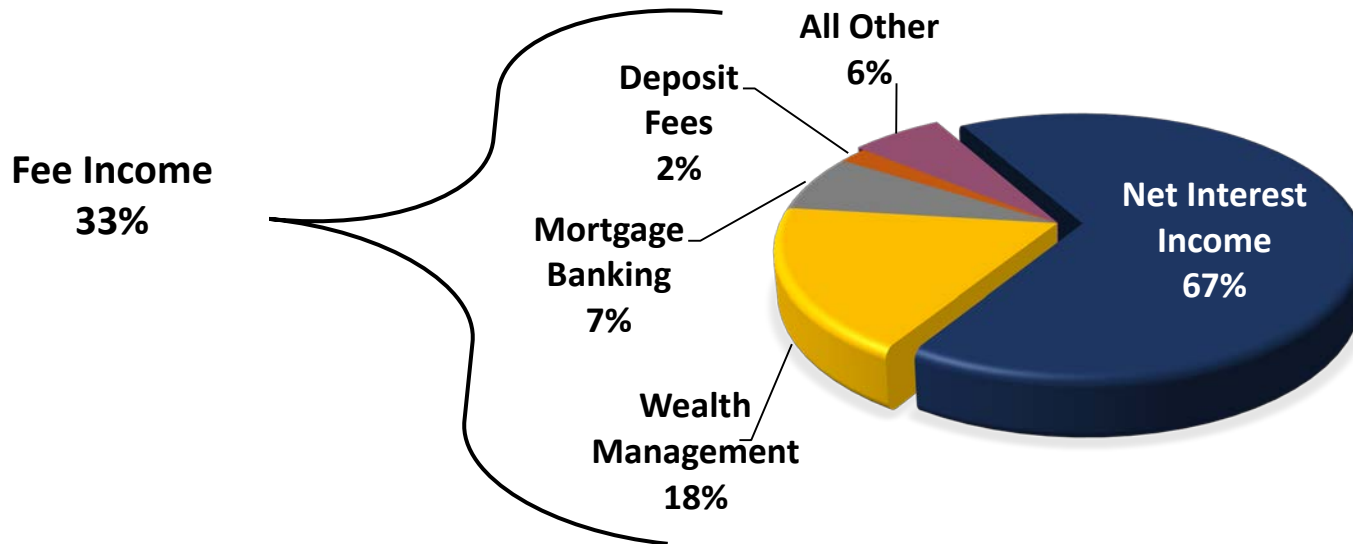


■ Adjustable rate loans
 ■ Wholesale funding
 ■ Retail CDs

\$ millions

Fee Income Mix

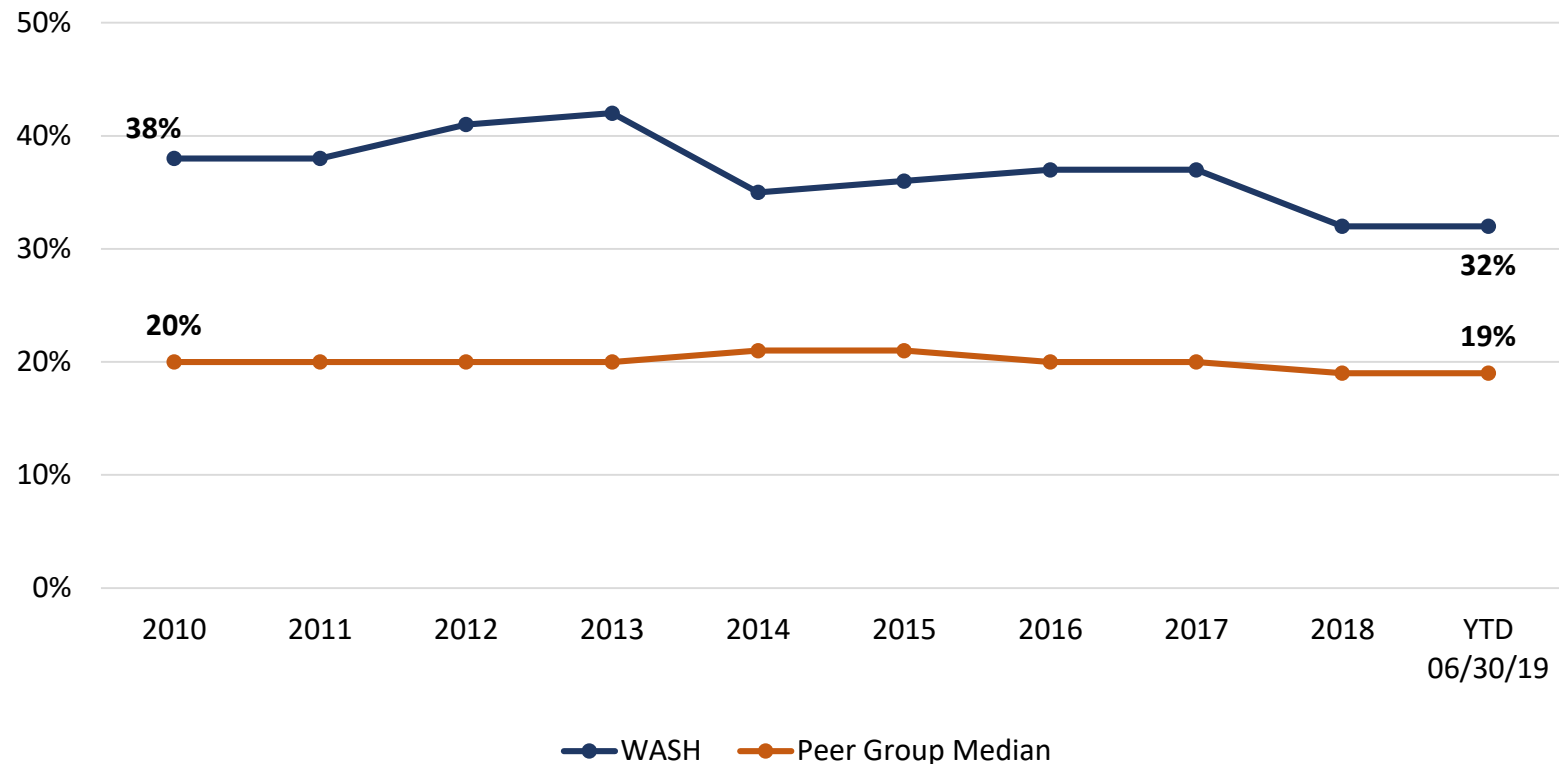
Diversified revenue stream



For the nine months ended September 30, 2019

Noninterest Income Trend

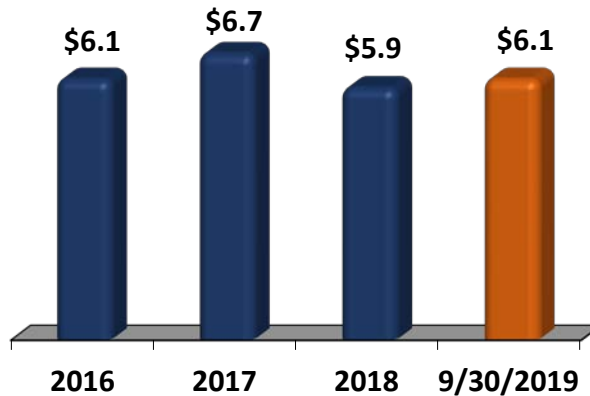
Better than 93% of peer group ⁽¹⁾



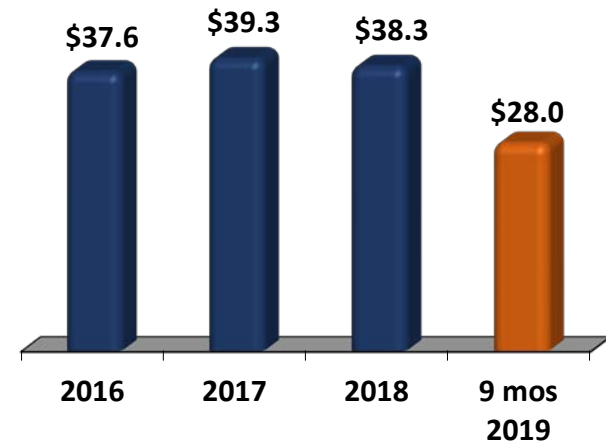
(1) Percentile ranking for the six months ended June 30, 2019 among public banks & thrifts with \$3 billion to \$10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence

Wealth Management

Assets Under Administration (AUA)
(\$ billions)



Revenues
(\$ millions)

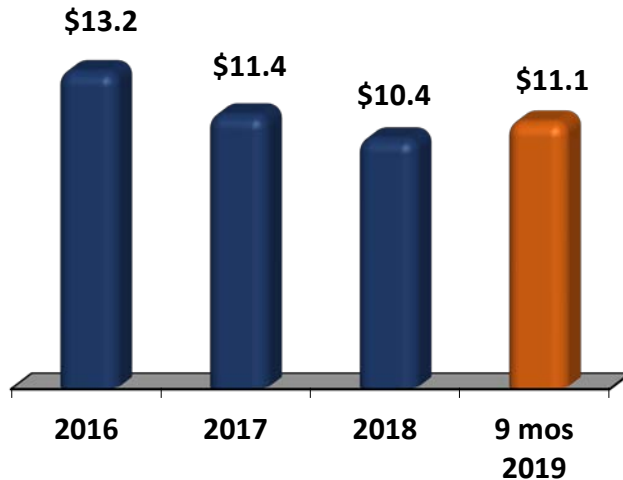


- Key contributor to pre-tax income
- Average client size \$2.6 million
- 79% high net worth individuals

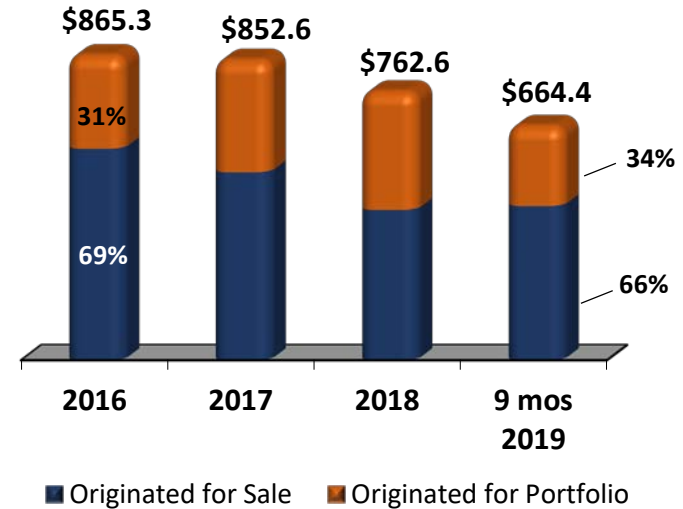
At December 31st unless otherwise noted

Mortgage Banking

Mortgage Banking Revenues ⁽¹⁾



Mortgage Originations ⁽²⁾



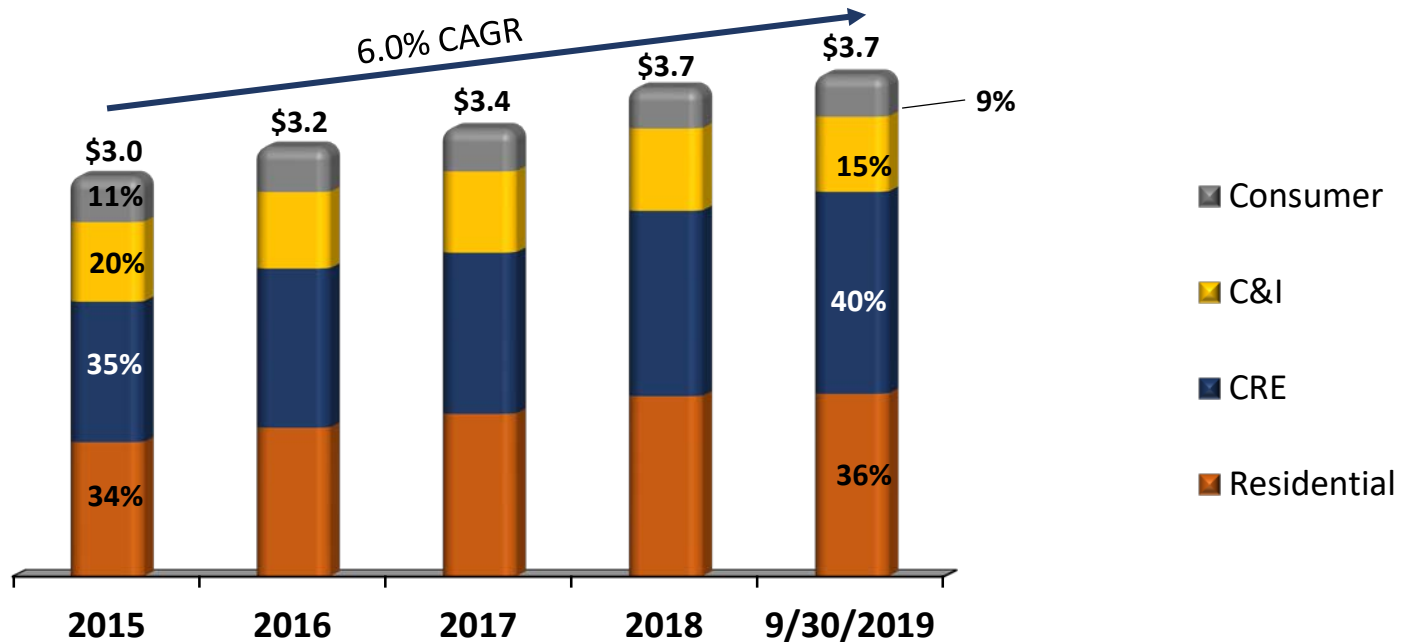
- Expense base is variable with volumes
- Current pipeline is healthy

\$ millions; at December 31st unless otherwise noted

(1) Net gains on loan sales and commissions on loans originated for others

(2) Includes loans originated for portfolio or sale and as broker for other parties

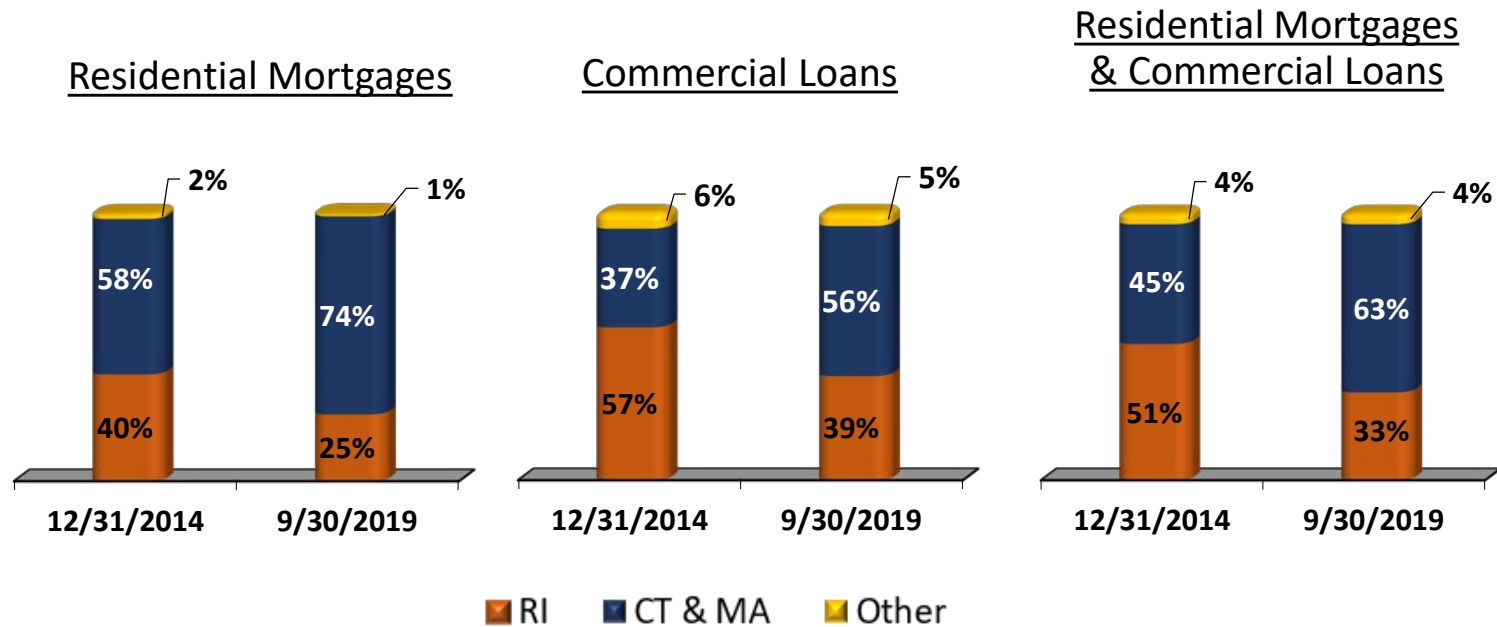
Loan Portfolio



- Well-diversified portfolio
- 75% variable loans

\$ billions; at December 31st unless otherwise noted

Regional Expansion



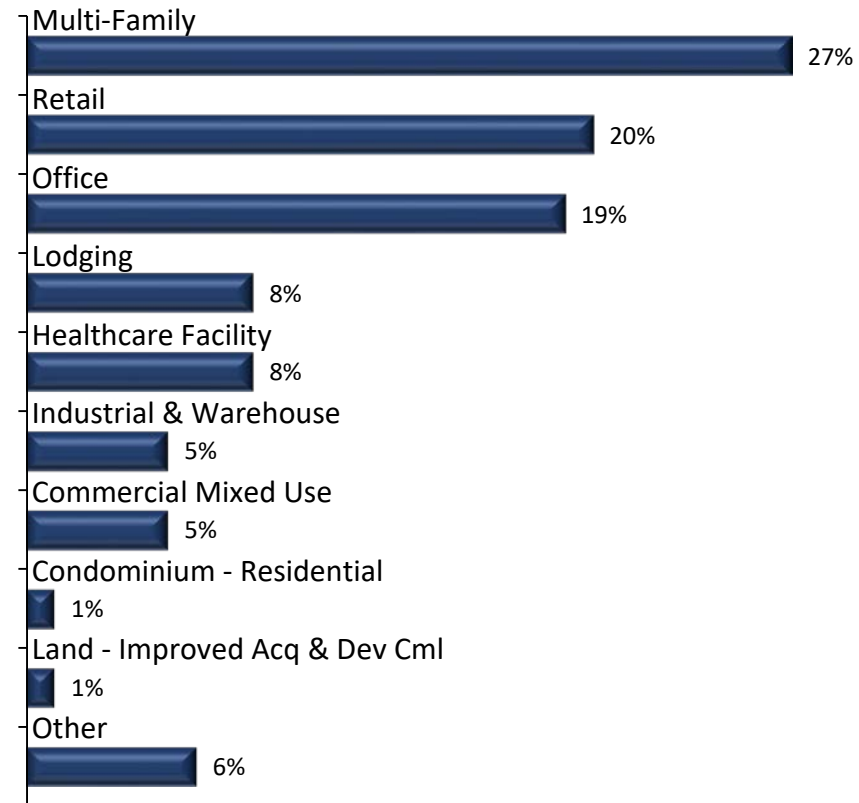
- Enhanced lending activity into adjacent New England states
- Reduced dependence on Rhode Island asset generation
- Greater presence in attractive markets

Commercial Real Estate Lending

Diversified Property Mix

- Total portfolio: \$1.5 billion
- Percent of total loans: 40%
- Portfolio yield: 4.73%
- Construction: \$192 million

- Total delinquencies: 0.0%
- Nonperforming: 0.0%
- Net charge-offs to average loans: 0.09%



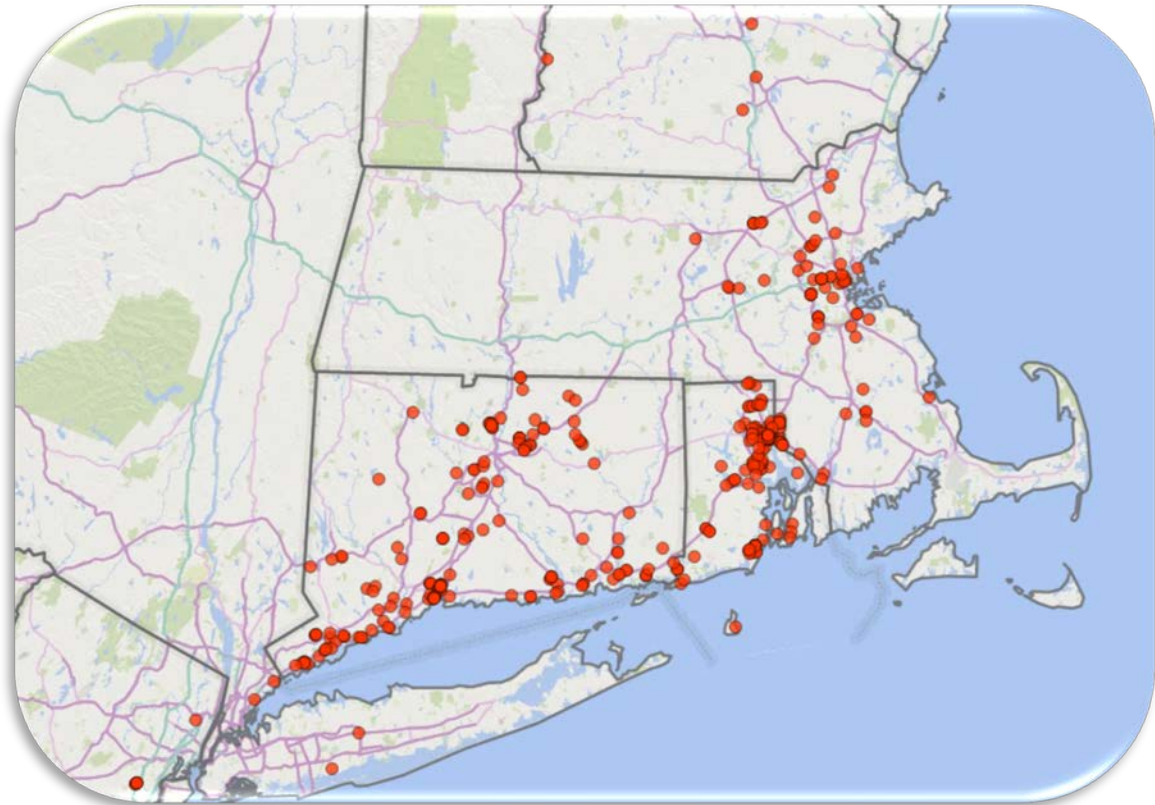
At or for the nine months ended September 30, 2019

CRE Concentration

- Predominantly in RI, CT and MA

- 41% in CT
- 28% in MA
- 25% in RI

- Concentration: ~320%

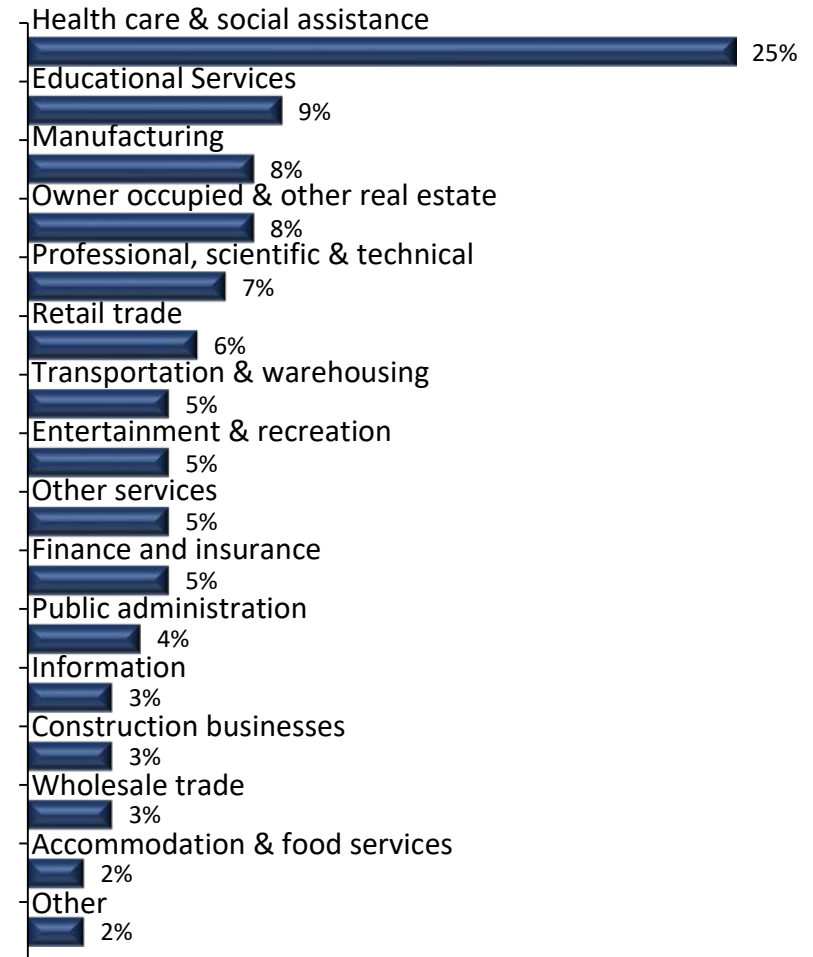


Commercial & Industrial Lending

Broad Industry Representation

- Total portfolio: \$566.4 million
- Percent of total loans: 15%
- Portfolio yield: 4.87%
- Location: RI, CT, MA

- Total delinquencies: 0.0%
- Nonperforming: 0.0%
- Net charge-offs to average loans: 0.0%

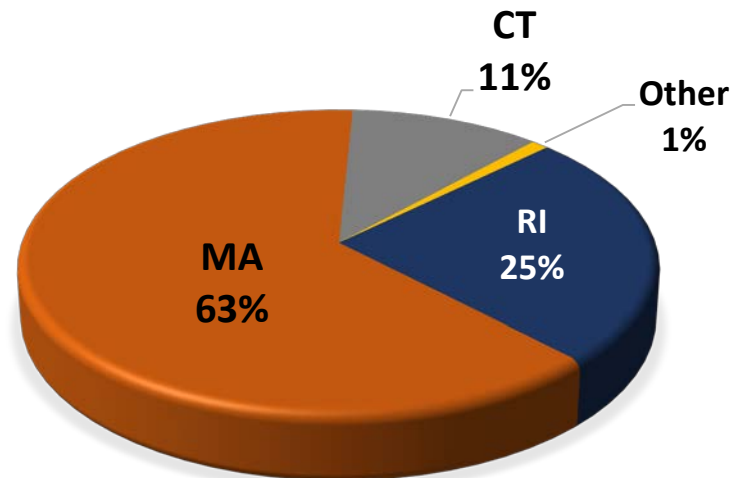


At or for the nine months ended September 30, 2019

Residential & Home Equity

	<u>Residential</u>	<u>Home Equity</u>
Total portfolio (\$ millions)	\$1,378.5	\$294.3
FICO score*	744	754
Total delinquencies	0.8%	0.7%
Nonperforming	0.9%	0.5%
Net charge-offs to average loans	0.05%	0.14%

- Strong FICO scores
- Quality credits



At or for the nine months ended September 30, 2019

* Weighted average; refreshed April 2018

Mortgage Distribution

As % of Total

Loan Amount Range	CT	MA	NH	RI	Total %
< \$250,000	2%	4%	0%	9%	15%
> \$250,000 up to \$484,350	4%	24%	1%	16%	45%
> \$484,350 (Jumbo) up to 1M	2%	22%	0%	4%	28%
> 1 Million	1%	7%	0%	4%	12%
Grand Total	9%	58%	2%	31%	100%

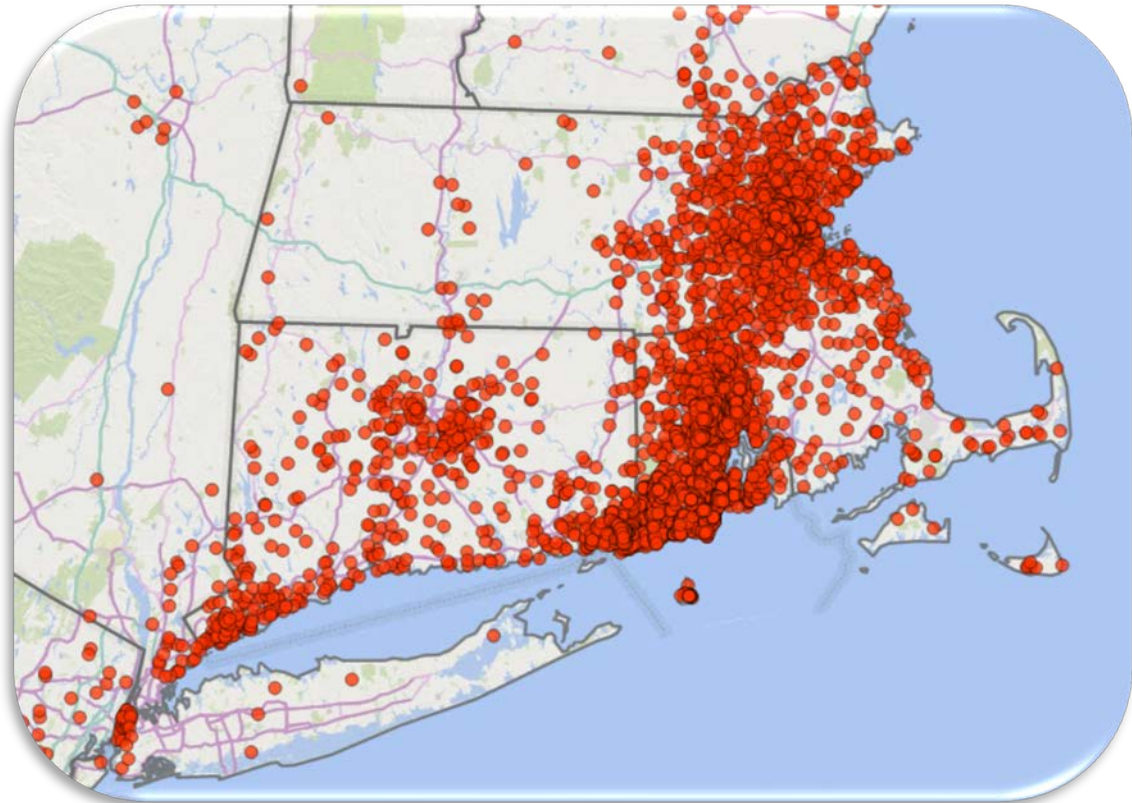
By State

Loan Amount Range	CT	MA	NH	RI
< \$250,000	26%	7%	23%	30%
> \$250,000 up to \$484,350	45%	41%	54%	52%
> \$484,350 (Jumbo) up to 1M	18%	39%	10%	13%
> 1 Million	11%	13%	13%	5%
Grand Total	100%	100%	100%	100%

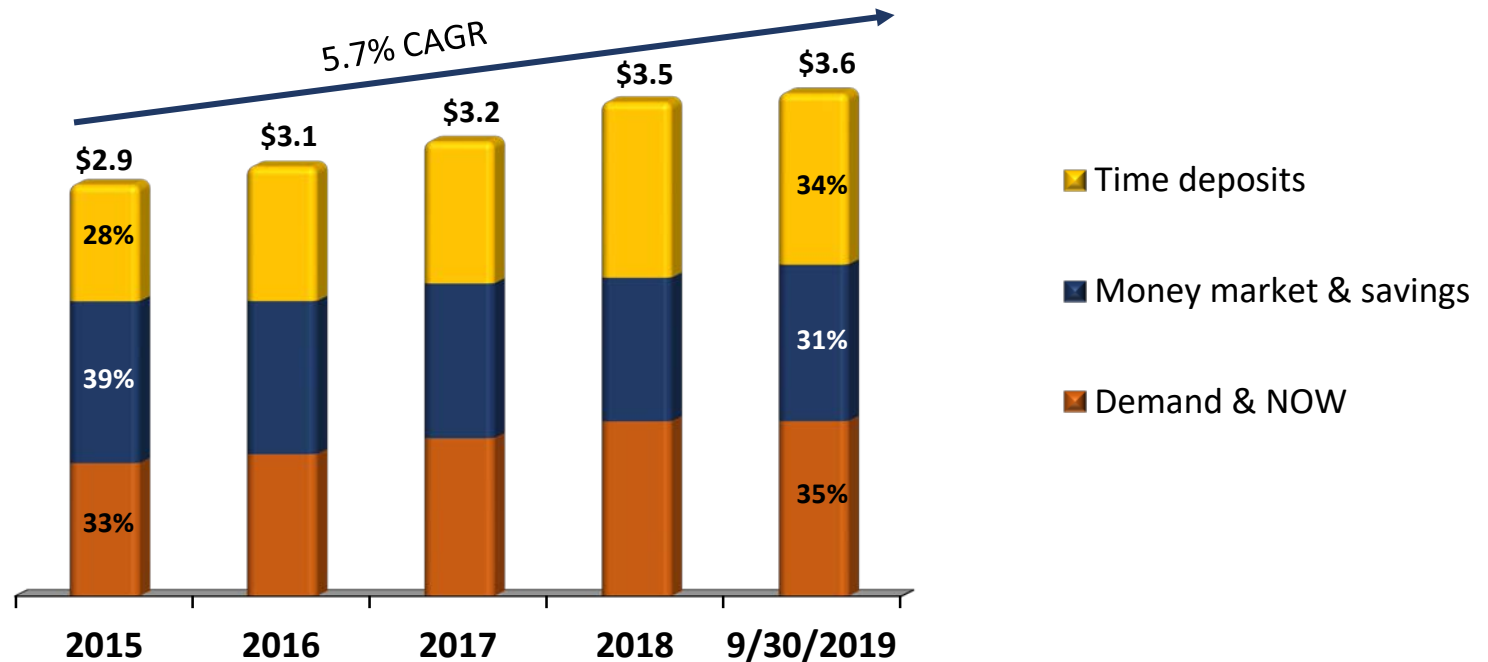
As of September 30, 2019

Mortgage Concentration

- Primarily in home territory
- 99% in RI, CT and MA



Deposit Portfolio



- 37% of deposits are commercial-based
- 11% market share in RI; rank 3rd

\$ billions; at December 31st unless otherwise noted
(1) Excludes wholesale brokered CDs

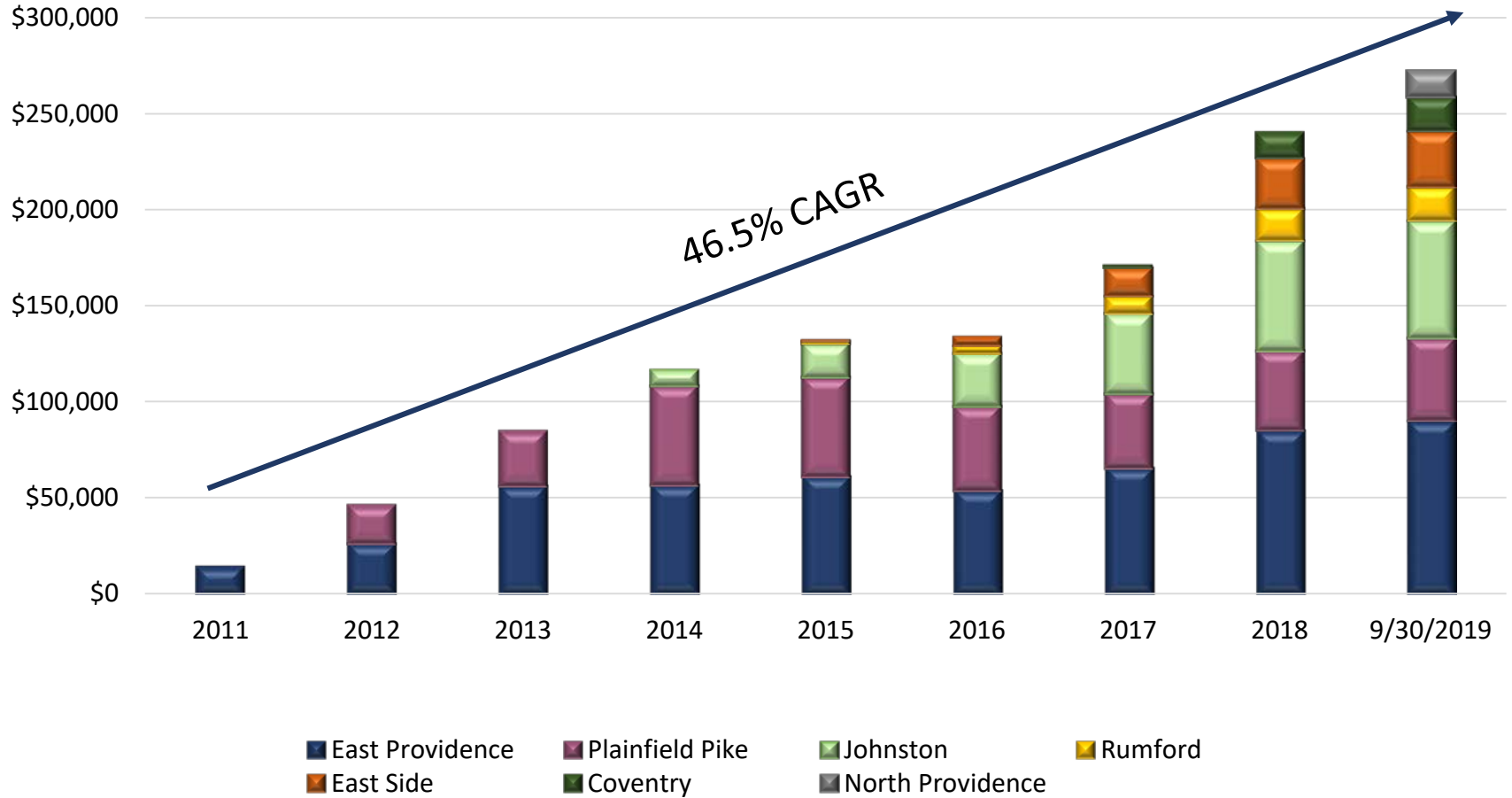
Deposit Market Share

Rank	Institution (ST)	Branch Count	Total Deposits in Market (\$B)	Total Market Share
1	Citizens (RI)	76	\$10.6	34%
2	Bank of America (NC)	29	\$7.0	23%
3	Washington Trust (RI)	22	\$3.4	11%
4	Santander	29	\$2.3	7%
5	Bank Rhode Island (MA)	20	\$1.8	6%
6	TD Bank	9	\$1.6	5%
7	BankNewport (RI)	17	\$1.4	4%
8	Centreville Bank (RI)	7	\$.9	3%
9	Webster (CT)	9	\$.5	2%
10	HarborOne (MA)	11	\$.5	1%
Total For Institutions In Market		248	\$31.1	

- #1 State-chartered bank in RI
- \$157 million average deposits per branch

Source: S&P Global Market Intelligence; Market Share is for U.S. Territories only and non-retail branches are not included. FDIC deposits as of June 30, 2019; most recent data available

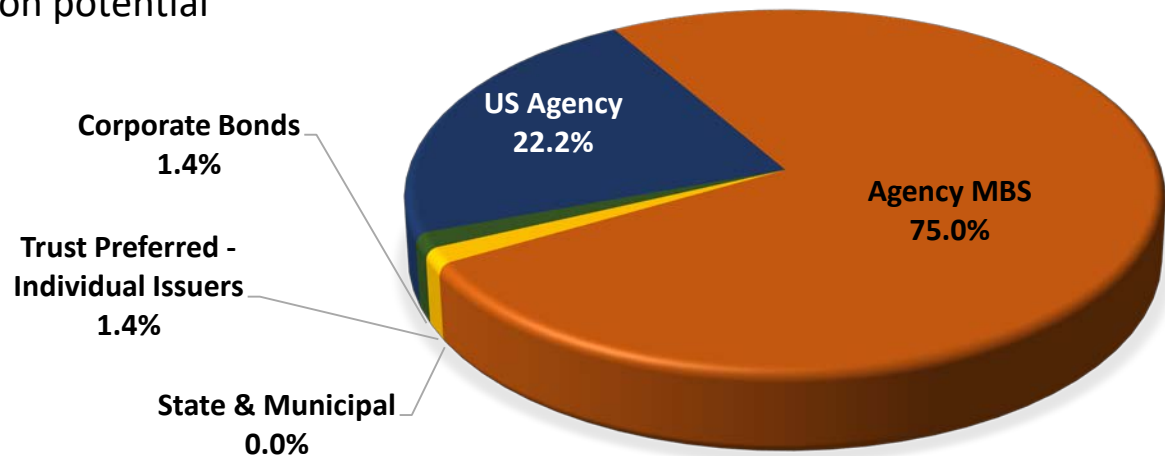
De Novo Branch Growth



Investment Securities

Largely Agency MBS

- Fair value: \$887.0 million
- Amortized cost: \$882.9 million
- Yield on securities: 2.72%
(yield as of Q3-19)
- Duration of 2.10 years
- Limited extension potential

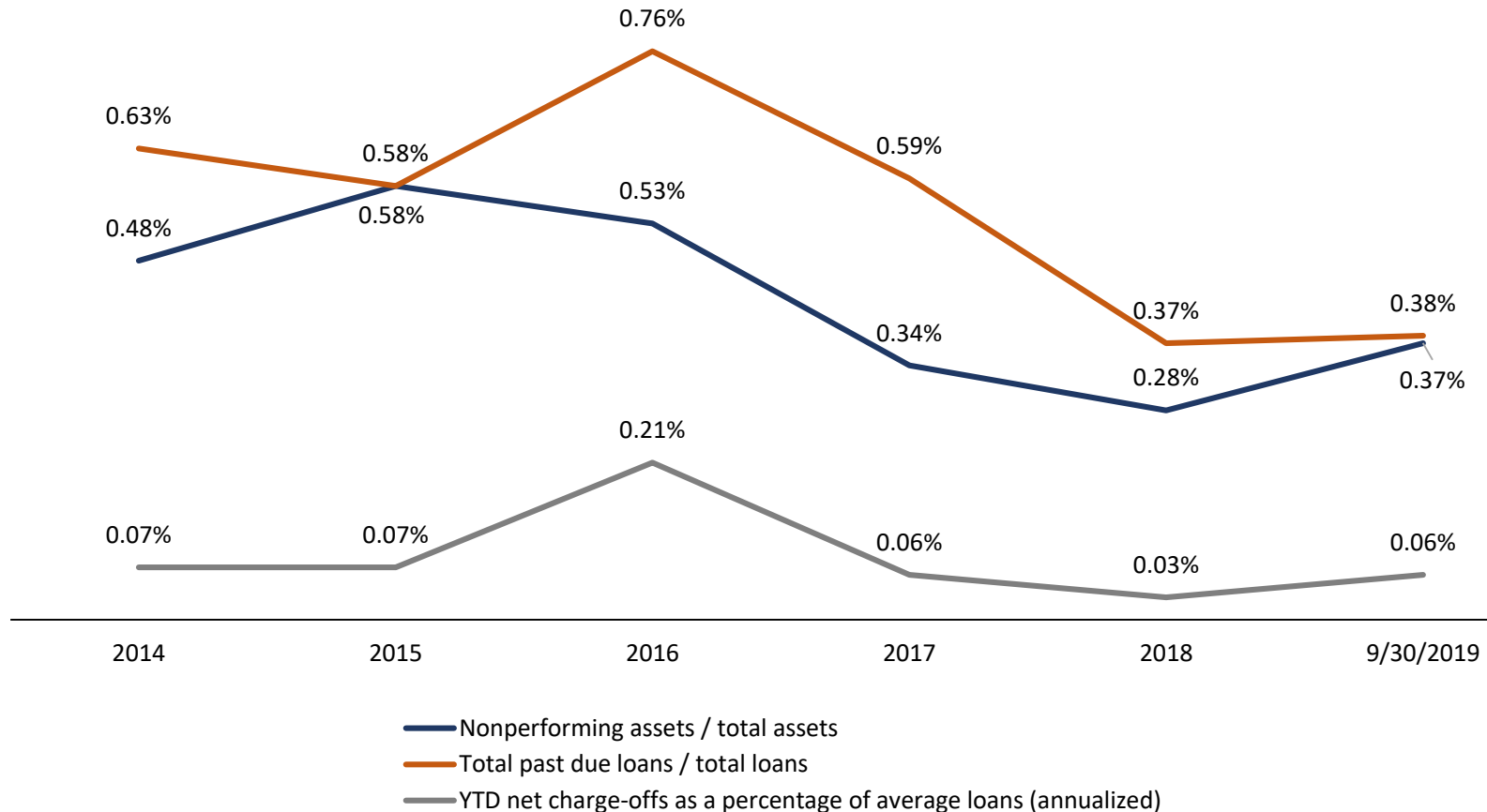


As of September 30, 2019
Excludes FHLB Boston capital stock



CREDIT QUALITY

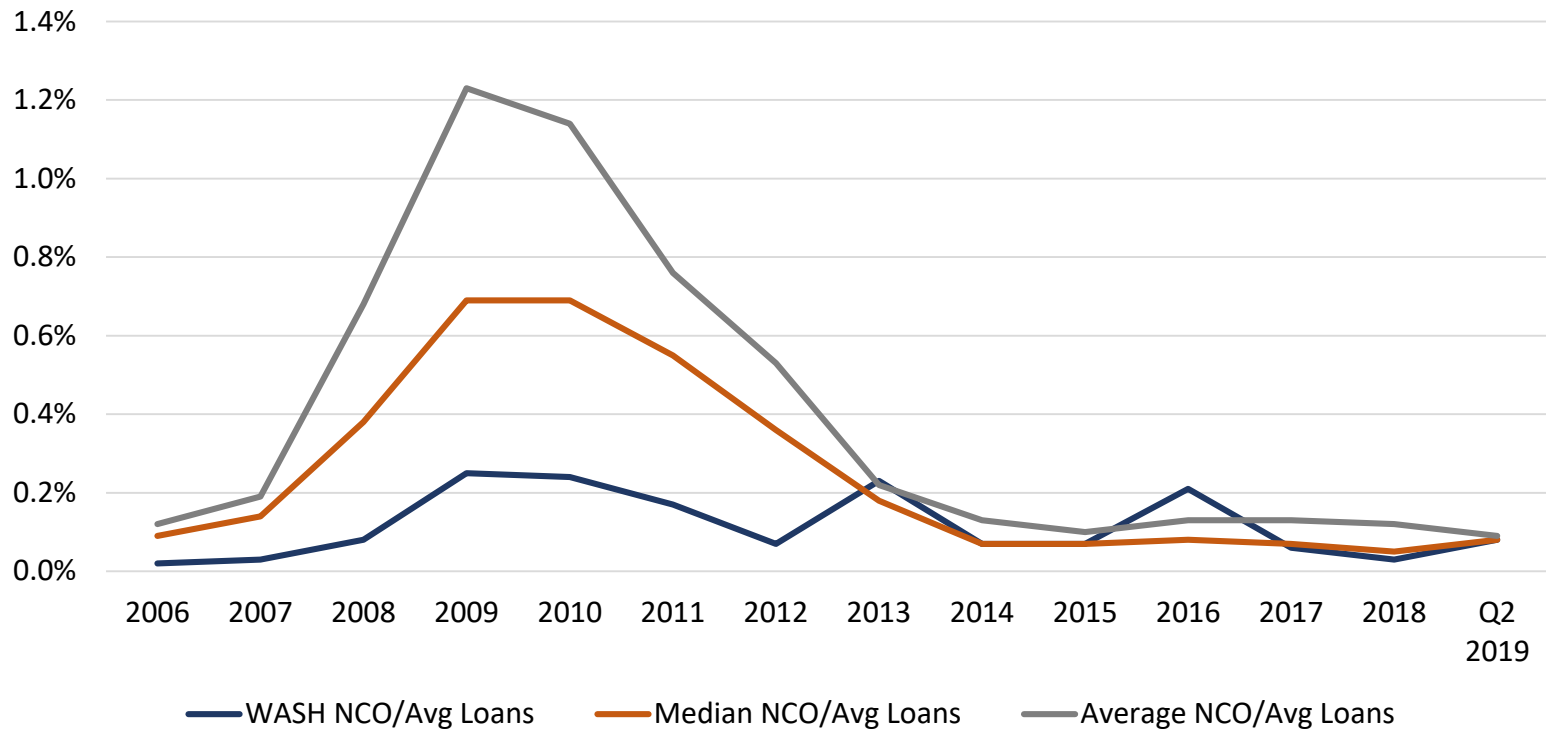
Credit Quality



\$ millions; at December 31st, unless otherwise noted

Asset Quality

NCO / Average Loans



Percentile ranking for the year ended December 31st unless otherwise noted among public banks & thrifts with \$3 billion to \$10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence



CAPITAL MANAGEMENT

Capital Position

	<u>9/30/2019</u>	<u>12/31/18</u>	<u>12/31/17</u> ⁽²⁾
Total risk-based capital	12.94%	12.56%	12.45%
Tangible equity / tangible assets ⁽¹⁾	8.32%	7.62%	7.63%
Book value per share	\$28.71	\$25.90	\$23.99
Tangible book value per share ⁽¹⁾	\$24.60	\$21.74	\$19.75

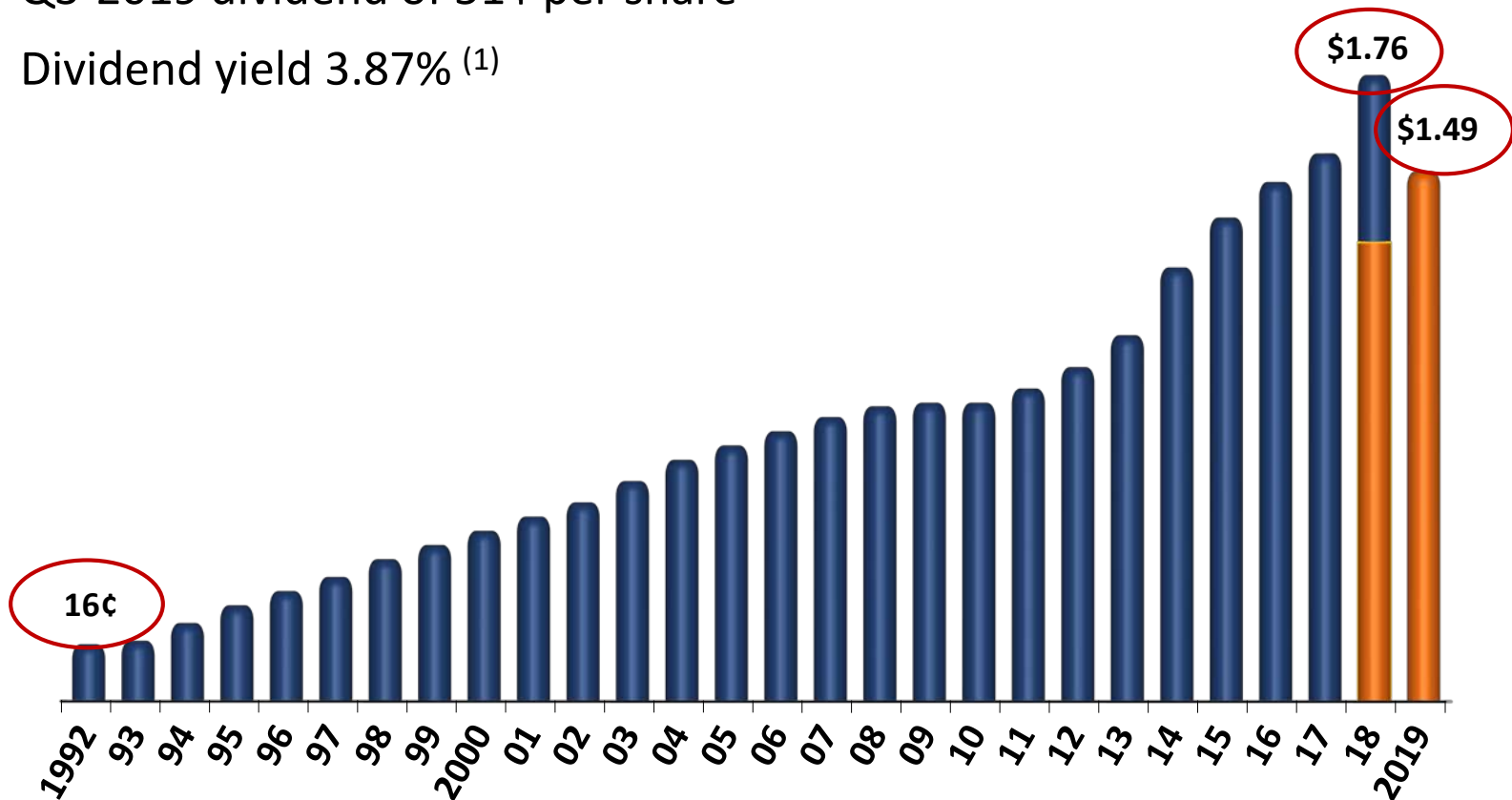
- Suits solid balance sheet, fee-intensive business model
- Supports dividend & future growth

(1) Non-GAAP; see "Non-GAAP Financial Measures"

(2) Tax reform resulted in a reduction in GAAP equity of \$6.2 million and a reduction in risk-based capital of \$2 million

Cash Dividend Declared

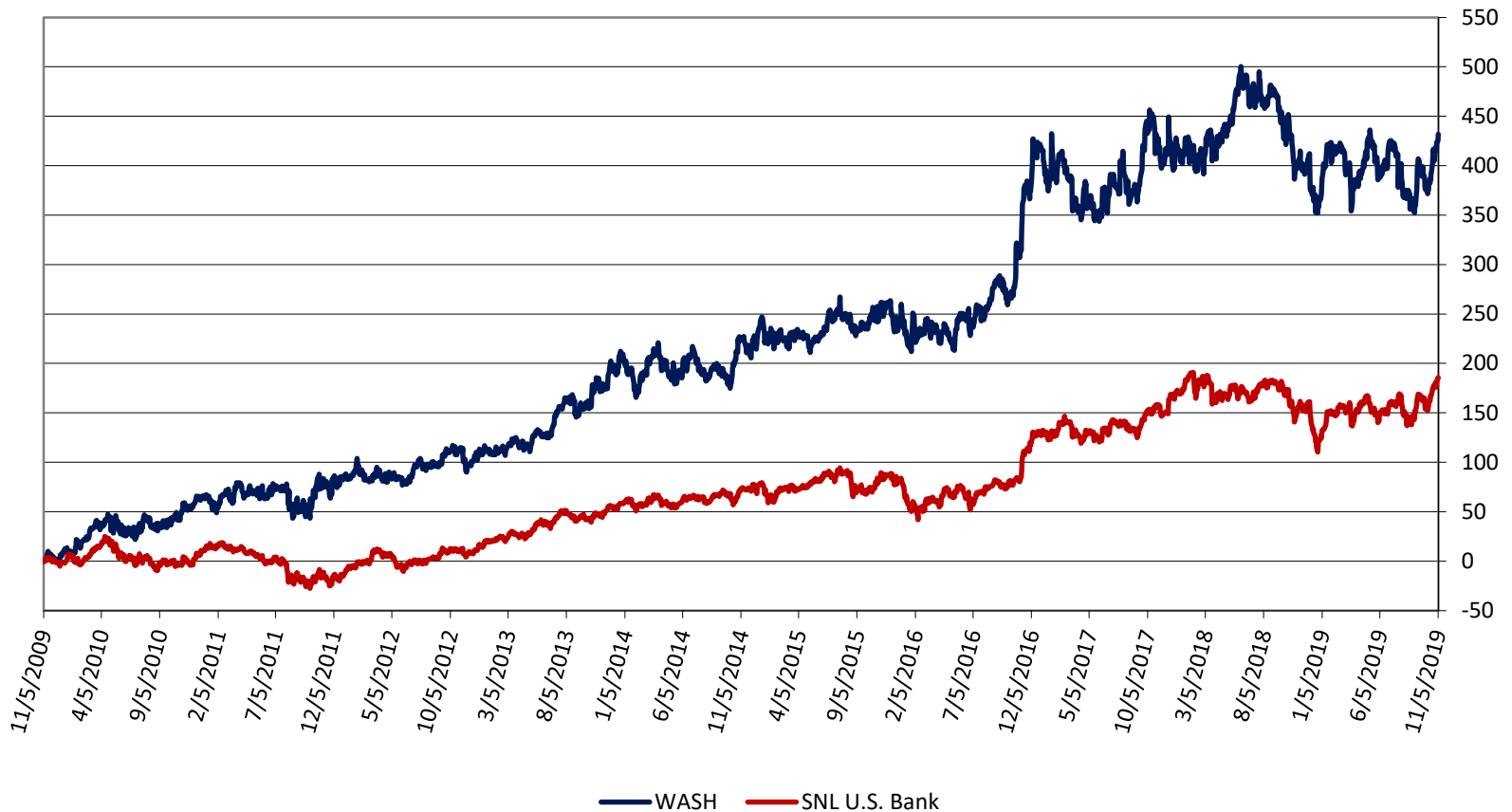
- Important contributor to shareholder value
- Q3-2019 dividend of 51¢ per share
- Dividend yield 3.87% ⁽¹⁾



As of November 5, 2019

10 Year Total Stock Returns

WASH Total Return (%) versus SNL U.S. Bank



Source: S&P Global Market Intelligence as of November 5, 2019



WHY WASHINGTON TRUST

Why Washington Trust

- Unique business model with diverse revenue streams
- Strong credit profile throughout all economic cycles
- Consistent top quartile returns and robust dividend payout
- Distinguished history with demonstrated track record
- Clear vision with proven growth strategy
- Committed to enhancing shareholder value





SUPPLEMENTAL INFORMATION

Income Statement

\$s in thousands	For the Quarter Ended				
	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
Interest and dividend income	\$ 49,527	\$ 50,559	\$ 50,194	\$ 47,517	\$ 45,164
Interest expense	16,549	16,701	15,610	13,639	11,715
Net interest income	32,978	33,858	34,584	33,878	33,449
Provision for loan losses	400	525	650	800	350
Net interest income after provision for loan losses	32,578	33,333	33,934	33,078	33,099
Noninterest income:					
Net other than temporary impairment losses on securities	-	-	-	-	-
Other noninterest income	18,342	16,753	15,367	15,163	15,215
Total noninterest income	18,342	16,753	15,367	15,163	15,215
Noninterest expense	26,870	28,151	26,964	26,682	26,062
Income before income taxes	24,050	21,935	22,337	21,559	22,252
Income tax expense	5,236	4,662	4,842	4,523	4,741
Net income	\$ 18,814	\$ 17,273	\$ 17,495	\$ 17,036	\$ 17,511



Balance Sheet

	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,
\$s in thousands	2019	2019	2019	2018	2018
Assets:					
Cash and cash equivalents	\$ 146,104	\$ 119,814	\$ 91,559	\$ 93,475	\$ 75,851
Mortgage loans held for sale	44,657	39,996	14,608	20,996	22,571
Total securities	887,020	969,168	994,881	938,225	823,510
FHLB stock	45,030	49,759	48,025	46,068	44,525
Total loans	3,778,106	3,730,339	3,738,469	3,680,360	3,556,203
Less allowance for loan losses	26,997	27,398	27,644	27,072	26,509
Net loans	3,751,109	3,702,941	3,710,825	3,653,288	3,529,694
Investment in bank-owned life insurance	81,920	81,351	80,786	80,463	79,891
Goodwill and identifiable intangible assets	71,357	71,593	71,832	72,071	72,309
Other assets	171,681	155,050	142,213	106,180	122,321
Total assets	\$ 5,198,878	\$ 5,189,672	\$ 5,154,729	\$ 5,010,766	\$ 4,770,672
Liabilities and Shareholders' Equity:					
Total deposits	\$ 3,586,153	\$ 3,504,622	\$ 3,504,260	\$ 3,524,048	\$ 3,414,348
FHLB advances	956,786	1,060,960	1,056,129	950,722	828,392
Junior subordinated debentures	22,681	22,681	22,681	22,681	22,681
Other liabilities	135,433	117,204	101,816	65,131	77,342
Total shareholders' equity	497,825	484,205	469,843	448,184	427,909
Total liabilities and shareholders' equity	\$ 5,198,878	\$ 5,189,672	\$ 5,154,729	\$ 5,010,766	\$ 4,770,672



Non-GAAP Financial Measures

\$s in thousands, except per share amounts	Sep 30, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Calculation of tangible book value per share				
Total shareholders' equity at end of period	\$497,825	\$448,184	\$413,284	\$390,804
Less:				
Goodwill	63,909	63,909	63,909	64,059
Identifiable intangible assets, net	7,448	8,162	9,140	10,175
Total tangible shareholders' equity at end of period	\$426,468	\$376,113	\$340,235	\$316,570
Shares outstanding at end of period	17,338	17,302	17,227	17,171
Book value per share – GAAP	\$28.71	\$25.90	\$23.99	\$22.76
Tangible book value per share – Non-GAAP	\$24.60	\$21.74	\$19.75	\$18.44
Calculation of tangible equity to tangible assets				
Total tangible shareholders' equity at end of period	\$426,468	\$376,113	\$340,235	\$316,570
Total assets at end of period	\$5,198,979	\$5,010,766	\$4,529,850	\$4,381,115
Less:				
Goodwill	63,909	63,909	63,909	64,059
Identifiable intangible assets, net	7,448	8,162	9,140	10,175
Total tangible assets at end of period	\$5,127,622	\$4,938,695	\$4,456,801	\$4,306,881
Equity to assets - GAAP	9.58%	8.94%	9.12%	8.92%
Tangible equity to tangible assets – Non-GAAP	8.32%	7.62%	7.63%	7.35%

Washington Trust's management believes that the supplemental non-GAAP information, which consists of measurements and ratios based on tangible equity and tangible assets, is utilized by regulators and market analysts to evaluate a company's financial condition and therefore, such information is useful to investors. These disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures which may be presented by other companies.