

2013

Washington Trust Bancorp, Inc.

Annual Report



Corporate Directory – Washington Trust Bancorp, Inc.

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*
Bary G. Hittner, *Retired Attorney*
Katherine W. Hoxsie, CPA, *Retired Vice President, Hoxsie Buick-Pontiac-GMC Truck, Inc.*
Joseph J. MarcAurele, *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., *Of Counsel, Orsinger Nardone Lallo & Thomsen*
H. Douglas Randall III, *Chief Executive Officer, Randall, Realtors, Kinlin Grover Real Estate, Page Taft Real Estate, Pequot Commercial and Kinlin Grover Commercial*
Edwin J. Santos, *Chairman, CharterCARE Health Partners*
Patrick J. Shanahan Jr., *Former Chairman, President and Chief Executive Officer, First Financial Corp.*
John F. Treanor, *Retired President and Chief Operating Officer, Washington Trust Bancorp, Inc.*
John C. Warren, *Retired Chairman and Chief Executive Officer, Washington Trust Bancorp, Inc.*

Officers of the Corporation

Joseph J. MarcAurele, *Chairman and Chief Executive Officer*
Edward O. Handy III, *President and Chief Operating Officer*
David V. Devault, *Vice Chair, Secretary and Chief Financial Officer*
Mark K. W. Gim, *Executive Vice President, Wealth Management, and Treasurer*

The Washington Trust Company Directors' Advisory Council

Alcino G. Almeida, Gary P. Bennett, Richard A. Grills, Larry J. Hirsch,
Joseph J. Kirby, Jacques de Laporte, Edward M. Mazze, James W. McCormick Jr.,
Thomas F. Moore, Brendan P. O'Donnell, Joseph H. Potter,
Joyce Olson Resnikoff, Anthony J. Rose Jr., James P. Sullivan, Neil H. Thorp,
William Blunt White

Senior Management

Joseph J. MarcAurele, *Chairman and Chief Executive Officer*
Edward O. Handy III, *President and Chief Operating Officer*
David V. Devault, *Vice Chair, Secretary and Chief Financial Officer*
Stephen M. Bessette, *Executive Vice President, Retail Lending*
Kristen L. DiSanto, *Executive Vice President, Human Resources*
Mark K. W. Gim, *Executive Vice President, Wealth Management, and Treasurer*
James M. Hagerty, *Executive Vice President and Chief Lending Officer*
Barbara J. Perino, CPA, *Executive Vice President, Operations*
Dennis L. Algieri, *Senior Vice President, Chief Compliance Officer and Director of Community Affairs*
Michael T. Clarkin, *Senior Vice President and Corporate Sales Manager*
Joseph M. Confessore, *Senior Vice President and Team Leader, Commercial Banking*
Elizabeth B. Eckel, *Senior Vice President, Marketing*
Jeffrey J. Frenette, *Senior Vice President, Director of Core Applications*
Philip L. Friend, *Senior Vice President, Retail Lending*
Debra A. Gormley, *Senior Vice President, Retail Banking*
Maria N. Janes, CPA, *Senior Vice President and Controller*
Robert R. Kent Jr., *Senior Vice President and Team Leader, Commercial Banking*
Rogean B. Makowski, *Senior Vice President, Wealth Management Client Services*
Mary E. Noons, *Senior Vice President, Lending Support Services*
C. Scott Ostrowski, *Senior Vice President, Internal Audit*
Timothy M. Pickering, *Senior Vice President, Commercial Real Estate Group*
Brenda H. Senak, *Senior Vice President, Risk Management*
L. Peter Sheehan, *Senior Vice President, Wealth Management Investments*
Julia Anne M. Slom, *Senior Vice President, Commercial Real Estate Group*
John P. Sullivan, *Senior Vice President, Technology*
Rick 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, *Managing Director*
Maria A. Staffiere, *Managing Director*
Ronald A. Sugameli, *Managing Director and Chief Investment Officer*
Nicole M. Tremblay, Esq., *Senior Vice President, Chief Compliance Officer*

As of publication date

Letter to Shareholders



From L-R: Edward O. Handy III, President and Chief Operating Officer; Mark K. W. Gim, Executive Vice President, Wealth Management, and Treasurer; Joseph J. MarcAurele, Chairman and Chief Executive Officer; and David V. Devault, Vice Chair, Secretary and Chief Financial Officer.

2013 was an outstanding year for Washington Trust, as we generated the highest annual earnings in our company's 213-year history. Against the backdrop of a competitive marketplace and a slowly recovering economy, we delivered growth, streamlined processes, and produced excellent results in all business lines. These achievements helped to place us among the leaders in stock price performance within our peers both regionally and nationally. We increased our dividend three times during 2013, with total dividends of \$1.03 per share for the year, up from \$.94 in 2012. Market awareness of Washington Trust as one of the premier financial institutions in New England continues to grow.

At the heart of our success is our commitment to providing a superior customer experience across all lines of business. Through a combination of sophisticated capabilities and responsive solutions, we hold a winning position against both our larger and smaller competitors.

The consistency of our financial results reflects the strength of our business model. With multiple business lines at our core – personal

banking, commercial banking, wealth management, and trust services – we are able to maintain our performance and growth amid ever changing market dynamics. In 2013, we gained market share in both the retail and commercial lines of our business, generating solid growth in loans and deposits. Strong equity markets boosted our wealth management business and rewarded investors who value the active portfolio management that our advisors provide. And while mortgage volume reflected an industry-wide cool-down in the refinancing market, we continued to generate a very strong level of mortgage origination volume.

Our employees made the record-setting results that we delivered in 2013 possible. When we challenged our people to deliver process improvements to make our operations more efficient, they delivered – but never at the expense of providing a superior customer experience. In fact, improving the customer experience was a prerequisite for any process change. The result was a win-win situation – enhanced service for our customers and improved performance for our company.

In 2013, we laid the foundation for future growth with the naming of Edward “Ned” Handy III as President and Chief Operating Officer. A seasoned executive with strong local ties, Ned adds depth and expertise to our senior management ranks. We are thrilled that he has joined our team – yet another affirmation of Washington Trust's reputation as an employer of choice, able to attract top talent to our organization.

Branch expansion continues to be a winning growth strategy for Washington Trust. In July, we announced plans for our 19th branch, which will be located in Johnston, Rhode Island. Slated to open in the second quarter of 2014, the Johnston branch will strengthen our presence in the center of the state and attract new retail and business customers to our brand.

We look to 2014 with confidence, thanks to the strength of our business model, the dedication of our employees, and the support of you, our shareholders. It is a privilege to lead your corporation.

A handwritten signature in black ink that reads "Joseph J. MarcAurele". The signature is written in a cursive style with a large, prominent initial "J".

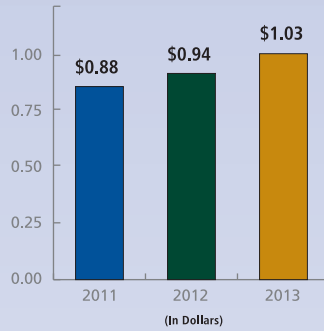
Joseph J. MarcAurele
Chairman and Chief Executive Officer

2013 Highlights

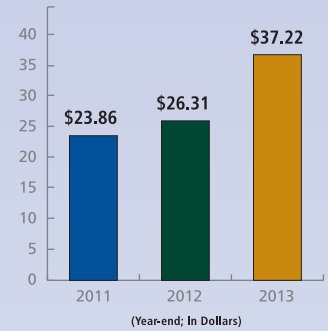
Net Income



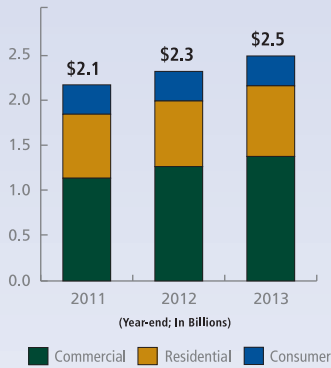
Cash Dividends Declared Per Share



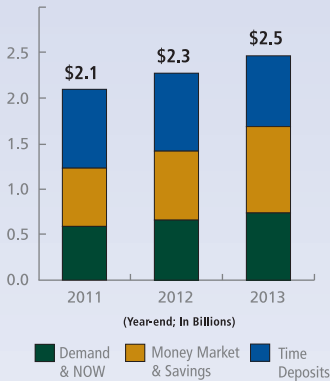
Closing Stock Price



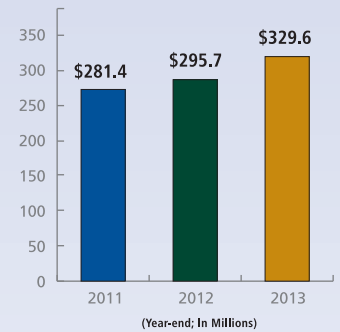
Total Loans



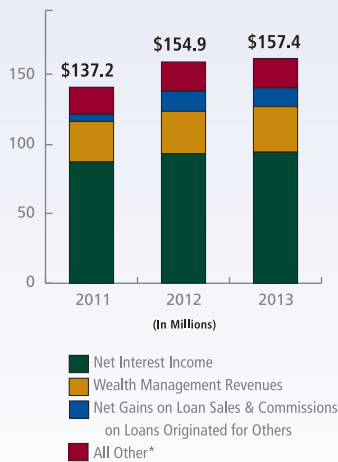
Total Deposits



Shareholders' Equity



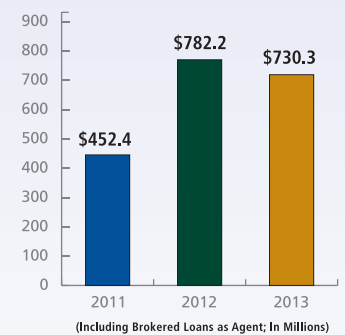
Total Revenues*



Wealth Management Assets Under Administration



Mortgage Originations



*Excludes net securities gains (losses) of \$507 thousand, \$1.0 million and (\$3.5 million), respectively, in 2011, 2012 and 2013.

Financial Highlights

At or for the years ended December 31,	2013	2012	2011
(Dollars in thousands, except per share amounts)			
Financial Condition			
Total assets	\$3,188,867	\$3,071,884	\$3,064,098
Total securities	422,808	415,879	593,392
Total loans	2,462,884	2,294,003	2,147,159
Allowance for loan losses	27,886	30,873	29,802
Total deposits	2,505,321	2,312,631	2,126,315
Total shareholders' equity	329,646	295,652	281,351
Book value per share	19.84	18.05	17.27
Total risk-based capital ratio	13.29%	13.26%	12.86%
Equity to assets	10.34%	9.62%	9.18%
Operating Results			
Net interest income	\$91,785	\$90,696	\$84,955
Provision for loan losses	2,400	2,700	4,700
Wealth management revenues	31,825	29,641	28,306
Net gains on loan sales and commissions on loans originated for others	13,085	14,092	5,074
Other noninterest income	17,170	21,481	19,384
Noninterest expense	98,785	102,338	90,373
Net income	36,153	35,074	29,724
Diluted earnings per common share	2.16	2.13	1.82
Cash dividends declared per share	1.03	0.94	0.88
Return on average assets	1.17%	1.16%	1.02%
Return on average equity	11.65%	11.97%	10.61%
Net interest margin (taxable equivalent basis)	3.28%	3.29%	3.20%
Asset Quality			
Nonperforming assets to total assets	0.62%	0.83%	0.81%
Allowance for loan losses to total loans	1.13%	1.35%	1.39%
Net loan charge-offs to average loans	0.27%	0.07%	0.17%

The information presented above is derived from the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as filed with the Securities and Exchange Commission.

Forward-Looking Statements

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, 2013, 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.

Washington Trust 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

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

JOHNSTON, RI
Johnston Office
Opening 2014
1383 Atwood Avenue
Johnston, RI 02919

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
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 Lending 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

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

STAMFORD, CT
1266 East Main Street, Suite 700R
Stamford, CT 06902
203-539-6000

BRAINTREE, MA*
25 Braintree Hill Office Park, Suite 200
Braintree, MA 02184
781-930-3296

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

*Operating as Washington Trust Mortgage Company

Wealth Management Offices

PROVIDENCE, RI
66, 68, 70 South Main Street
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

Customer Service Center

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

Website

www.washtrust.com

Stock Transfer and Dividend Disbursing Agent

American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219
800-852-0354 www.amstock.com

The Corporation's 2014 Proxy Statement, Form 10-K and Annual Report for 2013 are available online by visiting the Corporation's website www.washtrustbancorp.com under SEC Filings, or 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

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.