UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **September 30, 2024** or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ______ to ______.

Commission file number: 001-32991

WASHINGTON TRUST BANCORP, INC.

(Exact name of registrant as specified in its charter)

Rhode Island	**05-0404671**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
23 Broad Street **Westerly, Rhode Island**	**02891**
(Address of principal executive offices)	(Zip Code)

(401) 348-1200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
COMMON STOCK, $.0625 PAR VALUE PER SHARE	**WASH**	**The NASDAQ Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

The number of shares of common stock of the registrant outstanding as of October 31, 2024 was 17,064,855.

FORM 10-Q
WASHINGTON TRUST BANCORP, INC. AND SUBSIDIARIES
For the Quarter Ended September 30, 2024

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Glossary of Acronyms and Terms

The following is a list of acronyms and terms that are used throughout this Quarterly Report on Form 10-Q:

2023 Repurchase Program	Washington Trust Bancorp, Inc.'s Stock Repurchase Program commencing January 1, 2023
2024 Repurchase Program	Washington Trust Bancorp, Inc.'s Stock Repurchase Program commencing January 1, 2024
ACL	Allowance for credit losses
ALCO	Asset/Liability Committee
AOCL	Accumulated other comprehensive loss
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated teller machine
AUA	Assets under administration
Bancorp	Washington Trust Bancorp, Inc.
Bank	The Washington Trust Company, of Westerly
BOLI	Bank-owned life insurance
C&I	Commercial and industrial
CDARS	Certificate of Deposit Account Registry Service
Corporation	The Bancorp and its subsidiaries
CRE	Commercial real estate
DCF	Discounted cash flow
DDM	Demand Deposit Marketplace
EPS	Earnings per common share
ERM	Enterprise risk management
Exchange Act	Securities Exchange Act of 1934, as amended
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
FHLB	Federal Home Loan Bank of Boston
FRBB	Federal Reserve Bank of Boston
FTE	Fully taxable equivalent
GAAP	Accounting principles generally accepted in the United States of America
ICS	Insured Cash Sweep
LTV	Loan to value
NIM	Net interest margin
OREO	Property acquired through foreclosure or repossession
S&P	Standard and Poors, Inc.
SBA	Small Business Administration
SEC	U.S. Securities and Exchange Commission
TLM	Troubled loan modification
Washington Trust	The Bancorp and its subsidiaries

PART I. Financial Information

Item 1. Financial Statements

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Balance Sheets (unaudited)

(Dollars in thousands, except par value)

	September 30, 2024	December 31, 2023
Assets:		
Cash and due from banks	$206,971	$86,824
Short-term investments	3,772	3,360
Mortgage loans held for sale, at fair value	20,864	20,077
Available for sale debt securities, at fair value (amortized cost of $1,098,649, net of allowance for credit losses on securities of $0 at September 30, 2024; and amortized cost of $1,152,629; net of allowance for credit losses on securities of $0 at December 31, 2023)	973,266	1,000,380
Federal Home Loan Bank stock, at cost	57,439	51,893
Loans:		
Total loans	5,514,870	5,647,706
Less: allowance for credit losses on loans	42,630	41,057
Net loans	5,472,240	5,606,649
Premises and equipment, net	32,145	32,291
Operating lease right-of-use assets	27,612	29,364
Investment in bank-owned life insurance	105,998	103,736
Goodwill	63,909	63,909
Identifiable intangible assets, net	3,089	3,711
Other assets	174,266	200,653
Total assets	$7,141,571	$7,202,847
Liabilities:		
Deposits:		
Noninterest-bearing deposits	$665,706	$693,746
Interest-bearing deposits	4,506,184	4,654,414
Total deposits	5,171,890	5,348,160
Federal Home Loan Bank advances	1,300,000	1,190,000
Junior subordinated debentures	22,681	22,681
Operating lease liabilities	30,237	32,027
Other liabilities	114,534	137,293
Total liabilities	6,639,342	6,730,161
Commitments and contingencies (Note 16)		
Shareholders' Equity:		
Common stock of $.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,058,413 shares outstanding at September 30, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023	1,085	1,085
Paid-in capital	126,698	126,150
Retained earnings	505,654	501,917
Accumulated other comprehensive loss	(117,158)	(141,153)
Treasury stock, at cost, 305,044 shares at September 30, 2024 and 332,470 shares at December 31, 2023	(14,050)	(15,313)
Total shareholders' equity	502,229	472,686
Total liabilities and shareholders' equity	$7,141,571	$7,202,847

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries
Consolidated Statements of Income (unaudited)
(Dollars and shares in thousands, except per share amounts)

		Three Months		Nine Months	
Periods ended September 30,		2024	2023	2024	2023
Interest income:					
Interest and fees on loans		$75,989	$70,896	$227,865	$196,094
Interest on mortgage loans held for sale		366	332	1,013	725
Taxable interest on debt securities		6,795	7,271	20,835	21,868
Dividends on Federal Home Loan Bank stock		1,262	878	3,459	2,333
Other interest income		3,174	1,344	5,667	3,693
Total interest and dividend income		87,586	80,721	258,839	224,713
Interest expense:					
Deposits		37,203	34,069	111,963	83,362
Federal Home Loan Bank advances		17,717	12,497	50,151	35,775
Junior subordinated debentures		404	404	1,213	1,132
Total interest expense		55,324	46,970	163,327	120,269
Net interest income		32,262	33,751	95,512	104,444
Provision for credit losses		200	500	1,400	2,000
Net interest income after provision for credit losses		32,062	33,251	94,112	102,444
Noninterest income:					
Wealth management revenues		9,989	8,948	29,005	26,659
Mortgage banking revenues		2,866	2,108	8,133	5,106
Card interchange fees		1,321	1,267	3,741	3,667
Service charges on deposit accounts		784	674	2,238	2,118
Loan related derivative income		126	1,082	459	1,278
Income from bank-owned life insurance		770	710	2,262	2,754
Other income		416	437	4,257	1,252
Total noninterest income		16,272	15,226	50,095	42,834
Noninterest expense:					
Salaries and employee benefits		21,350	21,622	64,385	63,994
Outsourced services		4,185	3,737	12,061	10,854
Net occupancy		2,399	2,387	7,357	7,240
Equipment		924	1,107	2,902	3,185
Legal, audit, and professional fees		836	1,058	2,283	2,932
FDIC deposit insurance costs		1,402	1,185	4,247	3,428
Advertising and promotion		857	789	2,066	1,624
Amortization of intangibles		206	211	622	635
Other expenses		2,345	2,294	6,854	7,078
Total noninterest expense		34,504	34,390	102,777	100,970
Income before income taxes		13,830	14,087	41,430	44,308
Income tax expense		2,849	2,926	8,698	9,079
Net income		$10,981	$11,161	$32,732	$35,229
Net income available to common shareholders		$10,973	$11,140	$32,732	$35,160
Weighted average common shares outstanding - basic		17,058	17,019	17,048	17,034
Weighted average common shares outstanding - diluted		17,140	17,041	17,115	17,063
Per share information:	Basic earnings per common share	$0.64	$0.65	$1.92	$2.06
	Diluted earnings per common share	$0.64	$0.65	$1.91	$2.06

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (unaudited)
(Dollars in thousands)

	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Net income	$10,981	$11,161	$32,732	$35,229
Other comprehensive income (loss), net of tax:				
Net change in fair value of available for sale debt securities	30,254	(32,785)	20,015	(29,414)
Net change in fair value of cash flow hedges	(1,108)	2,833	3,912	8,345
Net change in defined benefit plan obligations	22	45	68	135
Total other comprehensive income (loss), net of tax	29,168	(29,907)	23,995	(20,934)
Total comprehensive income (loss)	$40,149	($18,746)	$56,727	$14,295

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (unaudited)
(Dollars and shares in thousands, except per share amounts)

For the three months ended September 30, 2024	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at June 30, 2024	17,058	$1,085	$125,898	$504,350	($146,326)	($14,050)	$470,957
Net income	—	—	—	10,981	—	—	10,981
Total other comprehensive income, net of tax	—	—	—	—	29,168	—	29,168
Cash dividends declared ($0.56 per share)	—	—	—	(9,677)	—	—	(9,677)
Share-based compensation	—	—	800	—	—	—	800
Balance at September 30, 2024	17,058	$1,085	$126,698	$505,654	($117,158)	($14,050)	$502,229

For the nine months ended September 30, 2024	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2023	17,031	$1,085	$126,150	$501,917	($141,153)	($15,313)	$472,686
Net income	—	—	—	32,732	—	—	32,732
Total other comprehensive income, net of tax	—	—	—	—	23,995	—	23,995
Cash dividends declared ($1.68 per share)	—	—	—	(28,995)	—	—	(28,995)
Share-based compensation	—	—	2,078	—	—	—	2,078
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered	27	—	(1,530)	—	—	1,263	(267)
Balance at September 30, 2024	17,058	$1,085	$126,698	$505,654	($117,158)	($14,050)	$502,229

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(Dollars and shares in thousands, except per share amounts)

For the three months ended September 30, 2023	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at June 30, 2023	17,019	$1,085	$125,685	$496,996	($148,827)	($15,778)	$459,161
Net income	—	—	—	11,161	—	—	11,161
Total other comprehensive loss, net of tax	—	—	—	—	(29,907)	—	(29,907)
Cash dividends declared ($0.56 per share)	—	—	—	(9,636)	—	—	(9,636)
Share-based compensation	—	—	624	—	—	—	624
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered	—	—	1	—	—	—	1
Balance at September 30, 2023	17,019	$1,085	$126,310	$498,521	($178,734)	($15,778)	$431,404

For the nine months ended September 30, 2023	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2022	17,183	$1,085	$127,056	$492,043	($157,800)	($8,715)	$453,669
Net income	—	—	—	35,229	—	—	35,229
Total other comprehensive loss, net of tax	—	—	—	—	(20,934)	—	(20,934)
Cash dividends declared ($1.68 per share)	—	—	—	(28,751)	—	—	(28,751)
Share-based compensation	—	—	1,569	—	—	—	1,569
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered	36	—	(2,315)	—	—	1,678	(637)
Treasury stock purchased under 2023 Repurchase Program	(200)	—	—	—	—	(8,741)	(8,741)
Balance at September 30, 2023	17,019	$1,085	$126,310	$498,521	($178,734)	($15,778)	$431,404

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries
Consolidated Statement of Cash Flows (unaudited)
(Dollars in thousands)

Nine months ended September 30,		2024	2023
Cash flows from operating activities:			
Net income		$32,732	$35,229
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses		1,400	2,000
Net gain on sale of bank-owned property		(988)	—
Depreciation of premises and equipment		2,975	3,006
Net amortization of premiums and discounts on debt securities and loans		878	1,033
Amortization of intangibles		622	635
Share-based compensation		2,078	1,569
Tax expense from stock option exercises and other equity awards		(134)	—
Income from bank-owned life insurance		(2,262)	(2,754)
Net gains on loan sales, including changes in fair value		(6,599)	(3,446)
Proceeds from sales of loans, net		296,376	169,392
Loans originated for sale		(291,647)	(168,892)
Decrease (increase) in operating lease right-of-use assets		1,752	(726)
(Decrease) increase in operating lease liabilities		(1,790)	996
Decrease (increase) in other assets		4,616	(38,002)
(Decrease) increase in other liabilities		(1,161)	19,913
Net cash provided by operating activities		38,848	19,953
Cash flows from investing activities:			
Purchases of:	Available for sale debt securities: Mortgage-backed	—	(39,967)
	Available for sale debt securities: Other	(1,050)	(20,221)
Maturities, calls, and principal payments of:	Available for sale debt securities: Mortgage-backed	53,553	55,088
	Available for sale debt securities: Other	500	250
Net purchases of Federal Home Loan Bank stock		(5,546)	(9,205)
Net decrease (increase) in loans		134,633	(494,909)
Purchases of loans		(743)	(5,428)
Proceeds from the sale of property acquired through foreclosure or repossession		680	—
Purchases of premises and equipment		(3,519)	(3,524)
Net proceeds from the sale of bank-owned property		1,669	—
Proceeds from bank-owned life insurance		—	1,932
Equity investments in real estate limited partnerships		(2,841)	(7,167)
Purchases of other equity investments		(250)	(375)
Net cash provided by (used in) investing activities		177,086	(523,526)
Cash flows from financing activities:			
Net (decrease) increase in deposits		(176,270)	396,601
Proceeds from Federal Home Loan Bank advances		1,970,000	2,895,000
Repayments of Federal Home Loan Bank advances		(1,860,000)	(2,755,000)
Treasury stock purchased		—	(8,741)
Net proceeds from stock option exercises and issuance of other equity awards, net of awards surrendered		(267)	(637)
Cash dividends paid		(28,838)	(29,063)
Net cash (used in) provided by financing activities		(95,375)	498,160
Net increase (decrease) in cash and cash equivalents		120,559	(5,413)
Cash and cash equivalents at beginning of period		90,184	118,422
Cash and cash equivalents at end of period		$210,743	$113,009
Noncash Activities:			
Loans charged-off		$182	$157
Loans transferred to property acquired through foreclosure or repossession		—	683
Commitment for equity investments in real estate limited partnerships		178	3,967
Supplemental Disclosures:			
Interest payments		$168,036	$107,270
Income tax payments		6,976	6,826

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Condensed Notes to Unaudited Consolidated Financial Statements

Note 1 - Basis of Presentation

Nature of Operations

The Bancorp is a publicly-owned registered bank holding company that has elected to be a financial holding company. The Bancorp's principal subsidiary is the Bank, a Rhode Island chartered financial institution founded in 1800. The Bank is the oldest community bank in the nation and the largest state-chartered bank headquartered in Rhode Island.

Washington Trust offers a full range of financial services, including commercial, residential, and consumer lending, retail and commercial deposit products, and wealth management and trust services through its offices in Rhode Island, Massachusetts, and Connecticut.

Basis of Presentation

The accounting and reporting policies of the Washington Trust conform to GAAP and to general practices of the banking industry.

The Corporation's Unaudited Consolidated Financial Statements include the accounts of the Bancorp and its wholly-owned subsidiaries, except subsidiaries that are not deemed necessary to be consolidated. Through consolidation, intercompany balances and transactions have been eliminated.

The Unaudited Consolidated Financial Statements of the Corporation presented herein have been prepared pursuant to the rules of the SEC for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) and disclosures considered necessary for the fair presentation of the accompanying Unaudited Consolidated Financial Statements have been included. Interim results are not necessarily indicative of the results of the entire year. The accompanying Unaudited Consolidated Financial Statements should be read in conjunction with the Audited Consolidated Financial Statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates. Management considers the ACL on loans to be a material estimate that is particularly susceptible to change.

Note 2 - Recently Issued Accounting Pronouncements

Accounting Standards Pending Adoption

Segment Reporting - Topic 280

Accounting Standards Update No. 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), was issued in November 2023 to enhance and provide additional transparency on segment disclosures, including disclosure of significant segment expense provided to the chief operating decision maker ("CODM"), as well as disclosing the title and position of the CODM and how they use reported results in assessing segment performance and allocation of resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The provisions under ASU 2023-07 should be applied on a retrospective basis. ASU 2023-07 is not expected to have a material impact on the Corporation's financial statements.

Income Taxes - Topic 740

Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures" ("ASU 2023-09"), was issued in December 2023 to enhance and provide additional transparency on income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The provisions under ASU 2023-09 should be applied on a prospective basis; however, retrospective application is also permitted. ASU 2023-09 is not expected to have a material impact on the Corporation's financial statements.

Note 3 - Securities

Available for Sale Debt Securities

The following tables present the amortized cost, gross unrealized holding gains, gross unrealized holding losses, ACL on securities, and fair value of securities by major security type and class of security:

(Dollars in thousands)

September 30, 2024	Amortized Cost	Unrealized Gains	Unrealized Losses	ACL	Fair Value
Available for Sale Debt Securities:					
Obligations of U.S. government-sponsored enterprises	$250,350	$57	($18,463)	$—	$231,944
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	825,046	475	(106,614)	—	718,907
Obligations of states and political subdivisions	650	14	—	—	664
Individual name issuer trust preferred debt securities	9,410	—	(217)	—	9,193
Corporate bonds	13,193	—	(635)	—	12,558
Total available for sale debt securities	$1,098,649	$546	($125,929)	$—	$973,266

(Dollars in thousands)

December 31, 2023	Amortized Cost	Unrealized Gains	Unrealized Losses	ACL	Fair Value
Available for Sale Debt Securities:					
Obligations of U.S. government-sponsored enterprises	$250,450	$15	($24,723)	$—	$225,742
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	879,597	246	(125,887)	—	753,956
Individual name issuer trust preferred debt securities	9,400	—	(607)	—	8,793
Corporate bonds	13,182	—	(1,293)	—	11,889
Total available for sale debt securities	$1,152,629	$261	($152,510)	$—	$1,000,380

Available for sale debt securities balances exclude accrued interest receivable of $2.9 million and $3.7 million, respectively, as of September 30, 2024 and December 31, 2023.

At September 30, 2024 and December 31, 2023, securities with a fair value of $302.3 million and $311.9 million, respectively, were pledged as collateral for FHLB borrowings, potential borrowings with the FRBB, certain public deposits, and for other purposes. See Note 9 for additional disclosure on FHLB borrowings.

The schedule of maturities of available for sale debt securities is presented below. Mortgage-backed securities are included based on weighted average maturities, adjusted for anticipated prepayments. All other debt securities are included based on contractual maturities. Actual maturities may differ from amounts presented because certain issuers have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollars in thousands)

September 30, 2024	Amortized Cost	Fair Value
Due in one year or less	$98,591	$86,486
Due after one year to five years	532,937	478,995
Due after five years to ten years	224,772	195,878
Due after ten years	242,349	211,907
Total debt securities	$1,098,649	$973,266

Included in the above table are debt securities with an amortized cost balance of $253.6 million and a fair value of $234.3 million at September 30, 2024 that are callable at the discretion of the issuers. Final maturities of the callable securities range from 10 months to 20 years, with call features ranging from 1 month to 9 years.

Assessment of Available for Sale Debt Securities for Impairment

Management assesses the decline in fair value of investment securities on a regular basis. Unrealized losses on debt securities may occur from current market conditions, increases in interest rates since the time of purchase, a structural change in an investment, volatility of earnings of a specific issuer, or deterioration in credit quality of the issuer. Management evaluates both qualitative and quantitative factors to assess whether an impairment exists.

The following tables summarize available for sale debt securities in an unrealized loss position, for which an ACL on securities has not been recorded, segregated by length of time that the securities have been in a continuous unrealized loss position:

(Dollars in thousands)	Less than 12 Months			12 Months or Longer			Total		
September 30, 2024	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses
Obligations of U.S. government-sponsored enterprises	1	$20,000	($1)	18	$191,487	($18,462)	19	$211,487	($18,463)
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	—	—	—	150	659,027	(106,614)	150	659,027	(106,614)
Individual name issuer trust preferred debt securities	—	—	—	3	9,193	(217)	3	9,193	(217)
Corporate bonds	—	—	—	4	12,558	(635)	4	12,558	(635)
Total	1	$20,000	($1)	175	$872,265	($125,928)	176	$892,265	($125,929)

(Dollars in thousands)	Less than 12 Months			12 Months or Longer			Total		
December 31, 2023	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses
Obligations of U.S. government-sponsored enterprises	1	$19,824	($176)	20	$195,903	($24,547)	21	$215,727	($24,723)
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	8	43,887	(262)	154	698,115	(125,625)	162	742,002	(125,887)
Individual name issuer trust preferred debt securities	—	—	—	3	8,793	(607)	3	8,793	(607)
Corporate bonds	—	—	—	4	11,889	(1,293)	4	11,889	(1,293)
Total	9	$63,711	($438)	181	$914,700	($152,072)	190	$978,411	($152,510)

There were no debt securities on nonaccrual status at September 30, 2024 and 2023 and, therefore there was no accrued interest related to debt securities reversed against interest income for the three and nine months ended September 30, 2024 and 2023.

As of September 30, 2024, the Corporation does not intend to sell the debt securities in an unrealized loss position and has determined that it is more-likely-than-not that the Corporation will not be required to sell each security before the recovery of its amortized cost basis. In addition, management does not believe that any of the securities are impaired due to reasons of credit quality. As further described below, management believes the unrealized losses on these debt securities are primarily attributable to changes in the investment spreads and interest rates. Therefore, no ACL was recorded at both September 30, 2024 and December 31, 2023.

<u>Obligations of U.S. Government Agency and U.S. Government-Sponsored Enterprise Securities, including Mortgage-Backed Securities</u>

The contractual cash flows for these securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major credit rating agencies, and have a long history of no credit losses. The issuers of these securities continue to make timely principal and interest payments, and none of these securities were past due at September 30, 2024. Additionally, the Corporation utilizes a zero credit loss estimate for these securities.

Individual Name Issuer Trust Preferred Debt Securities
These securities in an unrealized loss position at September 30, 2024 included three trust preferred securities issued by three individual companies in the banking sector. Management reviewed the collectability of these securities taking into consideration such factors as the financial condition of the issuers, reported regulatory capital ratios of the issuers, credit ratings, including ratings in effect as of the reporting period date, as well as credit rating changes between the reporting period date and the filing date of this report, and other information. As of September 30, 2024, there was one individual name issuer trust preferred debt security with an amortized cost of $2.0 million and unrealized losses of $140 thousand that was rated below investment grade by S&P. We noted no downgrades to below investment grade between September 30, 2024 and the filing date of this report. Based on the information available through the filing date of this report, all individual name issuer trust preferred debt securities continue to accrue interest and make payments as expected with no payment deferrals or defaults on the part of the issuers.

Corporate Bonds
These securities in an unrealized loss position at September 30, 2024 included four corporate bond holdings issued by three individual companies in the financial services industry. Management reviewed the collectability of these securities taking into consideration such factors as the financial condition of the issuers, reported regulatory capital ratios of the issuers, credit ratings, including ratings in effect as of the reporting period date, as well as credit rating changes between the reporting period date and the filing date of this report, and other information. As of September 30, 2024, there was one corporate bond debt security with an amortized cost of $2.0 million and unrealized losses of $25 thousand that was rated below investment grade by S&P. We noted no downgrades to below investment grade between September 30, 2024 and the filing date of this report. Based on the information available through the filing date of this report, all corporate bond debt securities continue to accrue interest and make payments as expected with no payment deferrals or defaults on the part of the issuers.

Note 4 - Loans

The following table presents the carrying value of loans, segregated by class of loans:

(Dollars in thousands)	September 30, 2024	December 31, 2023
Commercial:		
Commercial real estate (1)	$2,102,091	$2,106,359
Commercial & industrial (2)	566,279	605,072
Total commercial	2,668,370	2,711,431
Residential Real Estate:		
Residential real estate (3)	2,529,397	2,604,478
Consumer:		
Home equity	299,379	312,594
Other (4)	17,724	19,203
Total consumer	317,103	331,797
Total loans (5)	$5,514,870	$5,647,706

(1) CRE consists of commercial mortgages primarily secured by non-owner occupied income-producing property, as well as construction and development loans. Construction and development loans are made to businesses for land development or the on-site construction of industrial, commercial, or residential buildings.
(2) C&I consists of loans to businesses and individuals, a portion of which are fully or partially collateralized by owner occupied real estate.
(3) Residential real estate consists of mortgage and homeowner construction loans secured by one- to four-family residential properties. Also, includes a $19 thousand negative basis adjustment associated with fair value hedges at September 30, 2024. See Note 6 for additional disclosure.
(4) Other consists of loans to individuals secured by general aviation aircraft and other personal installment loans.
(5) Includes net unamortized loan origination costs of $13.4 million and $13.0 million, respectively, at September 30, 2024 and December 31, 2023 and net unamortized premiums on loans purchased from and serviced by other financial institutions of $249 thousand and $286 thousand, respectively, at September 30, 2024 and December 31, 2023.

The carrying value of loans excludes accrued interest receivable of $22.6 million and $22.9 million, respectively, as of September 30, 2024 and December 31, 2023.

As of September 30, 2024 and December 31, 2023, loans amounting to $3.3 billion and $3.4 billion, respectively, were pledged as collateral to the FHLB under a blanket pledge agreement and to the FRBB for the discount window. See Note 9 for additional disclosure regarding borrowings.

Concentrations of Credit Risk

A significant portion of our loan portfolio is concentrated among borrowers in southern New England, and a substantial portion of the portfolio is collateralized by real estate in this area. The ability of single family residential and consumer borrowers to honor their repayment commitments is generally dependent on the level of overall economic activity within the market area and real estate values. The ability of commercial borrowers to honor their repayment commitments is dependent on the general economy, as well as the health of the real estate economic sector in the Corporation's market area.

Past Due Loans

Past due status is based on the contractual payment terms of the loan. The following tables present an aging analysis of past due loans, segregated by class of loans:

(Dollars in thousands)		Days Past Due				
September 30, 2024	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
Commercial:						
Commercial real estate	$2,091,615	$—	$10,476	$—	$10,476	$2,102,091
Commercial & industrial	566,276	3	—	—	3	566,279
Total commercial	2,657,891	3	10,476	—	10,479	2,668,370
Residential Real Estate:						
Residential real estate	2,522,450	912	3,856	2,179	6,947	2,529,397
Consumer:						
Home equity	296,579	1,520	533	747	2,800	299,379
Other	17,649	75	—	—	75	17,724
Total consumer	314,228	1,595	533	747	2,875	317,103
Total loans	$5,494,569	$2,510	$14,865	$2,926	$20,301	$5,514,870

(Dollars in thousands)		Days Past Due				
December 31, 2023	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
Commercial:						
Commercial real estate	$2,106,359	$—	$—	$—	$—	$2,106,359
Commercial & industrial	605,062	10	—	—	10	605,072
Total commercial	2,711,421	10	—	—	10	2,711,431
Residential Real Estate:						
Residential real estate	2,596,362	4,369	1,738	2,009	8,116	2,604,478
Consumer:						
Home equity	309,398	2,349	112	735	3,196	312,594
Other	19,180	20	3	—	23	19,203
Total consumer	328,578	2,369	115	735	3,219	331,797
Total loans	$5,636,361	$6,748	$1,853	$2,744	$11,345	$5,647,706

Included in past due loans as of September 30, 2024 and December 31, 2023, were nonaccrual loans of $18.1 million and $6.9 million, respectively. In addition, all loans 90 days or more past due at September 30, 2024 and December 31, 2023 were classified as nonaccrual.

Nonaccrual Loans

Loans, with the exception of certain well-secured loans that are in the process of collection, are placed on nonaccrual status and interest recognition is suspended when such loans are 90 days or more overdue with respect to principal and/or interest, or sooner if considered appropriate by management. Well-secured loans are permitted to remain on accrual status provided that full collection of principal and interest is assured and the loan is in the process of collection. Loans are also placed on nonaccrual status when, in the opinion of management, full collection of principal and interest is doubtful. When loans are placed on nonaccrual status, interest previously accrued but not collected is reversed against current period income. Subsequent interest payments received on nonaccrual loans are applied to the outstanding principal balance of the loan or recognized as interest income depending on management's assessment of the ultimate collectability of the loan. Loans are removed from nonaccrual status when they have been current as to principal and interest (generally for six months), the borrower has demonstrated an ability to comply with repayment terms, and when, in management's opinion, the loans are considered to be fully collectible.

The following table is a summary of nonaccrual loans, segregated by class of loans:

(Dollars in thousands)	September 30, 2024			December 31, 2023		
	Nonaccrual Loans			Nonaccrual Loans		
	With an ACL	Without an ACL	Total	With an ACL	Without an ACL	Total
Commercial:						
Commercial real estate	$10,475	$7,784	$18,259	$10,997	$21,830	$32,827
Commercial & industrial	—	616	616	—	682	682
Total commercial	10,475	8,400	18,875	10,997	22,512	33,509
Residential Real Estate:						
Residential real estate	9,489	1,028	10,517	8,495	1,131	9,626
Consumer:						
Home equity	1,750	—	1,750	1,483	—	1,483
Other	—	—	—	—	—	—
Total consumer	1,750	—	1,750	1,483	—	1,483
Total nonaccrual loans	$21,714	$9,428	$31,142	$20,975	$23,643	$44,618
Accruing loans 90 days or more past due			$—			$—

Nonaccrual loans of $13.0 million and $37.7 million, respectively, at September 30, 2024 and December 31, 2023 were current as to the payment of principal and interest.

As of September 30, 2024 and December 31, 2023, nonaccrual loans secured by one- to four-family residential property amounting to $2.4 million and $960 thousand, respectively, were in process of foreclosure.

There were no significant commitments to lend additional funds to borrowers whose loans were on nonaccrual status at September 30, 2024.

The following table presents interest income recognized on nonaccrual loans:

(Dollars in thousands)	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Commercial:				
Commercial real estate	$—	$474	$—	$1,344
Commercial & industrial	—	9	—	35
Total commercial	—	483	—	1,379
Residential Real Estate:				
Residential real estate	139	82	332	341
Consumer:				
Home equity	36	22	106	59
Other	—	1	—	3
Total consumer	36	23	106	62
Total	$175	$588	$438	$1,782

Troubled Loan Modifications

In the course of resolving problem loans, the Corporation may choose to modify the contractual terms of certain loans. A loan that has been modified is considered a TLM when the modification is made to a borrower experiencing financial difficulty and the modification has a direct impact to the contractual cash flows. The decision to modify a loan, versus aggressively enforcing the collection of the loan, may benefit the Corporation by increasing the ultimate probability of collection. Modifications to borrowers experiencing financial difficulty may include modified contractual terms that have a direct impact to contractual cash flows, including principal forgiveness, interest rate reductions, maturity extensions, other-than-insignificant payment delays, or any combination thereof.

Nonaccrual loans that become TLMs generally remain on nonaccrual status for six months, subsequent to being modified, before management considers their return to accrual status. If a TLM is on accrual status prior to being modified, it is reviewed to determine if the modified loan should remain on accrual status.

If the TLM successfully meets all repayment terms according to the modification documents for a specified period of time (generally 12 months) and the borrower is no longer experiencing financial difficulty, it would be declassified from TLM status. In addition, if a TLM is subsequently modified and the borrower is no longer experiencing financial difficulty, it would be declassified from TLM status.

During the three months ended September 30, 2024, there were no loans modified as a TLM.

The following table presents the carrying value of TLMs made during the nine months ended September 30, 2024, segregated by class of loans and type of concession granted:

(Dollars in thousands)	Maturity Extension	Other-than-Insignificant Payment Delay	Total	% of Loan Class (1)
Commercial:				
Commercial real estate	$—	$—	$—	— %
Commercial & industrial	616	—	616	—
Total commercial	616	—	616	—
Residential Real Estate:				
Residential real estate	—	265	265	—
Total	$616	$265	$881	— %

(1) Percentage of TLMs to the total loans outstanding within the respective loan class.

The following table presents the carrying value of TLMs made during the three and nine months ended September 30, 2023, segregated by class of loans and type of concession granted:

(Dollars in thousands)

	Maturity Extension	Total	% of Loan Class (1)
Commercial:			
Commercial real estate	$13,963	$13,963	1 %
Commercial & industrial	—	—	—
Total commercial	13,963	13,963	1
Total	$13,963	$13,963	— %

(1) Percentage of TLMs to the total loans outstanding within the respective loan class.

The following table describes the financial effect of TLMs made during the nine months ended September 30, 2024, segregated by class of loans:

Nine months ended September 30, 2024	Financial Effect
Maturity Extension:	
Commercial & industrial	Extended maturity by a weighted average of 120 months
Other-than-Insignificant Payment Delay:	
Residential real estate	Provided payment delay for a weighted average period of 6 months

The following table describes the financial effect of TLMs made during the three and nine months ended September 30, 2023, segregated by class of loans:

	Financial Effect
Maturity Extension:	
Commercial real estate	Extended maturity by a weighted average period of 9 months

Management closely monitors the performance of TLMs to understand the effectiveness of the modifications. The following table presents an aging analysis, as of the date indicated, of TLMs that have been modified in the past 12 months:

(Dollars in thousands)		Days Past Due				
September 30, 2024	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
Commercial:						
Commercial real estate	$7,519	$—	$—	$—	$—	$7,519
Commercial & industrial	881	—	—	—	—	881
Total commercial	8,400	—	—	—	—	8,400
Residential Real Estate:						
Residential real estate	265	—	—	—	—	265
Total loans	$8,665	$—	$—	$—	$—	$8,665

There were no TLMs made in the previous 12 months for which there was a subsequent payment default.

There were no significant commitments to lend additional funds to borrowers experiencing financial difficulty whose loans were TLMs at September 30, 2024.

Individually Analyzed Loans

Individually analyzed loans are individually assessed for credit impairment and include nonaccrual commercial loans, TLMs, as well as certain other loans based on the underlying risk characteristics and the discretion of management to individually analyze such loans.

As of September 30, 2024 and December 31, 2023, individually analyzed loans amounted to $19.9 million and $34.6 million, respectively, all of which were considered collateral dependent. For collateral dependent loans where management has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and repayment of the loan is to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. See Note 7 for additional disclosure regarding fair value of individually analyzed collateral dependent loans.

The following table presents the carrying value of collateral dependent individually analyzed loans:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Carrying Value	Related Allowance	Carrying Value	Related Allowance
Commercial:				
Commercial real estate (1)	$18,259	$500	$32,827	$97
Commercial & industrial (2)	616	—	682	—
Total commercial	18,875	500	33,509	97
Residential Real Estate:				
Residential real estate (3)	1,028	—	1,131	—
Total	$19,903	$500	$34,640	$97

(1) Secured by income-producing property.
(2) Secured by business assets.
(3) Secured by one- to four-family residential properties.

Credit Quality Indicators

Commercial

The Corporation utilizes an internal rating system to assign a risk to each of its commercial loans. Loans are rated on a scale of 1 to 10. This scale can be assigned to three broad categories including "pass" for ratings 1 through 6, "special mention" for 7-rated loans, and "classified" for loans rated 8, 9 or 10. The loan risk rating system takes into consideration parameters including the borrower's financial condition, the borrower's performance with respect to loan terms, the adequacy of collateral, the adequacy of guarantees, and other credit quality characteristics. The Corporation takes the risk rating into consideration along with other credit attributes in the establishment of an appropriate ACL on loans. See Note 5 for additional information.

A description of the commercial loan categories is as follows:

Pass - Loans with acceptable credit quality, defined as ranging from superior or very strong to a status of lesser stature. Superior or very strong credit quality is characterized by a high degree of cash collateralization or strong balance sheet liquidity. Lesser stature loans have an acceptable level of credit quality, but may exhibit some weakness in various credit metrics such as collateral adequacy, cash flow, performance or may be in an industry or of a loan type known to have a higher degree of risk. These weaknesses may be mitigated by secondary sources of repayment, including SBA guarantees.

Special Mention - Loans with potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Bank's position as creditor at some future date. Special Mention assets are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification. Examples of these conditions include but are not limited to outdated or poor quality financial data, strains on liquidity and leverage, losses or negative trends in operating results, marginal cash flow, weaknesses in occupancy rates or trends in the case of commercial real estate, and frequent delinquencies.

Classified - Loans identified as "substandard," "doubtful" or "loss" based on criteria consistent with guidelines provided by banking regulators. A "substandard" loan has defined weaknesses which make payment default or principal exposure likely, but not yet certain. Such loans are apt to be dependent upon collateral liquidation, a secondary source of repayment or an event outside of the normal course of business. The loans are closely watched and are either already on nonaccrual status or may be placed on nonaccrual status when management determines there is uncertainty of collectability. A "doubtful" loan is placed on nonaccrual status and has a high probability of loss, but the extent of the loss is difficult to quantify due to dependency upon collateral having a value that is difficult to determine or upon some near-term event which lacks certainty. A loan in the “loss” category is considered generally uncollectible or the timing or amount of payments cannot be determined. “Loss” is not intended to imply that the loan has no recovery value, but rather, it is not practical or desirable to continue to carry the asset.

The Corporation’s procedures call for loan risk ratings and classifications to be revised whenever information becomes available that indicates a change is warranted. On a quarterly basis, management reviews a watched asset list, which generally consists of commercial loans that are risk-rated 6 or worse, highly leveraged transaction loans, high-volatility commercial real estate, and other selected loans. Management’s review focuses on the current status of the loans, the appropriateness of risk ratings and strategies to improve the credit.

An annual credit review program is conducted by a third party to provide an independent evaluation of the creditworthiness of the commercial loan portfolio, the quality of the underwriting and credit risk management practices, and the appropriateness of the risk rating classifications. This review is supplemented with selected targeted internal reviews of the commercial loan portfolio.

Residential and Consumer

Management monitors the relatively homogeneous residential real estate and consumer loan portfolios on an ongoing basis using delinquency information by loan type.

In addition, other techniques are utilized to monitor indicators of credit deterioration in the residential real estate loans and home equity consumer loans. Among these techniques is the periodic tracking of loans with an updated Fair Isaac Corporation (commonly known as “FICO”) score and an updated estimated LTV ratio. LTV is estimated based on such factors as geographic location, the original appraised value, and changes in median home prices, and takes into consideration the age of the loan. The results of these analyses and other credit review procedures, including selected targeted internal reviews, are taken into account in the determination of qualitative loss factors for residential real estate and home equity consumer credits.

The following table includes information on credit quality indicators and gross charge-offs for the Corporation's loan portfolio, segregated by class of loans as of September 30, 2024:

(Dollars in thousands)	Term Loans Amortized Cost by Origination Year								
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	Total
Commercial:									
CRE:									
Pass	$102,951	$411,548	$595,793	$363,292	$126,092	$440,220	$12,702	$998	$2,053,596
Special mention	—	—	—	—	—	6,291	—	—	6,291
Classified	20,518	7,784	—	—	—	13,902	—	—	42,204
Total CRE	123,469	419,332	595,793	363,292	126,092	460,413	12,702	998	2,102,091
Gross charge-offs	—	—	—	—	—	—	—	—	—
C&I:									
Pass	36,394	51,886	134,880	24,008	45,534	167,399	86,116	500	546,717
Special mention	—	—	3,630	1,223	1,420	6,511	5,001	—	17,785
Classified	815	—	—	169	—	793	—	—	1,777
Total C&I	37,209	51,886	138,510	25,400	46,954	174,703	91,117	500	566,279
Gross charge-offs	24	—	—	—	—	—	—	—	24
Residential Real Estate:									
Residential real estate:									
Current (1)	61,973	412,283	780,622	633,280	239,234	395,077	—	—	2,522,469
Past due	—	288	—	—	510	6,149	—	—	6,947
Total residential real estate	61,973	412,571	780,622	633,280	239,744	401,226	—	—	2,529,416
Gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer:									
Home equity:									
Current	10,553	18,968	13,186	6,298	2,368	4,580	227,817	12,809	296,579
Past due	—	196	100	—	142	873	899	590	2,800
Total home equity	10,553	19,164	13,286	6,298	2,510	5,453	228,716	13,399	299,379
Gross charge-offs	—	—	—	—	—	—	—	—	—
Other:									
Current	3,266	4,774	3,046	2,241	857	3,228	237	—	17,649
Past due	41	—	24	9	—	1	—	—	75
Total other	3,307	4,774	3,070	2,250	857	3,229	237	—	17,724
Gross charge-offs	153	—	—	—	2	3	—	—	158
Total loans, amortized cost	$236,511	$907,727	$1,531,281	$1,030,520	$416,157	$1,045,024	$332,772	$14,897	$5,514,889
Total gross charge-offs	$177	$—	$—	$—	$2	$3	$—	$—	$182

(1) Excludes a $19 thousand negative basis adjustment associated with fair value hedges. See Note 6 for additional disclosure.

The following table includes information on credit quality indicators and gross charge-offs for the Corporation's loan portfolio, segregated by class of loans as of December 31, 2023:

(Dollars in thousands)	Term Loans Amortized Cost by Origination Year								
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	Total
Commercial:									
CRE:									
Pass	$327,139	$598,946	$396,468	$168,451	$167,484	$333,356	$42,095	$1,032	$2,034,971
Special mention	—	—	—	—	—	16,630	—	—	16,630
Classified	21,830	—	18,430	—	14,498	—	—	—	54,758
Total CRE	348,969	598,946	414,898	168,451	181,982	349,986	42,095	1,032	2,106,359
Gross charge-offs	—	—	—	—	—	373	—	—	373
C&I:									
Pass	55,607	124,894	52,282	49,812	72,876	145,361	90,664	587	592,083
Special mention	11,119	—	—	—	181	—	—	—	11,300
Classified	—	818	189	—	682	—	—	—	1,689
Total C&I	66,726	125,712	52,471	49,812	73,739	145,361	90,664	587	605,072
Gross charge-offs	37	—	—	—	—	—	—	—	37
Residential Real Estate:									
Residential real estate:									
Current	431,563	808,442	666,447	255,554	113,462	320,894	—	—	2,596,362
Past due	—	—	—	886	594	6,636	—	—	8,116
Total residential real estate	431,563	808,442	666,447	256,440	114,056	327,530	—	—	2,604,478
Gross charge-offs	—	—	—	—	—	—	—	—	—
Consumer:									
Home equity:									
Current	24,925	14,997	6,829	2,919	1,982	3,696	241,459	12,591	309,398
Past due	—	—	—	—	130	829	1,301	936	3,196
Total home equity	24,925	14,997	6,829	2,919	2,112	4,525	242,760	13,527	312,594
Gross charge-offs	—	—	—	—	—	—	—	—	—
Other:									
Current	6,777	3,530	3,685	1,001	120	3,824	243	—	19,180
Past due	21	—	—	—	—	—	2	—	23
Total other	6,798	3,530	3,685	1,001	120	3,824	245	—	19,203
Gross charge-offs	159	—	8	—	—	—	—	—	167
Total loans, amortized cost	$878,981	$1,551,627	$1,144,330	$478,623	$372,009	$831,226	$375,764	$15,146	$5,647,706
Total gross charge-offs	$196	$—	$8	$—	$—	$373	$—	$—	$577

Washington Trust may renew commercial loans at or immediately prior to their maturity. In the tables above, renewals subject to full credit evaluation before being granted are reported as originations in the period renewed. In addition, loans with extensions of maturity dates of more than three months are reported as originations in the period extended.

Note 5 - Allowance for Credit Losses on Loans

The ACL on loans is management's estimate of expected lifetime credit losses on loans carried at amortized cost. The level of the ACL on loans is based on management's ongoing review of all relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The following table presents the activity in the ACL on loans for the three months ended September 30, 2024:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$25,766	$7,097	$32,863	$8,102	$1,080	$333	$1,413	$42,378
Charge-offs	—	(4)	(4)	—	—	(55)	(55)	(59)
Recoveries	—	2	2	—	1	8	9	11
Provision	(8)	308	300	(39)	5	34	39	300
Ending Balance	$25,758	$7,403	$33,161	$8,063	$1,086	$320	$1,406	$42,630

The following table presents the activity in the ACL on loans for the nine months ended September 30, 2024:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$24,144	$8,088	$32,232	$7,403	$1,048	$374	$1,422	$41,057
Charge-offs	—	(24)	(24)	—	—	(158)	(158)	(182)
Recoveries	—	19	19	—	8	28	36	55
Provision	1,614	(680)	934	660	30	76	106	1,700
Ending Balance	$25,758	$7,403	$33,161	$8,063	$1,086	$320	$1,406	$42,630

The following table presents the activity in the ACL on loans for the three months ended September 30, 2023:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$22,026	$9,428	$31,454	$6,442	$1,039	$408	$1,447	$39,343
Charge-offs	—	(5)	(5)	—	—	(39)	(39)	(44)
Recoveries	—	1	1	—	7	6	13	14
Provision	1,659	(1,002)	657	276	(54)	21	(33)	900
Ending Balance	$23,685	$8,422	$32,107	$6,718	$992	$396	$1,388	$40,213

The following table presents the activity in the ACL on loans for the nine months ended September 30, 2023:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$18,435	$10,356	$28,791	$7,740	$1,115	$381	$1,496	$38,027
Charge-offs	—	(25)	(25)	—	—	(132)	(132)	(157)
Recoveries	—	10	10	—	10	23	33	43
Provision	5,250	(1,919)	3,331	(1,022)	(133)	124	(9)	2,300
Ending Balance	$23,685	$8,422	$32,107	$6,718	$992	$396	$1,388	$40,213

Note 6 - Derivative Financial Instruments

The Corporation's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Corporation's known or expected cash receipts and its known or expected cash payments, principally to manage the Corporation's interest rate risk. Additionally, the Corporation enters into interest rate derivatives to accommodate the business requirements of its customers. All derivatives are recognized as either assets or liabilities on the balance sheet and are measured at fair value. Derivative assets are included in other assets. and derivative liabilities are included in other liabilities in the Unaudited Consolidated Balance Sheets. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and resulting designation.

Interest Rate Risk Management Agreements

Interest rate risk management agreements, such as swaps, caps, floors, and collars, are used from time to time as part of the Corporation's interest rate risk management strategy. Interest rate swaps are agreements in which the Corporation and another party agree to exchange interest payments (e.g., fixed-rate for variable-rate payments or variable-rate for fixed-rate payments) computed on a notional principal amount. Interest rate caps and floors represent options purchased by the Corporation to manage the interest rate paid throughout the term of the option contract. An interest rate collar is a derivative instrument that represents simultaneously buying an interest rate cap and selling an interest rate floor. The credit risk associated with these transactions is the risk of default by the counterparty. To minimize this risk, the Corporation enters into interest rate agreements only with highly rated counterparties that management believes to be creditworthy. The notional amounts of these agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the potential loss exposure.

<u>Cash Flow Hedging Instruments</u>

As of September 30, 2024 and December 31, 2023, the Corporation had interest rate swap contracts that were designated as cash flow hedges. In addition, at September 30, 2024, the Corporation had an interest rate collar that was designated as a cash flow hedge. These cash flow hedges were executed to hedge the interest rate risk associated with short-term borrowings. See Note 9 for additional disclosure on borrowings.

On March 31, 2023, the Corporation terminated an interest rate swap contract that was designated as a cash flow hedge to hedge the interest rate risk associated with a pool of variable rate commercial loans. On the termination date, the derivative liability was derecognized. The loss on this interest rate swap included in the AOCL component of shareholders' equity was updated to its termination date fair value of $26.5 million, or $20.1 million after tax. This loss is being amortized into earnings as a reduction of interest income on a straight-line basis over the remaining life of the original interest rate swap term, or through May 1, 2026. At September 30, 2024, the remaining unamortized balance of the loss included in the AOCL component of shareholders' equity was $13.6 million, or $10.1 million after tax.

The changes in fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income (loss) and subsequently reclassified to earnings when gains or losses are realized.

<u>Fair Value Hedging Instruments</u>

As of September 30, 2024, the Corporation had interest rate swap contracts that were designated as fair value hedges. The fair value hedges were executed to hedge the interest rate risk associated with a closed-pool of fixed-rate residential real estate loans (the "hedged item"). See Note 4 for additional disclosure on residential real estate loans.

The hedged item is measured at fair value through a basis adjustment recognized on the balance sheet. The changes in fair value of derivatives designated as fair value hedges, as well as the offsetting changes in fair value of the hedged item are recognized in earnings.

Loan Related Derivative Contracts

Interest Rate Derivative Contracts with Customers

The Corporation enters into interest rate swap and interest rate cap contracts to help commercial loan borrowers manage their interest rate risk. These interest rate swap contracts allow borrowers to convert variable-rate loan payments to fixed-rate loan payments, while interest rate cap contracts allow borrowers to limit their interest rate exposure in a rising rate environment. When the Corporation enters into an interest rate derivative contract with a commercial loan borrower, it simultaneously enters into a "mirror" interest rate contract with a third party. For interest rate swaps, the third party exchanges the client's fixed-rate loan payments for variable-rate loan payments. The Corporation's credit policies with respect to interest rate contracts with commercial borrowers are similar to those used for loans. The Corporation retains the risk that is associated with the potential failure of counterparties and the risk inherent in originating loans. The interest rate contracts with counterparties are generally subject to bilateral collateralization terms. These derivatives are not designated as hedges and therefore, changes in fair value are recognized in earnings.

Risk Participation Agreements

The Corporation has entered into risk participation agreements with other banks in commercial loan arrangements. Participating banks guarantee the performance on borrower-related interest rate swap contracts. These derivatives are not designated as hedges and therefore, changes in fair value are recognized in earnings.

Under a risk participation-out agreement, a derivative asset, the Corporation participates out a portion of the credit risk associated with the interest rate swap position executed with the commercial borrower for a fee paid to the participating bank. Under a risk participation-in agreement, a derivative liability, the Corporation assumes, or participates in, a portion of the credit risk associated with the interest rate swap position with the commercial borrower for a fee received from the other bank.

Mortgage Loan Commitments

Interest rate lock commitments are extended to borrowers and relate to the origination of mortgage loans held for sale. To mitigate the interest rate risk and pricing risk associated with rate locks and mortgage loans held for sale, the Corporation enters into forward sale commitments. Forward sale commitments are contracts for delayed delivery or net settlement of the underlying instrument, such as a residential real estate mortgage loan, where the seller agrees to deliver on a specified future date, either a specified instrument at a specified price or yield or the net cash equivalent of an underlying instrument. Both interest rate lock commitments and forward sale commitments are derivative financial instruments, but do not meet criteria for hedge accounting and therefore, the changes in fair value of these commitments are recognized in earnings.

The following table presents the notional amounts and fair values of derivative instruments in the Unaudited Consolidated Balance Sheets:

(Dollars in thousands)	September 30, 2024			December 31, 2023		
		Fair Value			Fair Value	
	Notional Amounts	Derivative Assets	Derivative Liabilities	Notional Amounts	Derivative Assets	Derivative Liabilities
Derivatives Designated as Cash Flow Hedging Instruments:						
Interest rate risk management contracts:						
Interest rate swaps (1)	$120,000	$307	$1,640	$120,000	$802	$1,119
Interest rate collar	50,000	—	198	—	—	—
Derivatives Designated as Fair Value Hedging Instruments:						
Interest rate risk management contracts:						
Interest rate swaps	100,000	33	14	—	—	—
Derivatives not Designated as Hedging Instruments:						
Loan related derivative contracts:						
Interest rate contracts with customers	902,068	8,069	36,501	938,872	6,594	52,102
Mirror contracts with counterparties	902,068	36,346	8,206	938,872	51,859	6,757
Risk participation agreements	340,822	58	1	321,055	66	1
Mortgage loan commitments:						
Interest rate lock commitments	41,191	684	—	20,980	504	1
Forward sale commitments	76,213	78	513	50,117	18	711
Gross amounts		45,575	47,073		59,843	60,691
Less: amounts offset (2)		8,528	8,528		7,877	7,877
Derivative balances, net of offset		37,047	38,545		51,966	52,814
Less: collateral pledged (3)		—	—		—	—
Net amounts		$37,047	$38,545		$51,966	$52,814

(1) The fair value of derivative assets includes accrued interest receivable of $218 thousand and $239 thousand, respectively, at September 30, 2024 and December 31, 2023. There was no accrued interest payable included in the fair value of derivative liabilities at September 30, 2024 or at December 31, 2023.
(2) Interest rate risk management contracts and loan related derivative contracts with counterparties are subject to master netting arrangements.
(3) Collateral contractually required to be pledged to derivative counterparties is in the form of cash. Washington Trust may need to post additional collateral in the future in proportion to potential increases in unrealized loss positions.

The following table presents the effect of derivative instruments in the Unaudited Consolidated Statements of Changes in Shareholders' Equity:

(Dollars in thousands)	Amounts Recognized in Other Comprehensive Income (Loss), Net of Tax			
	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Derivatives Designated as Cash Flow Hedging Instruments:				
Interest rate risk management contracts:				
Interest rate swaps	($992)	$2,833	$4,059	$8,345
Interest rate collar	(116)	—	(147)	—
Total	($1,108)	$2,833	$3,912	$8,345

The following table presents the effect of derivative instruments in the Unaudited Consolidated Statements of Income:

(Dollars in thousands)		Amount of Gain (Loss) Recognized in the Unaudited Consolidated Statements of Income			
		Three Months		Nine Months	
Periods ended September 30,	Statement of Income Location	2024	2023	2024	2023
Derivatives Designated as Cash Flow Hedging Instruments:					
Interest rate risk management contracts:					
Interest rate swaps	Interest income: Interest and fees on loans	(2,164)	(2,164)	(6,441)	(7,065)
Interest rate swaps	Interest expense: FHLB advances	487	631	1,475	1,022
Derivatives Designated as Fair Value Hedging Instruments:					
Interest rate risk management contracts:					
Interest rate swaps	Interest income: Interest and fees on loans	19	—	19	—
Hedged item	Interest income: Interest and fees on loans	(19)	—	(19)	—
Derivatives not Designated as Hedging Instruments:					
Loan related derivative contracts:					
Interest rate contracts with customers	Loan related derivative income	$22,742	($18,684)	($2,615)	($28,044)
Mirror interest rate contracts with counterparties	Loan related derivative income	(22,733)	20,291	2,981	29,815
Risk participation agreements	Loan related derivative income	117	(525)	93	(493)
Mortgage loan commitments:					
Interest rate lock commitments	Mortgage banking revenues	(20)	(17)	180	174
Forward sale commitments	Mortgage banking revenues	(432)	456	(189)	814
Total		($2,003)	($12)	($4,516)	($3,777)

For derivatives designated as cash flow hedging instruments in the table above, the amounts represent the pre-tax reclassifications from AOCL into earnings.

Note 7 - Fair Value Measurements

The Corporation uses fair value measurements to record fair value adjustments on certain assets and liabilities and to determine fair value disclosures. Items recorded at fair value on a recurring basis include securities available for sale, mortgage loans held for sale, and derivatives. Additionally, from time to time, we may be required to record other assets at fair value on a nonrecurring basis, such as collateral dependent individually analyzed loans.

Fair value is a market-based measurement, not an entity-specific measurement. Fair value measurements are determined based on the assumptions the market participants would use in pricing the asset or liability. In addition, GAAP specifies a hierarchy of valuation techniques based on whether the types of valuation information, or “inputs”, are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Corporation’s market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices for *identical* assets or liabilities in active markets.
- Level 2 – Quoted prices for *similar* assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable* in the markets and which reflect the Corporation’s market assumptions.

Fair Value Option Election

GAAP allows for the irrevocable option to elect fair value accounting for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Corporation has elected the fair value option for mortgage loans held for sale to better match changes in fair value of the loans with changes in the fair value of the forward sale commitment contracts used to economically hedge them.

The following table presents a summary of mortgage loans held for sale accounted for under the fair value option:

(Dollars in thousands)	September 30, 2024	December 31, 2023
Aggregate fair value	$20,864	$20,077
Aggregate principal balance	20,389	19,480
Difference between fair value and principal balance	$475	$597

Changes in fair value of mortgage loans held for sale accounted for under the fair value option election are included in mortgage banking revenues in the Unaudited Consolidated Statements of Income. Changes in fair value amounted to decreases in mortgage banking revenues of $31 thousand and $122 thousand, respectively, for the three and nine months ended September 30, 2024. This compared to decreases in mortgage banking revenues of $39 thousand and $21 thousand, respectively, for the three and nine months ended September 30, 2023.

There were no mortgage loans held for sale 90 days or more past due as of September 30, 2024 and December 31, 2023.

Valuation Techniques

Debt Securities

Available for sale debt securities are recorded at fair value on a recurring basis. When available, the Corporation uses quoted market prices to determine the fair value of debt securities; such items are classified as Level 1. There were no Level 1 debt securities held at September 30, 2024 and December 31, 2023.

Level 2 debt securities are traded less frequently than exchange-traded instruments. The fair value of these securities is determined using matrix pricing with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category includes obligations of U.S. government-sponsored enterprises, including mortgage-backed securities, individual name issuer trust preferred debt securities, and corporate bonds.

Debt securities not actively traded whose fair value is determined through the use of cash flows utilizing inputs that are unobservable are classified as Level 3. There were no Level 3 debt securities held at September 30, 2024 and December 31, 2023.

Mortgage Loans Held for Sale

The Corporation has elected the fair value option for mortgage loans held for sale. The fair value is estimated based on current market prices for similar loans in the secondary market and therefore are classified as Level 2 assets.

Collateral Dependent Individually Analyzed Loans

Collateral dependent individually analyzed loans are valued based upon the lower of amortized cost or fair value. Fair value is determined based on the appraised value of the underlying collateral. Such collateral primarily consists of real estate and, to a lesser extent, other business assets. For collateral dependent loans that are expected to be repaid substantially through the sale of the collateral, management adjusts the fair value for estimated costs to sell. Management may also adjust appraised values to reflect estimated market value declines or apply other discounts to appraised values resulting from its knowledge of the collateral. Internal valuations may be utilized to determine the fair value of other business assets. Collateral dependent individually analyzed loans are categorized as Level 3.

Loan Servicing Rights

Loans sold with the retention of servicing result in the recognition of loan servicing rights. Loan servicing rights are included in other assets in the Unaudited Consolidated Balance Sheets and are amortized as an offset to mortgage banking revenues over the estimated period of servicing. Loan servicing rights are evaluated quarterly for impairment based on their fair value. Impairment exists if the carrying value exceeds the estimated fair value. Impairment is measured on an aggregated basis by stratifying the loan servicing rights based on homogeneous characteristics such as note rate and loan type. The fair value is estimated using an independent valuation model that estimates the present value of expected cash flows, incorporating assumptions for discount rates and prepayment rates. Any impairment is recognized through a valuation allowance and as a reduction to mortgage banking revenues. Loan servicing rights are categorized as Level 3.

Derivatives

Interest rate derivative contracts are traded in over-the-counter markets where quoted market prices are not readily available. Fair value measurements are determined using independent valuation software, which utilizes the present value of future cash flows discounted using market observable inputs such as forward rate assumptions. The Corporation evaluates the credit risk of its counterparties, as well as that of the Corporation. Accordingly, factors such as the likelihood of default by the Corporation and its counterparties, its net exposures, and remaining contractual life are considered in determining if any fair value adjustments related to credit risk are required. Counterparty exposure is evaluated by netting positions that are subject to master netting agreements, as well as considering the amount of collateral securing the position, if any. The Corporation has determined that the majority of the inputs used to value its derivative positions fall within Level 2 of the fair value hierarchy. However, the credit valuation adjustments utilize Level 3 inputs. As of September 30, 2024 and December 31, 2023, the Corporation has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation. As a result, the Corporation has classified its derivative valuations in their entirety as Level 2.

Fair value measurements of forward loan commitments (interest rate lock commitments and forward sale commitments) are primarily based on current market prices for similar assets in the secondary market for mortgage loans and therefore are classified as Level 2 assets. The fair value of interest rate lock commitments is also dependent on the ultimate closing of the loans. Pull-through rates are based on the Corporation's historical data and reflect the Corporation's best estimate of the likelihood that a commitment will result in a closed loan. Although the pull-through rates are Level 3 inputs, the Corporation has assessed the significance of the impact of pull-through rates on the overall valuation of its interest rate lock commitments and has determined that they are not significant to the overall valuation. As a result, the Corporation has classified its interest rate lock commitments as Level 2.

Items Recorded at Fair Value on a Recurring Basis

The following tables present the balances of assets and liabilities reported at fair value on a recurring basis:

(Dollars in thousands)

September 30, 2024	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for sale debt securities:				
Obligations of U.S. government-sponsored enterprises	$231,944	$—	$231,944	$—
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	718,907	—	718,907	—
Obligations of states and political subdivisions	664	—	664	—
Individual name issuer trust preferred debt securities	9,193	—	9,193	—
Corporate bonds	12,558	—	12,558	—
Mortgage loans held for sale	20,864	—	20,864	—
Derivative assets	37,047	—	37,047	—
Total assets at fair value on a recurring basis	$1,031,177	$—	$1,031,177	$—
Liabilities:				
Derivative liabilities	$38,545	$—	$38,545	$—
Total liabilities at fair value on a recurring basis	$38,545	$—	$38,545	$—

(Dollars in thousands)

December 31, 2023	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for sale debt securities:				
Obligations of U.S. government-sponsored enterprises	$225,742	$—	$225,742	$—
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	753,956	—	753,956	—
Individual name issuer trust preferred debt securities	8,793	—	8,793	—
Corporate bonds	11,889	—	11,889	—
Mortgage loans held for sale	20,077	—	20,077	—
Derivative assets	51,966	—	51,966	—
Total assets at fair value on a recurring basis	$1,072,423	$—	$1,072,423	$—
Liabilities:				
Derivative liabilities	$52,814	$—	$52,814	$—
Total liabilities at fair value on a recurring basis	$52,814	$—	$52,814	$—

Items Recorded at Fair Value on a Nonrecurring Basis

The following table presents the carrying value of assets held at September 30, 2024, which were written down to fair value during the nine months ended September 30, 2024:

(Dollars in thousands)

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral dependent individually analyzed loan	$9,976	$—	$—	$9,976
Loan servicing rights	7,773	—	—	7,773
Total assets at fair value on a nonrecurring basis	$17,749	$—	$—	$17,749

The following table presents the carrying value of assets held at December 31, 2023, which were written down to fair value during the year ended December 31, 2023.

(Dollars in thousands)

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral dependent individually analyzed loans	$8,050	$—	$—	$8,050
Loan servicing rights	8,512	—	—	8,512
Total assets at fair value on a nonrecurring basis	$16,562	$—	$—	$16,562

The following tables present valuation techniques and unobservable inputs for assets measured at fair value on a nonrecurring basis for which the Corporation has utilized Level 3 inputs to determine fair value:

(Dollars in thousands)

September 30, 2024	Fair Value	Valuation Technique	Unobservable Input	Range of Inputs Utilized (Weighted Average)
Collateral dependent individually analyzed loan	$9,976	Appraisals of collateral	Discount for costs to sell	2%
			Appraisal adjustments	0%
Loan servicing rights	7,773	Discounted cash flow	Discount rates	10% - 14% (10%)
			Prepayment rates	5% - 42% (9%)

(Dollars in thousands)

December 31, 2023	Fair Value	Valuation Technique	Unobservable Input	Inputs Utilized (Weighted Average)
Collateral dependent individually analyzed loans	$8,050	Appraisals of collateral	Discount for costs to sell	0%
			Appraisal adjustments	0%
Loan servicing rights	8,512	Discounted cash flow	Discount rates	10% - 14% (10%)
			Prepayment rates	6% - 53% (9%)

Items for which Fair Value is Only Disclosed

The estimated fair values and related carrying amounts for financial instruments for which fair value is only disclosed are presented in the tables below:

(Dollars in thousands)

September 30, 2024	Carrying Amount	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$210,743	$210,743	$210,743	$—	$—
Loans, net of allowance for credit losses on loans (1)	5,472,240	5,297,579	—	—	5,297,579
FHLB stock	57,439	57,439	—	57,439	—
Investment in BOLI	105,998	105,998	—	105,998	—
Financial Liabilities:					
Non-maturity deposits	$3,584,267	$3,584,267	$—	$3,584,267	$—
Time deposits	1,587,623	1,581,094	—	1,581,094	—
FHLB advances	1,300,000	1,309,214	—	1,309,214	—
Junior subordinated debentures	22,681	19,254	—	19,254	—

(1) The estimated fair value excludes a $19 thousand negative basis adjustment associated with fair value hedges. See Note 6 for additional disclosure.

(Dollars in thousands)

December 31, 2023	Carrying Amount	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$90,184	$90,184	$90,184	$—	$—
Loans, net of allowance for credit losses on loans	5,606,649	5,365,396	—	—	5,365,396
FHLB stock	51,893	51,893	—	51,893	—
Investment in BOLI	103,736	103,736	—	103,736	—
Financial Liabilities:					
Non-maturity deposits	$3,559,923	$3,559,923	$—	$3,559,923	$—
Time deposits	1,788,237	1,773,643	—	1,773,643	—
FHLB advances	1,190,000	1,192,262	—	1,192,262	—
Junior subordinated debentures	22,681	19,228	—	19,228	—

Note 8 - Deposits

The following table presents a summary of deposits:

(Dollars in thousands)	September 30, 2024	December 31, 2023
Noninterest-bearing:		
Noninterest-bearing demand deposits	$665,706	$693,746
Interest-bearing:		
Interest-bearing demand deposits	596,319	504,959
NOW accounts	685,531	767,036
Money market accounts	1,146,426	1,096,959
Savings accounts	490,285	497,223
Time deposits (1)	1,587,623	1,788,237
Total interest-bearing deposits	4,506,184	4,654,414
Total deposits	$5,171,890	$5,348,160

(1) Includes wholesale brokered time deposit balances of $380.0 million and $654.1 million, respectively, as of September 30, 2024 and December 31, 2023.

The following table presents scheduled maturities of time certificates of deposit:

(Dollars in thousands)	Scheduled Maturity	Weighted Average Rate
October 1, 2024 to December 31, 2024	$566,377	4.41 %
2025	860,815	4.46
2026	99,877	3.18
2027	31,043	3.27
2028	24,627	3.69
2029 and thereafter	4,884	2.75
Balance at September 30, 2024	$1,587,623	4.32 %

Time certificates of deposit in denominations of $250 thousand or more totaled $330.9 million and $271.2 million, respectively, at September 30, 2024 and December 31, 2023.

Note 9 - Borrowings

Advances payable to the FHLB amounted to $1.3 billion and $1.2 billion, respectively, at September 30, 2024 and December 31, 2023. At September 30, 2024, the Corporation had interest rate swaps with a notional amount of $120.0 million, as well as an interest rate collar with a notional amount of $50.0 million, that were designated as cash flow hedges to hedge the interest rate risk associated with short-term FHLB advances. See Note 6 for additional disclosure on derivatives.

The Bank had available borrowing capacity of $931.0 million and $1.1 billion, respectively, with the FHLB at September 30, 2024 and December 31, 2023. The Bank pledges certain qualified investment securities and loans as collateral to the FHLB.

In addition, the Bank had access to a $40.0 million unused line of credit with the FHLB at both September 30, 2024 and December 31, 2023. Furthermore, the Bank had standby letters of credit with the FHLB of $66.0 million and $65.0 million, respectively, at September 30, 2024 and December 31, 2023, to collateralize institutional deposits.

The following table presents maturities and weighted average interest rates on FHLB advances outstanding as of September 30, 2024:

(Dollars in thousands)	Scheduled Maturity	Weighted Average Rate
October 1, 2024 to December 31, 2024	$450,000	5.38 %
2025	475,000	5.06
2026	165,000	4.54
2027	45,000	4.24
2028	85,000	4.35
2029 and thereafter	80,000	3.82
Balance at September 30, 2024	$1,300,000	4.96 %

Note 10 - Shareholders' Equity

Stock Repurchase Program

The 2024 Repurchase Program authorizes the repurchase of up to 850,000 shares, or approximately 5%, of the Bancorp’s outstanding common stock. This authority may be exercised from time to time and in such amounts as market conditions warrant, and subject to regulatory considerations. The timing and actual numbers of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, market conditions, and other corporate liquidity requirements and priorities. The 2024 Repurchase Program commenced on January 1, 2024 and expires on December 31, 2024, and may be modified, suspended, or discontinued at any time. As of September 30, 2024, no shares have been repurchased under the 2024 Repurchase Program.

Regulatory Capital Requirements
Capital levels at September 30, 2024 exceeded the regulatory minimum levels to be considered "well capitalized."

The following table presents the Corporation's and the Bank's actual capital amounts and ratios, as well as the corresponding minimum and well capitalized regulatory amounts and ratios that were in effect during the respective periods:

(Dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be "Well Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
September 30, 2024						
Total Capital (to Risk-Weighted Assets):						
Corporation	$618,974	12.21 %	$405,397	8.00 %	N/A	N/A
Bank	612,980	12.10	405,250	8.00	$506,562	10.00 %
Tier 1 Capital (to Risk-Weighted Assets):						
Corporation	577,073	11.39	304,048	6.00	N/A	N/A
Bank	571,079	11.27	303,937	6.00	405,250	8.00
Common Equity Tier 1 Capital (to Risk-Weighted Assets):						
Corporation	555,077	10.95	228,036	4.50	N/A	N/A
Bank	571,079	11.27	227,953	4.50	329,265	6.50
Tier 1 Capital (to Average Assets): (1)						
Corporation	577,073	7.85	293,972	4.00	N/A	N/A
Bank	571,079	7.77	293,870	4.00	367,338	5.00
December 31, 2023						
Total Capital (to Risk-Weighted Assets):						
Corporation	611,220	11.58	422,259	8.00	N/A	N/A
Bank	605,289	11.47	422,131	8.00	527,663	10.00
Tier 1 Capital (to Risk-Weighted Assets):						
Corporation	572,960	10.86	316,694	6.00	N/A	N/A
Bank	567,029	10.75	316,598	6.00	422,131	8.00
Common Equity Tier 1 Capital (to Risk-Weighted Assets):						
Corporation	550,964	10.44	237,521	4.50	N/A	N/A
Bank	567,029	10.75	237,449	4.50	342,981	6.50
Tier 1 Capital (to Average Assets): (1)						
Corporation	572,960	7.80	293,837	4.00	N/A	N/A
Bank	567,029	7.72	293,742	4.00	367,177	5.00

(1) Leverage ratio.

In addition to the minimum regulatory capital required for capital adequacy outlined in the table above, the Corporation and the Bank are required to maintain a minimum capital conservation buffer, in the form of common equity, of 2.50%, resulting in a requirement for the Corporation and the Bank to effectively maintain total capital, Tier 1 capital, and common equity Tier 1 capital ratios of 10.50%, 8.50%, and 7.00%, respectively. The Corporation and the Bank must maintain the capital conservation buffer to avoid restrictions on the ability to pay dividends and discretionary bonuses. The Corporation's and the Bank's capital levels exceeded the minimum regulatory capital requirements plus the capital conservation buffer at September 30, 2024 and December 31, 2023.

The Bancorp owns the common stock of two capital trusts, which have issued trust preferred securities. In accordance with GAAP, the capital trusts are treated as unconsolidated subsidiaries. At both September 30, 2024 and December 31, 2023, $22.0 million in trust preferred securities were included in the Tier 1 capital of the Corporation for regulatory capital reporting purposes pursuant to the capital adequacy guidelines of the Federal Reserve.

In accordance with regulatory capital rules, the Corporation elected the option to delay the estimated impact of ASC 326 on its regulatory capital over a two-year deferral and subsequent three-year transition period ending December 31, 2024. As a result, capital ratios exclude the full impact of the increased ACL on loans and unfunded loan commitments attributed to the adoption of ASC 326, adjusted for an approximation of the after-tax provision for credit losses attributable to ASC 326 relative to the incurred loss methodology during the two-year deferral period. The cumulative difference at the end of the deferral period is being phased-in to regulatory capital over the three-year transition period, which began January 1, 2022.

Note 11 - Revenue from Contracts with Customers

The following tables summarize total revenues as presented in the Unaudited Consolidated Statements of Income and the related amounts that are from contracts with customers within the scope of ASC 606. As shown below, a substantial portion of our revenues are specifically excluded from the scope of ASC 606.

For the three months ended September 30,	2024		2023	
(Dollars in thousands)	Revenue (1)	ASC 606 Revenue (2)	Revenue (1)	ASC 606 Revenue (2)
Net interest income	$32,262	$—	$33,751	$—
Noninterest income:				
Wealth management revenues	9,989	9,989	8,948	8,948
Mortgage banking revenues	2,866	—	2,108	—
Card interchange fees	1,321	1,321	1,267	1,267
Service charges on deposit accounts	784	784	674	674
Loan related derivative income	126	—	1,082	—
Income from bank-owned life insurance	770	—	710	—
Other income	416	313	437	329
Total noninterest income	16,272	12,407	15,226	11,218
Total revenues	$48,534	$12,407	$48,977	$11,218

(1) As reported in the Unaudited Consolidated Statements of Income.
(2) Revenue from contracts with customers in scope of ASC 606.

For the nine months ended September 30,	2024		2023	
(Dollars in thousands)	Revenue (1)	ASC 606 Revenue (2)	Revenue (1)	ASC 606 Revenue (2)
Net interest income	$95,512	$—	$104,444	$—
Noninterest income:				
Wealth management revenues	29,005	29,005	26,659	26,659
Mortgage banking revenues	8,133	—	5,106	—
Card interchange fees	3,741	3,741	3,667	3,667
Service charges on deposit accounts	2,238	2,238	2,118	2,118
Loan related derivative income	459	—	1,278	—
Income from bank-owned life insurance	2,262	—	2,754	—
Other income	4,257	869	1,252	949
Total noninterest income	50,095	35,853	42,834	33,393
Total revenues	$145,607	$35,853	$147,278	$33,393

(1) As reported in the Unaudited Consolidated Statements of Income.
(2) Revenue from contracts with customers in scope of ASC 606.

The following table presents revenue from contracts with customers based on the timing of revenue recognition:

(Dollars in thousands)	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Revenue recognized at a point in time:				
Card interchange fees	$1,321	$1,267	$3,741	$3,667
Service charges on deposit accounts	502	423	1,417	1,406
Other income	253	267	691	764
Revenue recognized over time:				
Wealth management revenues	9,989	8,948	29,005	26,659
Service charges on deposit accounts	282	251	821	712
Other income	60	62	178	185
Total revenues from contracts with customers in scope of ASC 606	$12,407	$11,218	$35,853	$33,393

Receivables for revenue from contracts with customers primarily consist of amounts due for wealth management services performed for which the Corporation's performance obligations have been fully satisfied. Receivables amounted to $5.9 million and $5.5 million, respectively, at September 30, 2024 and December 31, 2023 and were included in other assets in the Unaudited Consolidated Balance Sheets.

Deferred revenues, which are considered contract liabilities under ASC 606, represent advance consideration received from customers for which the Corporation has a remaining performance obligation to fulfill. Contract liabilities are recognized as revenue over the life of the contract as the performance obligations are satisfied. The balances of contract liabilities were insignificant at both September 30, 2024 and December 31, 2023 and were included in other liabilities in the Unaudited Consolidated Balance Sheets.

For commission and incentive costs that are in scope of ASC 606, such as those paid to employees in our wealth management services and commercial banking segments in order to obtain customer contracts, contract cost assets are established. The contract cost assets are capitalized and amortized over the estimated useful life that the asset is expected to generate benefits. The carrying value of contract cost assets amounted to $2.0 million at both September 30, 2024 and December 31, 2023 and were included in other assets in the Unaudited Consolidated Balance Sheets. The amortization of contract cost assets is recorded within salaries and employee benefits expense in the Unaudited Consolidated Statements of Income.

Note 12 - Defined Benefit Pension Plans

Washington Trust maintains a qualified pension plan for the benefit of certain eligible employees who were hired prior to October 1, 2007. Washington Trust also has non-qualified retirement plans to provide supplemental retirement benefits to certain employees, as defined in the plans. These defined benefit pension plans were previously amended to freeze benefit accruals after a 10-year transition period, which ended in December 2023.

In the fourth quarter of 2023, the Corporation's Board of Directors approved a resolution to terminate the qualified pension plan, and participants were notified of the termination. Work on the qualified pension plan termination process continues to progress and the qualified pension plan's assets are expected to be distributed in 2025, pending completion of applicable regulatory approvals. The qualified pension plan liability is expected to be settled in 2025 through a combination of lump sum payments to participants and purchase of a group annuity contract from a highly-rated insurance company. Upon settlement in 2025, the Corporation expects to recognize a pre-tax pension settlement charge that will include a non-cash charge for the recognition of all pre-tax actuarial losses accumulated in AOCL at that time. The actual amount of the settlement charge will depend on various factors, including interest rates, plan asset returns, the lump sum election rate and annuity pricing.

The following table presents components of net periodic benefit cost and other amounts recognized in other comprehensive income (loss), on a pre-tax basis:

(Dollars in thousands)	Qualified Pension Plan				Non-Qualified Retirement Plans			
	Three Months		Nine Months		Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023	2024	2023	2024	2023
Net Periodic Benefit Cost:								
Service cost (1)	$125	$351	$375	$1,052	$—	$39	$—	$117
Interest cost (2)	833	884	2,499	2,655	162	176	487	529
Expected return on plan assets (2)	(1,028)	(1,147)	(3,084)	(3,442)	—	—	—	—
Recognized net actuarial loss (2)	—	—	—	—	31	59	92	178
Net periodic benefit cost	($70)	$88	($210)	$265	$193	$274	$579	$824

(1) Included in salaries and employee benefits expense in the Unaudited Consolidated Statements of Income. Service cost for 2024 represents administrative expenses related to the termination of the qualified pension plan.
(2) Included in other expenses in the Unaudited Consolidated Statements of Income.

The following table presents the measurement date and weighted-average assumptions used to determine net periodic benefit cost:

	Qualified Pension Plan		Non-Qualified Retirement Plans	
For the nine months ended September 30,	2024	2023	2024	2023
Measurement date	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Equivalent single discount rate for benefit obligations	4.51%	5.54%	5.15%	5.50%
Equivalent single discount rate for service cost	N/A	5.60	N/A	5.61
Equivalent single discount rate for interest cost	4.51	5.43	5.11	5.40
Expected long-term return on plan assets	4.75	5.25	N/A	N/A
Rate of compensation increase	0.50	5.00	N/A	5.00

Note 13 - Business Segments

The Corporation manages its operations through two reportable business segments, consisting of Commercial Banking and Wealth Management Services.

Management uses an allocation methodology to allocate income and expenses to the business lines. Direct activities are assigned to the appropriate business segment to which the activity relates. Indirect activities, such as corporate, technology and other support functions, are allocated to business segments primarily based upon full-time equivalent employee computations.

Commercial Banking

The Commercial Banking segment includes commercial, residential, and consumer lending activities; mortgage banking activities; deposit generation; cash management activities; banking activities, including customer support and the operation of ATMs, telephone banking, internet banking, and mobile banking services; as well as investment portfolio and wholesale funding activities.

Wealth Management Services

The Wealth Management Services segment includes investment management; holistic financial planning services; personal trust and estate services, including services as trustee, personal representative, and custodian; settlement of decedents' estates; and institutional trust services, including custody and fiduciary services.

The following tables present the statement of operations and total assets for Washington Trust's reportable segments:

(Dollars in thousands)	Commercial Banking		Wealth Management Services		Consolidated Total	
Three months ended September 30,	2024	2023	2024	2023	2024	2023
Net interest income	$32,262	$33,741	$—	$10	$32,262	$33,751
Provision for credit losses	200	500	—	—	200	500
Net interest income after provision for credit losses	32,062	33,241	—	10	32,062	33,251
Noninterest income	6,177	6,105	10,095	9,121	16,272	15,226
Noninterest expenses:						
Depreciation and amortization expense	878	892	306	346	1,184	1,238
Other noninterest expenses	26,523	25,719	6,797	7,433	33,320	33,152
Total noninterest expenses	27,401	26,611	7,103	7,779	34,504	34,390
Income before income taxes	10,838	12,735	2,992	1,352	13,830	14,087
Income tax expense	2,193	2,621	656	305	2,849	2,926
Net income	$8,645	$10,114	$2,336	$1,047	$10,981	$11,161
Total assets at period end	$7,082,826	$7,127,117	$58,745	$56,358	$7,141,571	$7,183,475
Expenditures for long-lived assets	1,271	498	2	6	1,273	504

(Dollars in thousands)	Commercial Banking		Wealth Management Services		Consolidated Total	
Nine months ended September 30,	2024	2023	2024	2023	2024	2023
Net interest income	$95,512	$104,407	$—	$37	$95,512	$104,444
Provision for credit losses	1,400	2,000	—	—	1,400	2,000
Net interest income after provision for credit losses	94,112	102,407	—	37	94,112	102,444
Noninterest income	18,400	15,679	31,695	27,155	50,095	42,834
Noninterest expenses:						
Depreciation and amortization expense	2,663	2,582	934	1,059	3,597	3,641
Other noninterest expenses	78,690	74,801	20,490	22,528	99,180	97,329
Total noninterest expenses	81,353	77,383	21,424	23,587	102,777	100,970
Income before income taxes	31,159	40,703	10,271	3,605	41,430	44,308
Income tax expense	6,441	8,226	2,257	853	8,698	9,079
Net income	$24,718	$32,477	$8,014	$2,752	$32,732	$35,229
Total assets at period end	$7,082,826	$7,127,117	$58,745	$56,358	$7,141,571	$7,183,475
Expenditures for long-lived assets	3,427	3,493	92	31	3,519	3,524

Note 14 - Other Comprehensive Income (Loss)

The following tables present the activity in other comprehensive income (loss):

Three months ended September 30,	2024			2023		
(Dollars in thousands)	Pre-tax Amounts	Income Tax Expense	Net of Tax	Pre-tax Amounts	Income Tax Benefit (Expense)	Net of Tax
Available for Sale Debt Securities:						
Change in fair value of available for sale debt securities	$40,608	($10,354)	$30,254	($43,139)	$10,354	($32,785)
Cash Flow Hedges:						
Change in fair value of cash flow hedges	(3,164)	806	(2,358)	2,196	(527)	1,669
Net cash flow hedge losses reclassified into earnings	1,677	(427)	1,250	1,533	(369)	1,164
Net change in fair value of cash flow hedges	(1,487)	379	(1,108)	3,729	(896)	2,833
Defined Benefit Plan Obligations:						
Amortization of net actuarial losses	31	(9)	22	59	(14)	45
Total other comprehensive income (loss)	$39,152	($9,984)	$29,168	($39,351)	$9,444	($29,907)

Nine months ended September 30,	2024			2023		
(Dollars in thousands)	Pre-tax Amounts	Income Tax Benefit (Expense)	Net of Tax	Pre-tax Amounts	Income Tax Expense	Net of Tax
Securities available for sale:						
Change in fair value of available for sale debt securities	$26,866	($6,851)	$20,015	($38,703)	$9,289	($29,414)
Cash flow hedges:						
Change in fair value of cash flow hedges	283	(73)	210	4,938	(1,185)	3,753
Net cash flow hedge losses reclassified into earnings	4,966	(1,264)	3,702	6,043	(1,451)	4,592
Net change in fair value of cash flow hedges	5,249	(1,337)	3,912	10,981	(2,636)	8,345
Defined benefit plan obligations:						
Amortization of net actuarial losses	92	(24)	68	178	(43)	135
Total other comprehensive income (loss)	$32,207	($8,212)	$23,995	($27,544)	$6,610	($20,934)

The following tables present the changes in AOCL by component, net of tax:

(Dollars in thousands)

For the three months ended September 30, 2024	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at June 30, 2024	($126,830)	($10,599)	($8,897)	($146,326)
Other comprehensive income (loss) before reclassifications	30,254	(2,358)	—	27,896
Amounts reclassified from AOCL	—	1,250	22	1,272
Net other comprehensive income (loss)	30,254	(1,108)	22	29,168
Balance at September 30, 2024	($96,576)	($11,707)	($8,875)	($117,158)

(Dollars in thousands)

For the nine months ended September 30, 2024	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at December 31, 2023	($116,591)	($15,619)	($8,943)	($141,153)
Other comprehensive income before reclassifications	20,015	210	—	20,225
Amounts reclassified from AOCL	—	3,702	68	3,770
Net other comprehensive income	20,015	3,912	68	23,995
Balance at September 30, 2024	($96,576)	($11,707)	($8,875)	($117,158)

(Dollars in thousands)

For the three months ended September 30, 2023	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at June 30, 2023	($127,662)	($17,133)	($4,032)	($148,827)
Other comprehensive (loss) income before reclassifications	(32,785)	1,669	—	(31,116)
Amounts reclassified from AOCL	—	1,164	45	1,209
Net other comprehensive (loss) income	(32,785)	2,833	45	(29,907)
Balance at September 30, 2023	($160,447)	($14,300)	($3,987)	($178,734)

(Dollars in thousands)

For the nine months ended September 30, 2023	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at December 31, 2022	($131,033)	($22,645)	($4,122)	($157,800)
Other comprehensive (loss) income before reclassifications	(29,414)	3,753	—	(25,661)
Amounts reclassified from AOCL	—	4,592	135	4,727
Net other comprehensive (loss) income	(29,414)	8,345	135	(20,934)
Balance at September 30, 2023	($160,447)	($14,300)	($3,987)	($178,734)

Note 15 - Earnings per Common Share

The following table presents the calculation of EPS:

(Dollars and shares in thousands, except per share amounts)

	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Earnings for basic and diluted earnings per common share:				
Net income	$10,981	$11,161	$32,732	$35,229
Less: dividends and undistributed earnings allocated to participating securities	(8)	(21)	—	(69)
Net income available to common shareholders	$10,973	$11,140	$32,732	$35,160
Shares:				
Weighted average common shares outstanding for basic EPS	17,058	17,019	17,048	17,034
Dilutive effect of common stock equivalents	82	22	67	29
Weighted average common shares outstanding for diluted EPS	17,140	17,041	17,115	17,063
Earnings per common share:				
Basic EPS	$0.64	$0.65	$1.92	$2.06
Diluted EPS	$0.64	$0.65	$1.91	$2.06

Weighted average common stock equivalents, not included in common stock equivalents above because they were anti-dilutive, totaled 403,995 and 450,943, respectively, for the three and nine months ended September 30, 2024, compared to 468,524 and 452,472, respectively, for the same periods in 2023.

Note 16 - Commitments and Contingencies

Financial Instruments with Off-Balance Sheet Risk

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to manage the Corporation's exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit, as well as derivative financial instruments, such as mortgage loan commitments, loan related derivative contracts and interest rate risk management contracts. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Unaudited Consolidated Balance Sheets. The contract or notional amounts of these instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments. See Note 6 for additional disclosure pertaining to derivative financial instruments.

Financial Instruments Whose Contract Amounts Represent Credit Risk (Unfunded Commitments)

Commitments to Extend Credit

Commitments to extend credit are agreements to lend to a customer as long as there are no violations of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, total commitment amounts do not necessarily represent future cash requirements. Each borrower's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation of the borrower.

Standby Letters of Credit
Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These standby letters of credit are primarily issued to support the financing needs of the Bank's commercial customers. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The collateral supporting those commitments is essentially the same as for other commitments. Most standby letters of credit extend for one year. At September 30, 2024 and December 31, 2023, there were no liabilities to beneficiaries resulting from standby letters of credit. Should the Corporation be required to make payments to the beneficiary, repayment from the customer to the Corporation is required.

The following table presents the contractual and notional amounts of financial instruments with off-balance sheet risk:

(Dollars in thousands)	September 30, 2024	December 31, 2023
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$1,068,899	$1,185,196
Standby letters of credit	12,216	9,323

ACL on Unfunded Commitments
The ACL on unfunded commitments is management's estimate of expected lifetime credit losses over the expected contractual term in which the Corporation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Corporation.

The activity in the ACL on unfunded commitments for the three months ended September 30, 2024 is presented below:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$906	$799	$1,705	$24	$—	$11	$11	$1,740
Provision	(76)	(22)	(98)	(2)	—	—	—	(100)
Ending Balance	$830	$777	$1,607	$22	$—	$11	$11	$1,640

The activity in the ACL on unfunded commitments for the nine months ended September 30, 2024 is presented below:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$1,091	$822	$1,913	$15	$—	$12	$12	$1,940
Provision	(261)	(45)	(306)	7	—	(1)	(1)	(300)
Ending Balance	$830	$777	$1,607	$22	$—	$11	$11	$1,640

The activity in the ACL on unfunded commitments for the three months ended September 30, 2023 is presented below:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$1,483	$877	$2,360	$15	$—	$15	$15	$2,390
Provision	(387)	(9)	(396)	(1)	—	(3)	(3)	(400)
Ending Balance	$1,096	$868	$1,964	$14	$—	$12	$12	$1,990

The activity in the ACL on unfunded commitments for the nine months ended September 30, 2023 is presented below:

(Dollars in thousands)	Commercial				Consumer			
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$1,236	$988	$2,224	$50	$—	$16	$16	$2,290
Provision	(140)	(120)	(260)	(36)	—	(4)	(4)	(300)
Ending Balance	$1,096	$868	$1,964	$14	$—	$12	$12	$1,990

Other Contingencies

Litigation

The Corporation is involved in various claims and legal proceedings arising out of the ordinary course of business. Management is of the opinion, based on its review with counsel of the development of such matters to date, that the ultimate disposition of such matters will not materially affect the consolidated balance sheets or statements of income of the Corporation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Corporation's Audited Consolidated Financial Statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2023, and in conjunction with the condensed Unaudited Consolidated Financial Statements and notes thereto included in Item 1 of this report. Operating results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results for the full-year ended December 31, 2024 or any future period.

Forward-Looking Statements

This report contains statements that are "forward-looking statements." We may also make forward-looking statements in other documents we file with the SEC, in our annual reports to shareholders, in press releases and other written materials, and in oral statements made by our officers, directors, or employees. You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "outlook," "will," "should," and other expressions that predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements, because they involve known and unknown risks, uncertainties, and other factors, some of which are beyond our control. These risks, uncertainties, and other factors may cause our actual results, performance, or achievements to be materially different than the anticipated future results, performance, or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause these differences include the following:

- changes in general business and economic conditions on a national basis and in the local markets in which we operate;
- changes in customer behavior due to political, business, and economic conditions, including inflation and concerns about liquidity;
- interest rate changes or volatility, as well as changes in the balance and mix of loans and deposits;
- changes in loan demand and collectability;
- the possibility that future credits losses are higher than currently expected due to changes in economic assumptions or adverse economic developments;
- ongoing volatility in national and international financial markets;
- reductions in the market value or outflows of wealth management AUA;
- decreases in the value of securities and other assets;
- increases in defaults and charge-off rates;
- changes in the size and nature of our competition;
- changes in legislation or regulation and accounting principles, policies, and guidelines;
- operational risks including, but not limited to, changes in information technology, cybersecurity incidents, fraud, natural disasters, war, terrorism, civil unrest, and future pandemics;
- regulatory, litigation, and reputational risks; and
- changes in the assumptions used in making such forward-looking statements.

In addition, the factors described under "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as updated by our Quarterly Reports on Form 10-Q and other filings submitted to the SEC, may result in these differences. 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 we assume no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Overview

Washington Trust offers a full range of financial services, including commercial, residential, and consumer lending, retail and commercial deposit products, and wealth management and trust services through its offices in Rhode Island, Massachusetts, and Connecticut.

Our largest source of operating income is net interest income, which is the difference between interest earned on loans and securities and interest paid on deposits and borrowings. In addition, we generate noninterest income from a number of sources, including wealth management services, mortgage banking activities, and deposit services. Our principal noninterest expenses include salaries and employee benefit costs, outsourced services provided by third-party vendors, occupancy and facility-related costs, and other administrative expenses.

We continue to leverage our strong regional brand to build market share and remain steadfast in our commitment to provide superior service. We believe the key to future growth is providing customers with convenient in-person service and digital banking solutions. In January 2024, we opened a new full-service branch in Smithfield, Rhode Island, and in September 2024, we opened a new full-service branch in the Olneyville section of Providence.

Risk Management

The Corporation has a comprehensive ERM program through which the Corporation identifies, measures, monitors, and controls current and emerging material risks.

The Board of Directors is responsible for oversight of the ERM program. The ERM program enables the aggregation of risk across the Corporation and ensures the Corporation has the tools, programs, and processes in place to support informed decision making, to anticipate risks before they materialize and to maintain the Corporation's risk profile consistent with its risk strategy. The Board of Directors has approved an ERM Policy that addresses each category of risk. The risk categories include: credit risk, interest rate risk, liquidity risk, price and market risk, compliance risk, strategic and reputation risk, and operational risk. A description of each risk category is provided below.

Credit risk represents the possibility that borrowers or other counterparties may not repay loans or other contractual obligations according to their terms due to changes in the financial capacity, ability, and willingness of such borrowers or counterparties to meet their obligations. In some cases, the collateral securing payment of the loans may be sufficient to assure repayment, but in other cases the Corporation may experience significant credit losses, which could have an adverse effect on its operating results. The Corporation makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and counterparties and the value of the real estate and other assets serving as collateral for the repayment of loans. Credit risk also exists with respect to investment securities. For further discussion regarding the credit risk and the credit quality of the Corporation's loan portfolio, see Notes 4 and 5 to the Unaudited Consolidated Financial Statements. For further discussion regarding credit risk associated with unfunded commitments, see Note 16 to the Unaudited Consolidated Financial Statements. For further discussion regarding the Corporation's securities portfolio, see Note 3 to the Unaudited Consolidated Financial Statements.

Interest rate risk is the risk of loss to earnings due to movements in interest rates. Interest rate risk arises from differences between the timing of rate changes and the timing of cash flows. It exists because the repricing frequency and magnitude of interest-earning assets and interest-bearing liabilities are not identical. See the "Asset/Liability Management and Interest Rate Risk" section below for additional disclosure.

Liquidity risk is the risk that the Corporation will not have the ability to generate adequate amounts of cash in the most economical way for it to meet its maturing liability obligations and customer loan demand. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. For detailed disclosure regarding liquidity management, see the "Liquidity and Capital Resources" section below.

Price and market risk refers to the risk of loss arising from adverse changes in interest rates and other relevant market rates and prices, such as equity prices. Interest rate risk, discussed above, is the most significant market risk to which the Corporation is exposed. The Corporation is also exposed to financial market risk and housing market risk.

Compliance risk represents the risk of regulatory sanctions or financial loss resulting from the failure to comply with laws, rules, and regulations and standards of good banking practice. Activities that may expose the Corporation to compliance risk include, but are not limited to, those dealing with the prevention of money laundering, privacy and data protection, adherence to all applicable laws and regulations, and employment and tax matters.

Strategic and reputation risk represent the risk of loss due to impairment of reputation, failure to fully develop and execute business plans, and failure to assess existing and new opportunities and threats in business, markets, and products.

Operational risk is the risk of loss due to human behavior, inadequate or failed internal processes, systems and controls, information technology changes or failures, and external influences such as market conditions, fraudulent activities, cybersecurity incidents, natural disasters, and security risks.

ERM is an overarching program that includes all areas of the Corporation. A framework approach is utilized to assign responsibility and to ensure that the various business units and activities involved in the risk management life-cycle are effectively integrated. The Corporation has adopted the “three lines of defense” strategy that is an industry best practice for ERM. Business units are the first line of defense in managing risk. They are responsible for identifying, measuring, monitoring, and controlling current and emerging risks. They must report on and escalate their concerns. Corporate functions such as Credit Risk Management, Financial Administration, Information Assurance, and Compliance represent the second line of defense. They are responsible for policy setting and for reviewing and challenging the risk management activities of the business units. They collaborate closely with business units on planning and resource allocation with respect to risk management. Internal Audit is a third line of defense. They provide independent assurance to the Board of Directors of the effectiveness of the first and second lines in fulfilling their risk management responsibilities.

For additional factors that could adversely impact Washington Trust’s future results of operations and financial condition, see Part II, Item 1A below and the section labeled “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as updated by our Quarterly Reports on Form 10-Q and other filings submitted to the SEC.

Results of Operations

Summary

The following table presents a summarized consolidated statement of operations:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Net interest income	$32,262	$33,751	($1,489)	(4 %)	$95,512	$104,444	($8,932)	(9 %)
Noninterest income	16,272	15,226	1,046	7	50,095	42,834	7,261	17
Total revenues	48,534	48,977	(443)	(1)	145,607	147,278	(1,671)	(1)
Provision for credit losses	200	500	(300)	(60)	1,400	2,000	(600)	(30)
Noninterest expense	34,504	34,390	114	—	102,777	100,970	1,807	2
Income before income taxes	13,830	14,087	(257)	(2)	41,430	44,308	(2,878)	(6)
Income tax expense	2,849	2,926	(77)	(3)	8,698	9,079	(381)	(4)
Net income	$10,981	$11,161	($180)	(2 %)	$32,732	$35,229	($2,497)	(7 %)

The following table presents a summary of performance metrics and ratios:

	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Diluted earnings per common share	$0.64	$0.65	$1.91	$2.06
Return on average assets (net income divided by average assets)	0.60 %	0.62 %	0.60 %	0.68 %
Return on average equity (net income available for common shareholders divided by average equity)	8.99 %	9.65 %	9.25 %	10.19 %
Net interest income as a percentage of total revenues	66 %	69 %	66 %	71 %
Noninterest income as a percentage of total revenues	34 %	31 %	34 %	29 %

Net income totaled $11.0 million and $32.7 million, respectively, for the three and nine months ended September 30, 2024, compared to $11.2 million and $35.2 million, respectively, reported for the same periods in 2023. Year-to-date results largely reflected lower net interest income and a modest increase in noninterest expenses, partially offset by higher noninterest income and a relatively lower provision for credit losses.

The decline in net interest income in 2024 was driven by higher rates paid on, and increases in, average interest-bearing liability balances, which offset the benefit of higher yields on, and increases in, average interest-earning asset balances. Noninterest income benefited from a $2.1 litigation settlement received in the first quarter of 2024 and a net gain of $988 thousand recognized on the sale of a bank-owned operations facility in the second quarter of 2024. In addition, the increase in noninterest income in 2024 reflected higher mortgage banking and wealth management revenues, partially offset by lower loan related derivative income.

Average Balances / Net Interest Margin - Fully Taxable Equivalent Basis

The following tables present daily average balance, interest, and yield/rate information, as well as net interest margin on an FTE basis. Tax-exempt income is converted to an FTE basis using the statutory federal income tax rate adjusted for applicable state income taxes net of the related federal tax benefit. Unrealized gains (losses) on available for sale securities, changes in fair value on mortgage loans held for sale, and basis adjustments associated with fair value hedges are excluded from the average balance and yield calculations. Nonaccrual loans, as well as interest recognized on these loans, are included in amounts presented for loans.

Three months ended September 30,	2024			2023			Change		
(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:									
Cash, federal funds sold, and short-term investments	$229,326	$3,174	5.51	$102,608	$1,344	5.20	$126,718	$1,830	0.31
Mortgage loans held for sale	21,899	366	6.65	23,057	332	5.71	(1,158)	34	0.94
Taxable debt securities	1,109,699	6,794	2.44	1,181,915	7,271	2.44	(72,216)	(477)	—
Nontaxable debt securities	85	1	4.68	—	—	—	85	1	4.68
Total securities	1,109,784	6,795	2.44	1,181,915	7,271	2.44	(72,131)	(476)	—
FHLB stock	62,420	1,262	8.04	46,889	878	7.43	15,531	384	0.61
Commercial real estate	2,143,466	34,518	6.41	2,004,204	31,526	6.24	139,262	2,992	0.17
Commercial & industrial (1)	573,400	9,368	6.50	609,604	9,896	6.44	(36,204)	(528)	0.06
Total commercial	2,716,866	43,886	6.43	2,613,808	41,422	6.29	103,058	2,464	0.14
Residential real estate	2,542,939	26,568	4.16	2,552,602	24,976	3.88	(9,663)	1,592	0.28
Home equity	299,227	5,554	7.38	303,144	4,514	5.91	(3,917)	1,040	1.47
Other	18,097	215	4.73	18,813	225	4.74	(716)	(10)	(0.01)
Total consumer	317,324	5,769	7.23	321,957	4,739	5.84	(4,633)	1,030	1.39
Total loans	5,577,129	76,223	5.44	5,488,367	71,137	5.14	88,762	5,086	0.30
Total interest-earning assets	7,000,558	87,820	4.99	6,842,836	80,962	4.69	157,722	6,858	0.30
Noninterest-earning assets	254,008			272,321			(18,313)		
Total assets	$7,254,566			$7,115,157			$139,409		
Liabilities and Shareholders' Equity:									
Interest-bearing demand deposits (in-market)	$556,245	$6,288	4.50	$461,760	$5,060	4.35	$94,485	$1,228	0.15
NOW accounts	693,724	405	0.23	742,690	419	0.22	(48,966)	(14)	0.01
Money market accounts	1,122,649	11,221	3.98	1,173,284	9,929	3.36	(50,635)	1,292	0.62
Savings accounts	484,068	984	0.81	516,342	429	0.33	(32,274)	555	0.48
Time deposits (in-market)	1,188,452	12,234	4.10	1,080,395	9,880	3.63	108,057	2,354	0.47
Interest-bearing in-market deposits	4,045,138	31,132	3.06	3,974,471	25,717	2.57	70,667	5,415	0.49
Wholesale brokered demand deposits	—	—	—	—	—	—	—	—	—
Wholesale brokered time deposits	458,114	6,071	5.27	659,624	8,352	5.02	(201,510)	(2,281)	0.25
Wholesale brokered deposits	458,114	6,071	5.27	659,624	8,352	5.02	(201,510)	(2,281)	0.25
Total interest-bearing deposits	4,503,252	37,203	3.29	4,634,095	34,069	2.92	(130,843)	3,134	0.37
FHLB advances	1,423,804	17,717	4.95	1,053,370	12,497	4.71	370,434	5,220	0.24
Junior subordinated debentures	22,681	404	7.09	22,681	404	7.07	—	—	0.02
Total interest-bearing liabilities	5,949,737	55,324	3.70	5,710,146	46,970	3.26	239,591	8,354	0.44
Noninterest-bearing demand deposits	673,113			773,424			(100,311)		
Other liabilities	146,045			173,572			(27,527)		
Shareholders' equity	485,654			458,015			27,639		
Total liabilities and shareholders' equity	$7,254,549			$7,115,157			$139,392		
Net interest income (FTE)		$32,496			$33,992			($1,496)	
Interest rate spread			1.29			1.43			(0.14)
Net interest margin			1.85			1.97			(0.12)

(1) Interest income includes adjustments for taxable equivalency of $234 thousand and $241 thousand, respectively, for the three months ended September 30, 2024 and 2023.

Nine months ended September 30,	2024			2023			Change		
(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:									
Cash, federal funds sold, and short-term investments	$135,428	$5,667	5.59	$105,025	$3,693	4.70	$30,403	$1,974	0.89
Mortgage loans held for sale	20,042	1,013	6.75	18,315	725	5.29	1,727	288	1.46
Taxable debt securities	1,128,507	20,834	2.47	1,192,536	21,868	2.45	(64,029)	(1,034)	0.02
Nontaxable debt securities	28	1	4.77	—	—	—	28	1	4.77
Total debt securities	1,128,535	20,835	2.47	1,192,536	21,868	2.45	(64,001)	(1,033)	0.02
FHLB stock	58,890	3,459	7.85	45,605	2,333	6.84	13,285	1,126	1.01
Commercial real estate	2,150,686	103,445	6.42	1,931,196	85,626	5.93	219,490	17,819	0.49
Commercial & industrial (1)	595,564	29,096	6.53	618,415	28,423	6.14	(22,851)	673	0.39
Total commercial	2,746,250	132,541	6.45	2,549,611	114,049	5.98	196,639	18,492	0.47
Residential real estate	2,568,457	79,572	4.14	2,452,088	69,777	3.80	116,369	9,795	0.34
Home equity	305,364	15,769	6.90	293,957	12,355	5.62	11,407	3,414	1.28
Other	18,527	666	4.80	17,685	616	4.66	842	50	0.14
Total consumer	323,891	16,435	6.78	311,642	12,971	5.56	12,249	3,464	1.22
Total loans	5,638,598	228,548	5.41	5,313,341	196,797	4.95	325,257	31,751	0.46
Total interest-earning assets	6,981,493	259,522	4.97	6,674,822	225,416	4.52	306,671	34,106	0.45
Noninterest-earning assets	256,527			259,334			(2,807)		
Total assets	$7,238,020			$6,934,156			$303,864		
Liabilities and Shareholders' Equity:									
Interest-bearing demand deposits (in-market)	$533,163	$18,058	4.52	$385,180	$11,788	4.09	$147,983	$6,270	0.43
NOW accounts	709,115	1,168	0.22	781,546	1,177	0.20	(72,431)	(9)	0.02
Money market accounts	1,116,879	32,571	3.90	1,208,436	26,807	2.97	(91,557)	5,764	0.93
Savings accounts	485,665	2,540	0.70	534,784	1,065	0.27	(49,119)	1,475	0.43
Time deposits (in-market)	1,165,370	35,756	4.10	971,333	22,417	3.09	194,037	13,339	1.01
Interest-bearing in-market deposits	4,010,192	90,093	3.00	3,881,279	63,254	2.18	128,913	26,839	0.82
Wholesale brokered demand deposits	—	—	—	5,368	177	4.41	(5,368)	(177)	(4.41)
Wholesale brokered time deposits	558,015	21,870	5.24	579,871	19,931	4.60	(21,856)	1,939	0.64
Wholesale brokered deposits	558,015	21,870	5.24	585,239	20,108	4.59	(27,224)	1,762	0.65
Total interest-bearing deposits	4,568,207	111,963	3.27	4,466,518	83,362	2.50	101,689	28,601	0.77
FHLB advances	1,353,887	50,151	4.95	1,025,788	35,775	4.66	328,099	14,376	0.29
Junior subordinated debentures	22,681	1,213	7.14	22,681	1,132	6.67	—	81	0.47
Total interest-bearing liabilities	5,944,775	163,327	3.67	5,514,987	120,269	2.92	429,788	43,058	0.75
Noninterest-bearing demand deposits	663,355			792,706			(129,351)		
Other liabilities	157,268			165,021			(7,753)		
Shareholders' equity	472,617			461,442			11,175		
Total liabilities and shareholders' equity	$7,238,015			$6,934,156			$303,859		
Net interest income (FTE)		$96,195			$105,147			($8,952)	
Interest rate spread			1.30			1.60			(0.30)
Net interest margin			1.84			2.11			(0.27)

(1) Interest income includes adjustments for taxable equivalency of $683 thousand and $703 thousand, respectively, for the nine months ended September 30, 2024 and 2023.

Net Interest Income

Net interest income, the primary source of our operating income, totaled $32.3 million and $95.5 million, respectively, for the three and nine months ended September 30, 2024, compared to $33.8 million and $104.4 million, respectively, for the same periods in 2023. Net interest income is affected by the level of and changes in interest rates, and changes in the amount and composition of interest-earning assets and interest-bearing liabilities. Prepayment penalty income associated with loan payoffs is included in net interest income.

The following discussion presents net interest income on an FTE basis by adjusting income and yields on tax-exempt loans to be comparable to taxable loans.

Net interest income includes the periodic recognition of prepayment penalty fee income associated with commercial loan payoffs. There was no prepayment penalty fee income recognized in the three months ended September 30, 2024. Prepayment penalty fee income amounted to $66 thousand for the nine months ended September 30, 2024 and had essentially no benefit to NIM. This compared to $71 thousand (or 0 basis point benefit to NIM) and $245 thousand (or 1 basis point benefit to NIM), respectively, for the three and nine months ended in September 30, 2023.

The analysis of net interest income, NIM, and the yield on loans is also impacted by changes in the level of net amortization of premiums and discounts on securities and loans, which is included in interest income. Changes in market interest rates affect the level of loan prepayments and the receipt of payments on mortgage-backed securities. Prepayment speeds generally increase as market interest rates decline and decrease as market interest rates rise. Changes in prepayment speeds could increase or decrease the level of net amortization of premiums and discounts, thereby affecting interest income. As noted in the Unaudited Consolidated Statements of Cash Flows, net amortization of premiums and discounts on securities and loans (a net reduction to net interest income) amounted to $878 thousand for the nine months ended September 30, 2024, compared to $1.0 million for the same period in 2023.

FTE net interest income for the three and nine months ended September 30, 2024 amounted to $32.5 million and $96.2 million, respectively, down by $1.5 million and $9.0 million, respectively, from the same periods in 2023. For the three and nine months ended September 30, 2024, increases in average interest-bearing liability balances, net of increased average interest-earning assets, reduced net income by $493 thousand, and $4.9 million, respectively. Increases in funding costs outpaced increases in asset yields, reducing net interest income by $1.0 million and $4.1 million, respectively, for the three and nine months ended September 30, 2024.

NIM was 1.85% and 1.84%, respectively, for the three and nine months ended September 30, 2024, compared to 1.97% and 2.11%, respectively, for the same periods in 2023. While NIM benefited from higher market interest rates on loans, it was adversely impacted by a higher cost of funds.

Total average securities for the three and nine months ended September 30, 2024 decreased by $72.1 million and $64.0 million, respectively, from the average balances for the same periods a year earlier primarily due to routine pay-downs. The FTE rate of return on the securities portfolio for the three and nine months ended September 30, 2024 was 2.44% and 2.47%, respectively, compared to 2.44% and 2.45% respectively, for the same periods in 2023.

Total average loan balances for the three and nine months ended September 30, 2024 increased by $88.8 million and $325.3 million, respectively, from the average loan balances for the comparable 2023 periods, largely reflecting growth in average balances of CRE loans. The increase in average loan balances for the year-to-date period also reflected growth in the average balance of residential real estate loans. The yield on total loans for the three and nine months ended September 30, 2024 was 5.44% and 5.41%, respectively, compared to 5.14% and 4.95%, respectively, in the corresponding periods in 2023, reflecting higher market interest rates between periods.

Higher levels of wholesale funding were used to fund balance sheet growth. The average balance of FHLB advances for the three and nine months ended September 30, 2024 increased by $370.4 million and $328.1 million, respectively, compared to the average balances for the same periods in 2023. Due to increases in market interest rates between periods, the average rate paid on such advances for both the three and nine months ended September 30, 2024 was 4.95%, up from 4.71% and 4.66%, respectively, for the same periods in 2023. Included in total average interest-bearing deposits were wholesale brokered deposits, which decreased by $201.5 million and $27.2 million, respectively, from the same periods in 2023. The average rate paid on wholesale brokered deposits for the three and nine months ended September 30, 2024 was 5.27% and 5.24%, respectively, up from 5.02% and 4.59%, respectively, for the same periods in 2023.

As market interest rates rose between periods, deposit balances shifted from lower-cost deposits to higher-cost deposits. Average in-market interest-bearing deposits, which excludes wholesale brokered deposits, for the three and nine months ended September 30, 2024 increased by $70.7 million and $128.9 million, respectively, from the average balances for the same periods in 2023, with increases in time deposits and interest-bearing demand deposits. The average rate paid on in-market interest-bearing deposits for the three and nine months ended September 30, 2024 was 3.06% and 3.00%, respectively, up from 2.57% and 2.18%, respectively, for the same periods in 2023. The average balance of noninterest-bearing demand deposits for the three and nine months ended September 30, 2024 decreased by $100.3 million and $129.4 million, respectively, from the average balances for the same periods in 2023.

Volume / Rate Analysis - Interest Income and Expense (FTE Basis)
The following table presents certain information on an FTE basis regarding changes in our interest income and interest expense for the period indicated. The net change attributable to both volume and rate has been allocated proportionately.

(Dollars in thousands)	Three Months Ended September 30, 2024 vs. 2023			Nine Months Ended September 30, 2024 vs. 2023		
	Change Due to			Change Due to		
	Volume	Rate	Net Change	Volume	Rate	Net Change
Interest on Interest-Earning Assets:						
Cash, federal funds sold, and other short-term investments	$1,750	$80	$1,830	$1,191	$783	$1,974
Mortgage loans held for sale	(17)	51	34	73	215	288
Taxable debt securities	(457)	(20)	(477)	(1,224)	190	(1,034)
Nontaxable debt securities	1	—	1	1	—	1
Total securities	(456)	(20)	(476)	(1,223)	190	(1,033)
FHLB stock	310	74	384	745	381	1,126
Commercial real estate	2,214	778	2,992	10,266	7,553	17,819
Commercial & industrial	(592)	64	(528)	(1,089)	1,762	673
Total commercial	1,622	842	2,464	9,177	9,315	18,492
Residential real estate	(97)	1,689	1,592	3,370	6,425	9,795
Home equity	(59)	1,099	1,040	495	2,919	3,414
Other	(9)	(1)	(10)	30	20	50
Total consumer	(68)	1,098	1,030	525	2,939	3,464
Total loans	1,457	3,629	5,086	13,072	18,679	31,751
Total interest income	3,044	3,814	6,858	13,858	20,248	34,106
Interest on Interest-Bearing Liabilities:						
Interest-bearing demand deposits (in-market)	1,063	165	1,228	4,913	1,357	6,270
NOW accounts	(30)	16	(14)	(117)	108	(9)
Money market accounts	(444)	1,736	1,292	(2,158)	7,922	5,764
Savings accounts	(28)	583	555	(107)	1,582	1,475
Time deposits (in-market)	1,040	1,314	2,354	5,048	8,291	13,339
Interest-bearing in-market deposits	1,601	3,814	5,415	7,579	19,260	26,839
Wholesale brokered demand deposits	—	—	—	(89)	(88)	(177)
Wholesale brokered time deposits	(2,656)	375	(2,281)	(774)	2,713	1,939
Wholesale brokered deposits	(2,656)	375	(2,281)	(863)	2,625	1,762
Total interest-bearing deposits	(1,055)	4,189	3,134	6,716	21,885	28,601
FHLB advances	4,592	628	5,220	12,004	2,372	14,376
Junior subordinated debentures	—	—	—	—	81	81
Total interest expense	3,537	4,817	8,354	18,720	24,338	43,058
Net interest income (FTE)	($493)	($1,003)	($1,496)	($4,862)	($4,090)	($8,952)

Provision for Credit Losses
The provision for credit losses results from management's review of the adequacy of the ACL. The ACL is management's estimate, at the reporting date, of expected lifetime credit losses and includes consideration of current forecasted economic

conditions. Estimating an appropriate level of ACL necessarily involves a high degree of judgment.

The following table presents the provision for credit losses:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Provision for credit losses on loans	$300	$900	($600)	(67 %)	$1,700	$2,300	($600)	(26 %)
Provision for credit losses on unfunded commitments	(100)	(400)	$300	75	(300)	(300)	$—	—
Provision for credit losses	$200	$500	($300)	(60 %)	$1,400	$2,000	($600)	(30 %)

The provision for credit losses in 2024 largely reflected continued, yet subsiding, slowdown of loan prepayment speeds and modest specific reserve allocations on an individually analyzed nonaccrual commercial loan, partially offset by a decline in loan balances and relatively stable to improving forecasted economic conditions.

The provision for credit losses recognized in 2023 provided for loan growth and largely reflected slowdown of loan prepayment speeds and stable to improving forecasted economic conditions.

Net charge-offs totaled $48 thousand for the three months ended September 30, 2024, compared to net charge-offs of $30 thousand for the same period in 2023. For the nine months ended September 30, 2024, net charge-offs totaled $127 thousand, compared to net charge-offs of $114 thousand for the same period in 2023.

The ACL on loans was $42.6 million, or 0.77% of total loans, at September 30, 2024, compared to $41.1 million, or 0.73% of total loans, at December 31, 2023.

See additional discussion under the caption “Asset Quality” for further information on asset quality metrics and the ACL on loans.

Noninterest Income

Noninterest income is an important source of revenue for Washington Trust. The principal categories of noninterest income are shown in the following table:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Noninterest income:								
Wealth management revenues	$9,989	$8,948	$1,041	12 %	$29,005	$26,659	$2,346	9 %
Mortgage banking revenues	2,866	2,108	758	36	8,133	5,106	3,027	59
Card interchange fees	1,321	1,267	54	4	3,741	3,667	74	2
Service charges on deposit accounts	784	674	110	16	2,238	2,118	120	6
Loan related derivative income	126	1,082	(956)	(88)	459	1,278	(819)	(64)
Income from bank-owned life insurance	770	710	60	8	2,262	2,754	(492)	(18)
Other income	416	437	(21)	(5)	4,257	1,252	3,005	240
Total noninterest income	$16,272	$15,226	$1,046	7 %	$50,095	$42,834	$7,261	17 %

Noninterest Income Analysis

Revenue from wealth management services represented 58% of total noninterest income for the nine months ended September 30, 2024, compared to 62% for the same period in 2023. A substantial portion of wealth management revenues is dependent on the value of wealth management AUA and is closely tied to the performance of the financial markets. This portion of wealth management revenues is referred to as “asset-based” and includes trust and investment management fees. Wealth management revenues also include “transaction-based” revenues that are not primarily derived from the value of assets.

The categories of wealth management revenues are shown in the following table:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Wealth management revenues:								
Asset-based revenues	$9,770	$8,683	$1,087	13 %	$28,098	$25,674	$2,424	9 %
Transaction-based revenues	219	265	(46)	(17)	907	985	(78)	(8)
Total wealth management revenues	$9,989	$8,948	$1,041	12 %	$29,005	$26,659	$2,346	9 %

Wealth management revenues for the three and nine months ended September 30, 2024 increased by $1.0 million and $2.3 million, respectively, from the same periods in 2023, reflecting an increase in asset-based revenues. The change in asset-based revenues correlated with the change in average AUA balances. The average balance of AUA for the three and nine months ended September 30, 2024 increased by 9% and 10%, respectively, from the average balance for the same periods in 2023.

The end of period AUA balance amounted to $7.1 billion at September 30, 2024. The following table presents the changes in wealth management AUA balances:

(Dollars in thousands)

	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Wealth management assets under administration:				
Balance at the beginning of period	$6,803,491	$6,350,260	$6,588,406	$5,961,990
Net investment appreciation & income	372,027	(154,269)	844,800	391,781
Net client asset outflows	(123,110)	(64,596)	(380,798)	(222,376)
Balance at the end of period	$7,052,408	$6,131,395	$7,052,408	$6,131,395

Mortgage banking revenues represented 16% of total noninterest income for nine months ended September 30, 2024, compared to 12% for the same period in 2023. These revenues are dependent on mortgage origination volume and are sensitive to interest rates and the condition of housing markets. While loan origination and refinancing activities decreased in response to increases in market interest rates, a larger proportion of loans were originated for sale in 2024. The composition of mortgage banking revenues and the volume of loans sold to the secondary market are shown in the following table:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Mortgage banking revenues:								
Realized gains on loan sales, net (1)	$2,492	$1,746	$746	43 %	$6,283	$3,149	$3,134	100 %
Changes in fair value, net (2)	(28)	(171)	143	84	316	297	19	6
Loan servicing fee income, net (3)	402	533	(131)	(25)	1,534	1,660	(126)	(8)
Total mortgage banking revenues	$2,866	$2,108	$758	36 %	$8,133	$5,106	$3,027	59 %
Loans sold to the secondary market (4)	$120,338	$88,621	$31,717	36 %	$303,034	$182,512	$120,522	66 %

(1) Includes gains on loan sales, commission income on loans originated for others, servicing right gains, and gains (losses) on forward loan commitments.
(2) Represents fair value changes on mortgage loans held for sale and forward loan commitments.
(3) Represents loan servicing fee income, net of servicing right amortization and valuation adjustments.
(4) Includes brokered loans (loans originated for others).

For the three and nine months ended September 30, 2024, mortgage banking revenues were up by $758 thousand and $3.0 million, respectively, compared to the same periods in 2023. The increase in mortgage banking revenues was mainly attributable to increases in both sales volume and sales yield.

Loan related derivative income from interest rate swap contracts with commercial borrowers for the three and nine months ended September 30, 2024, decreased by $956 thousand and $819 thousand, respectively, from the same periods in 2023, reflecting a decline in volume.

Income from BOLI for the nine months ended September 30, 2024, was down by $492 thousand from the same period in 2023, reflecting the recognition of $658 thousand in non-taxable income in the first six months of 2023 associated with the receipt of life insurance proceeds.

Other income for the nine months ended September 30, 2024 was up by $3.0 million from the same period in 2023. Included in other income in 2024 was a net gain of $988 thousand recognized on the sale of a bank-owned operations facility in the second quarter and $2.1 million associated with a litigation settlement in the first quarter. Excluding the impact of these items, other income for the nine months ended September 30, 2024 was down modestly by $83 thousand from the same period in 2023.

Noninterest Expense

The following table presents noninterest expense comparisons:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Noninterest expense:								
Salaries and employee benefits	$21,350	$21,622	($272)	(1 %)	$64,385	$63,994	$391	1 %
Outsourced services	4,185	3,737	448	12	12,061	10,854	1,207	11
Net occupancy	2,399	2,387	12	1	7,357	7,240	117	2
Equipment	924	1,107	(183)	(17)	2,902	3,185	(283)	(9)
Legal, audit, and professional fees	836	1,058	(222)	(21)	2,283	2,932	(649)	(22)
FDIC deposit insurance costs	1,402	1,185	217	18	4,247	3,428	819	24
Advertising and promotion	857	789	68	9	2,066	1,624	442	27
Amortization of intangibles	206	211	(5)	(2)	622	635	(13)	(2)
Other	2,345	2,294	51	2	6,854	7,078	(224)	(3)
Total noninterest expense	$34,504	$34,390	$114	— %	$102,777	$100,970	$1,807	2 %

Noninterest Expense Analysis

Salaries and employee benefits expense, the largest component of noninterest expense, for the three and nine months ended September 30, 2024 decreased by $272 thousand and increased by $391 thousand respectively, compared to the same periods in 2023. The changes included the impact of adjustments to performance-based compensation accruals, merit increases, and lower staffing levels.

Outsourced services expense for the three and nine months ended September 30, 2024 increased by $448 thousand and $1.2 million, respectively, compared to the same periods in the prior year. The increases reflected changes to and expansion of services, including software as a service, that are provided by third-party vendors.

Legal, audit and professional fees for the three and nine months ended September 30, 2024 decreased by $222 thousand and $649 thousand, respectively, compared to the same periods in 2023, reflecting lower legal fees.

FDIC deposit insurance costs for the three and nine months ended September 30, 2024 increased by $217 thousand and $819 thousand, respectively, compared to the same periods in 2023, reflecting the impact of increases in average assets from a year ago and a higher FDIC deposit assessment rate.

Advertising and promotion expense for the nine months ended September 30, 2024 increased by $442 thousand due to an increase in such activities.

Income Taxes
The following table presents the Corporation’s income tax provision and applicable tax rates for the periods indicated:

(Dollars in thousands)

	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Income tax expense	$2,849	$2,926	$8,698	$9,079
Effective income tax rate	20.6 %	20.8 %	21.0 %	20.5 %
Blended statutory rate	25.5 %	24.0 %	25.5 %	24.0 %

The effective income tax rates in the table above differed from the blended statutory rates, primarily due to tax benefits related to income from BOLI, federal tax credits, and tax-exempt income. The blended statutory rates include the federal income tax rate of 21% and a blended state income tax rate net of a federal tax benefit. The increase in the blended statutory rates in the table above reflect the impact of a fourth quarter 2023 Massachusetts tax law change.

The Corporation’s net deferred tax assets amounted to $46.0 million at September 30, 2024, compared to $53.8 million at December 31, 2023. This decline largely reflected decreases in deferred tax assets associated with increases in fair value of securities available for sale due to changes in market interest rates.

Segment Reporting
The Corporation manages its operations through two reportable business segments, consisting of Commercial Banking and Wealth Management Services. See Note 13 to the Unaudited Consolidated Financial Statements for additional disclosure related to business segments.

Commercial Banking
The following table presents a summarized statement of operations for the Commercial Banking business segment:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Net interest income	$32,262	$33,741	($1,479)	(4 %)	$95,512	$104,407	($8,895)	(9 %)
Provision for credit losses	200	500	(300)	(60)	1,400	2,000	(600)	(30)
Net interest income after provision for credit losses	32,062	33,241	(1,179)	(4)	94,112	102,407	(8,295)	(8)
Noninterest income	6,177	6,105	72	1	18,400	15,679	2,721	17
Noninterest expense	27,401	26,611	790	3	81,353	77,383	3,970	5
Income before income taxes	10,838	12,735	(1,897)	(15)	31,159	40,703	(9,544)	(23)
Income tax expense	2,193	2,621	(428)	(16)	6,441	8,226	(1,785)	(22)
Net income	$8,645	$10,114	($1,469)	(15 %)	$24,718	$32,477	($7,759)	(24 %)

Net interest income for the Commercial Banking segment for the three and nine months ended September 30, 2024 decreased by $1.5 million and $8.9 million, respectively, from the same periods in 2023. Net interest income was adversely impacted by higher rates paid on, and increases in, average interest-bearing liability balances, which offset the benefit of higher yields on, and increases in, average interest-earning asset balances.

The provision for credit losses for the three and nine months ended September 30, 2024 decreased by $300 thousand and $600 thousand, respectively from the same periods in 2023. See additional discussion under the caption “Provision for Credit Losses” above.

Noninterest income derived from the Commercial Banking segment for the three and nine months ended September 30, 2024 was up by $72 thousand and $2.7 million, respectively, from the comparable periods in 2023. The year-to-date increase in Commercial Banking noninterest income reflected higher mortgage banking revenues and a net gain recognized in the second quarter of 2024 on the sale of a bank-owned operations facility. These were partially offset by lower income from loan related derivatives and BOLI. See additional discussion under the caption "Noninterest Income" above.

Commercial Banking noninterest expenses for the three and nine months ended September 30, 2024 were up by $790 thousand and $4.0 million, respectively, from the same periods in 2023, largely reflecting increases in salaries and employee benefits expense, outsourced services, and FDIC deposit insurance costs, as well as reductions in legal fees. See additional discussion under the caption "Noninterest Expense" above.

Wealth Management Services

The following table presents a summarized statement of operations for the Wealth Management Services business segment:

(Dollars in thousands)	Three Months				Nine Months			
			Change				Change	
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Net interest income	$—	$10	($10)	(100 %)	$—	$37	($37)	(100 %)
Noninterest income	10,095	9,121	974	11	31,695	27,155	4,540	17
Noninterest expense	7,103	7,779	(676)	(9)	21,424	23,587	(2,163)	(9)
Income before income taxes	2,992	1,352	1,640	121	10,271	3,605	6,666	185
Income tax expense	656	305	351	115	2,257	853	1,404	165
Net income	$2,336	$1,047	$1,289	123 %	$8,014	$2,752	$5,262	191 %

For the three and nine months ended September 30, 2024, noninterest income derived from the Wealth Management Services segment increased by $974 thousand and $4.5 million, respectively, from the same periods in 2023, reflecting an increase in asset-based revenues. The year-to-date increase also included income of $2.1 million associated with a litigation settlement in the first quarter of 2024. See further discussion under the caption "Noninterest Income" above.

For the three and nine months ended September 30, 2024, noninterest expenses for the Wealth Management Services segment decreased by $676 thousand and $2.2 million, respectively, from the comparable periods in 2023, largely reflecting decreases in salaries and employee benefits expense and legal fees. See additional discussion under the caption "Noninterest Expense" above.

Financial Condition

Summary

The following table presents selected financial condition data:

(Dollars in thousands)			Change	
	September 30, 2024	December 31, 2023	$	%
Cash and due from banks	$206,971	$86,824	$120,147	138 %
Total securities	973,266	1,000,380	(27,114)	(3)
Total loans	5,514,870	5,647,706	(132,836)	(2)
Allowance for credit losses on loans	42,630	41,057	1,573	4
Total assets	7,141,571	7,202,847	(61,276)	(1)
Total deposits	5,171,890	5,348,160	(176,270)	(3)
FHLB advances	1,300,000	1,190,000	110,000	9
Total shareholders' equity	502,229	472,686	29,543	6

Total assets amounted to $7.1 billion at September 30, 2024, down by $61.3 million, or 1%, from the end of 2023.

Cash and due from banks increased by $120.1 million, or 138%, from December 31, 2023, reflecting temporarily higher cash balances on deposit at correspondent banks.

The securities portfolio decreased by $27.1 million, or 3%, from the end of 2023, reflecting routine pay-downs on mortgage-backed securities, partially offset by an increase in fair value of available for sale securities due to changes in market interest rates.

Total loans decreased by $132.8 million, or 2%, from the end of 2023, with the largest decline in the residential real estate portfolio.

Total deposit balances decreased by $176.3 million from the end of 2023, reflecting a decline in wholesale brokered time deposits that was partially offset by in-market deposit growth. FHLB advances increased by $110.0 million, or 9%, from December 31, 2023.

Shareholders' equity increased by $29.5 million, or 6%. Net income and an increase in the AOCL component of shareholders' equity were partially offset by dividend declarations.

Securities

Investment security activity is monitored by the Investment Committee, the members of which also sit on the ALCO. Asset and liability management objectives are the primary influence on the Corporation's investment activities. However, the Corporation also recognizes that there are certain specific risks inherent in investment activities. The securities portfolio is managed in accordance with regulatory guidelines and established internal corporate investment policies that provide limitations on specific risk factors such as market risk, credit risk and concentration, liquidity risk, and operational risk to help monitor risks associated with investing in securities. Reports on the activities conducted by the Investment Committee and the ALCO are presented to the Board of Directors on a regular basis.

The Corporation's securities portfolio is managed to generate interest income, to implement interest rate risk management strategies, and to provide a readily available source of liquidity for balance sheet management. Securities are designated as either available for sale, held to maturity or trading at the time of purchase. The Corporation does not maintain a portfolio of trading securities and does not have securities designated as held to maturity. Securities available for sale may be sold in response to changes in market conditions, prepayment risk, rate fluctuations, liquidity, or capital requirements. Debt securities available for sale are reported at fair value, with any unrealized gains and losses excluded from earnings and reported as a separate component of shareholders' equity, net of tax, until realized.

Determination of Fair Value

The Corporation uses an independent pricing service to obtain quoted prices. The prices provided by the independent pricing service are generally based on observable market data in active markets. The determination of whether markets are active or inactive is based upon the level of trading activity for a particular security class. Management reviews the independent pricing service's documentation to gain an understanding of the appropriateness of the pricing methodologies. Management also reviews the prices provided by the independent pricing service for reasonableness based upon current trading levels for similar securities. If the prices appear unusual, they are re-examined and the value is either confirmed or revised. In addition, management periodically performs independent price tests of securities to ensure proper valuation and to verify our understanding of how securities are priced. As of September 30, 2024 and December 31, 2023, management did not make any adjustments to the prices provided by the pricing service.

Our fair value measurements generally utilize Level 2 inputs, representing quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and model-derived valuations in which all significant input assumptions are observable in active markets.

See Notes 3 and 7 to the Unaudited Consolidated Financial Statements for additional information regarding the determination of fair value of investment securities.

Securities Portfolio

The carrying amounts of securities held are as follows:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Available for Sale Debt Securities:				
Obligations of U.S. government-sponsored enterprises	$231,944	24 %	$225,742	23 %
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	718,907	74	753,956	75
Obligations of states and political subdivisions	664	—	—	—
Individual name issuer trust preferred debt securities	9,193	1	8,793	1
Corporate bonds	12,558	1	11,889	1
Total available for sale debt securities	$973,266	100 %	$1,000,380	100 %

The securities portfolio represented 14% of total assets at both September 30, 2024 and December 31, 2023. The largest component of the securities portfolio is mortgage-backed securities, all of which are issued by U.S. government agencies or U.S. government-sponsored enterprises.

The securities portfolio decreased by $27.1 million, or 3%, from the end of 2023. This decrease included $54.1 million of routine pay-downs on mortgage-backed securities and an increase of $26.9 million (pre-tax) in the fair value of available for sale securities.

As of September 30, 2024, the carrying amount of available for sale debt securities included net unrealized losses of $125.4 million, compared to net unrealized losses of $152.2 million as of December 31, 2023. The net unrealized losses were primarily concentrated in obligations of U.S. government agencies and U.S. government-sponsored enterprises, including mortgage-backed securities, and primarily attributable to relative changes in market interest rates since the time of purchase. See Note 3 to the Unaudited Consolidated Financial Statements for additional information.

Loans

Total loans amounted to $5.5 billion at September 30, 2024, down by $132.8 million, or 2.4%, from the end of 2023.

The following is a summary of loans:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Commercial:				
Commercial real estate	$2,102,091	38 %	$2,106,359	37 %
Commercial & industrial	566,279	10	605,072	11
Total commercial	2,668,370	48	2,711,431	48
Residential Real Estate:				
Residential real estate (1)	2,529,397	46	2,604,478	46
Consumer:				
Home equity	299,379	5	312,594	6
Other	17,724	1	19,203	—
Total consumer	317,103	6	331,797	6
Total loans	$5,514,870	100 %	$5,647,706	100 %

(1) Includes a $19 thousand negative basis adjustment associated with fair value hedges at September 30, 2024. See Note 6 to the Unaudited Consolidated Financial Statements for additional disclosure.

Commercial Loans

The commercial loan portfolio represented 48% of total loans at both September 30, 2024 and December 31, 2023.

In making commercial loans, we may occasionally solicit the participation of other banks. The Bank also participates in commercial loans originated by other banks. In such cases, these loans are individually underwritten by us using standards similar to those employed for our self-originated loans. Our participation in commercial loans originated by other banks amounted to $679.2 million and $652.7 million, respectively, at September 30, 2024 and December 31, 2023. Our participation in commercial loans originated by other banks also includes shared national credits. Shared national credits are defined as participation in loans or loan commitments of at least $100.0 million that are shared by three or more banks.

Commercial loans fall into two main categories, CRE and C&I loans. CRE loans consist of commercial mortgages secured by non-owner occupied real property where the primary source of repayment is derived from rental income associated with the property or the proceeds of the sale, refinancing or permanent financing of the property. CRE loans also include construction loans made to businesses for land development or the on-site construction of industrial, commercial, or residential buildings. C&I loans primarily provide working capital, equipment financing, and financing for other business-related purposes. C&I loans are frequently collateralized by equipment, inventory, accounts receivable, and/or general business assets. A portion of the Bank's C&I loans is also collateralized by owner occupied real estate. C&I loans also include tax-exempt loans made to states and political subdivisions, as well as industrial development or revenue bonds issued through quasi-public corporations for the benefit of a private or non-profit entity where that entity rather than the governmental entity is obligated to pay the debt service.

From time to time, commercial loans may be reclassified between CRE and C&I categories, reflecting underlying changes in loans to/from owner occupied from/to non-owner occupied. Additionally, certain construction loans may be reclassified to C&I when the construction phase is complete and the loan transitions to permanent financing.

Commercial Real Estate Loans

CRE loans totaled $2.1 billion at September 30, 2024, down by $4.3 million, or 0.2%, from the balance at December 31, 2023.

In the first nine months of 2024, CRE advances and originations amounted to $183.2 million and were more than offset by payments.

Construction and development loans included in the CRE loan portfolio amounted to $131.3 million and $214.6 million, respectively, as of September 30, 2024 and December 31, 2023.

Shared national credit balances outstanding included in the CRE loan portfolio at September 30, 2024 and December 31, 2023, totaled $82.8 million and $47.4 million, respectively. At September 30, 2024 and December 31, 2023, balances of $62.3 million and $29.0 million, respectively, were included in the pass-rated category of commercial loan credit quality and balances of $20.5 million and $18.4 million, respectively, were included in the classified category. All of these loans were current with respect to contractual payment terms at both dates.

The following table presents a geographic summary of CRE loans by property location:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Outstanding Balance	% of Total	Outstanding Balance	% of Total
Connecticut	$826,212	39 %	$815,975	39 %
Massachusetts	650,891	31	645,736	31
Rhode Island	434,111	21	430,899	20
Subtotal	1,911,214	91	1,892,610	90
All other states	190,877	9	213,749	10
Total	$2,102,091	100 %	$2,106,359	100 %

Management considers the CRE portfolio to be well-diversified with loans across several property types. The following table presents a summary of CRE loans by property type segmentation:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Outstanding Balance (1)	% of Total	Outstanding Balance (1)	% of Total
CRE Portfolio Segmentation:				
Multi-family	$540,792	26 %	$546,694	26 %
Retail	428,217	20	434,913	21
Industrial and warehouse	337,950	16	307,987	15
Office	296,545	14	284,199	13
Hospitality	203,972	10	235,015	11
Healthcare facility	202,854	10	175,490	8
Mixed-use	29,231	1	49,079	2
Other	62,530	3	72,982	4
Total CRE loans	$2,102,091	100 %	$2,106,359	100 %
Average CRE loan size (2)	$5,192		$5,366	
Largest individual CRE loan outstanding	$65,475		$65,458	

(1) Does not include unfunded commitments of $198.1 million and $351.5 million, respectively, as of September 30, 2024 and December 31, 2023.
(2) Total commitment (outstanding loan balance plus unfunded commitments) divided by number of loans.

Multi-family totaled $540.8 million as of September 30, 2024, and is our largest single CRE segment, representing 26% of the total CRE portfolio. This segment includes non-owner occupied residential properties consisting of four or more units that are rented to tenants. At September 30, 2024, the credit quality of the multi-family segment was 100% pass-rated. Also, there were no nonaccrual loans and all loans were current with respect to payment terms at September 30, 2024.

In 2024, there continues to be heightened focus in the banking industry on the CRE office sector, given the continuation of remote work and an increase in vacancies across the office market. As of September 30, 2024, Washington Trust's CRE office loan segment totaled $296.5 million, or 5% of total loans and 14% of the total CRE loans. The loans are secured by non-owner occupied office properties, including medical office and lab space, located in our primary lending market area of southern New England - Connecticut, Massachusetts, and Rhode Island. Furthermore, approximately 68% of the CRE office segment balance of $296.5 million is secured by properties located in suburban areas. As of September 30, 2024, 96% of the CRE office segment was current with respect to payment terms, and 94% of the CRE office segment was on accruing status. Additionally, the credit quality of the CRE office loan segment was 84% pass-rated, 2% special mention-rated, and 14% classified as of September 30, 2024.

Commercial and Industrial Loans
C&I loans amounted to $566.3 million at September 30, 2024, down by $38.8 million, or 6%, from the balance at December 31, 2023.

In the first nine months of 2024, C&I originations, advances and line utilization amounted to $50.8 million and were more than offset by payments.

Shared national credit balances outstanding included in the C&I loan portfolio totaled $71.9 million and $66.3 million, respectively, at September 30, 2024 and December 31, 2023. All of these loans were included in the pass-rated category of commercial loan credit quality and were current with respect to contractual payment terms at both dates.

Management considers the C&I portfolio to be well-diversified with loans across several industries. The following table presents a summary of C&I loan by industry segmentation:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Outstanding Balance (1)	% of Total	Outstanding Balance (1)	% of Total
C&I Portfolio Segmentation:				
Healthcare and social assistance	$131,120	23 %	$166,490	28 %
Real estate rental and leasing	69,069	12	70,540	12
Transportation and warehousing	56,620	10	63,789	11
Manufacturing	48,239	9	54,905	9
Educational services	42,860	8	41,968	7
Retail trade	41,232	7	43,746	7
Finance and insurance	25,362	4	33,617	6
Information	22,168	4	22,674	4
Arts, entertainment, and recreation	20,557	4	22,249	4
Accommodation and food services	11,693	2	13,502	2
Professional, scientific, and technical services	10,729	2	7,998	1
Public administration	2,570	—	3,019	—
Other	84,060	15	60,575	9
Total C&I loans	$566,279	100 %	$605,072	100 %
Average C&I loan size (2)	$832		$844	
Largest individual C&I loan outstanding	$25,476		$25,324	

(1) Does not include unfunded commitments of $341.8 million and $341.9 million, respectively, as of September 30, 2024 and December 31, 2023.
(2) Total commitment (outstanding loan balance plus unfunded commitments) divided by number of loans.

Healthcare and social assistance totaled $131.1 million as of September 30, 2024, and is our largest single C&I segment, representing 23% of the total C&I portfolio. This segment includes specialty medical practices, elder services, and community and mental health centers. At September 30, 2024, the credit quality of the healthcare and social assistance segment was 86% pass-rated and 14% was special mention. Also, there were no nonaccrual loans and all loans were current with respect to payment terms at September 30, 2024.

Residential Real Estate Loans

The residential real estate loan portfolio represented 46% of total loans at both September 30, 2024 and December 31, 2023.

Residential real estate loans amounted to $2.5 billion at September 30, 2024, down by $75.1 million, or 3%, from the balance at December 31, 2023, as total origination activity declined and a lower proportion of loans was originated for portfolio.

The following is a geographic summary of residential real estate loans by property location:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Massachusetts	$1,857,706	74 %	$1,928,206	74 %
Rhode Island	488,094	19	481,289	19
Connecticut	155,858	6	165,933	6
Subtotal	2,501,658	99	2,575,428	99
All other states	27,739	1	29,050	1
Total (1)	$2,529,397	100 %	$2,604,478	100 %

(1) Includes residential mortgage loans purchased from and serviced by other financial institutions totaling $48.0 million and $53.4 million, respectively, as of September 30, 2024 and December 31, 2023.

Residential real estate loans are originated both for sale to the secondary market as well as for retention in the Bank's loan portfolio. We also originate residential real estate loans for various investors in a broker capacity, including conventional mortgages and reverse mortgages.

The table below presents residential real estate loan origination activity:

(Dollars in thousands)	Three Months				Nine Months			
Periods ended September 30,	2024		2023		2024		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Originations for retention in portfolio (1)	$26,317	19 %	$161,603	67 %	$77,311	20 %	$420,065	70 %
Originations for sale to the secondary market (2)	115,117	81	78,339	33	303,943	80	184,097	30
Total	$141,434	100 %	$239,942	100 %	$381,254	100 %	$604,162	100 %

(1) Includes the full commitment amount of homeowner construction loans.
(2) Includes brokered loans (loans originated for others).

Residential real estate loan origination and refinancing activities decreased in response to increases in market interest rates and changes in the housing markets. The proportion of residential real estate loans originated for portfolio has decreased for balance sheet management purposes.

The table below presents residential real estate loan sales activity:

(Dollars in thousands)	Three Months				Nine Months			
Periods ended September 30,	2024		2023		2024		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Loans sold with servicing rights retained	$17,881	15 %	$34,046	38 %	$66,508	22 %	$79,887	44 %
Loans sold with servicing rights released (1)	102,457	85	54,575	62	236,526	78	102,625	56
Total	$120,338	100 %	$88,621	100 %	$303,034	100 %	$182,512	100 %

(1) Includes brokered loans (loans originated for others).

We have active relationships with various secondary market investors that purchase residential real estate loans we originate. In addition to managing our interest rate risk position and earnings through the sale of these loans, we are also able to manage our liquidity position through timely sales of residential real estate loans to the secondary market.

Loans are sold with servicing retained or released. Loans sold with servicing rights retained result in the capitalization of servicing rights. Loan servicing rights are included in other assets and are subsequently amortized as an offset to mortgage banking revenues over the estimated period of servicing. The net balance of capitalized servicing rights amounted to $7.8 million and $8.5 million, respectively, as of September 30, 2024 and December 31, 2023. The balance of residential mortgage loans serviced for others, which are not included in the Unaudited Consolidated Balance Sheets, amounted to $1.4 billion and $1.5 billion, respectively, as of September 30, 2024 and December 31, 2023.

Consumer Loans
The consumer loan portfolio represented 6% of total loans at both September 30, 2024 and December 31, 2023.

Consumer loans include home equity loans and lines of credit and personal installment loans. Home equity lines of credit and home equity loans represented 94% of the total consumer portfolio at September 30, 2024. Our home equity line and home equity loan origination activities are conducted primarily in southern New England. The Bank estimates that approximately 50% of the combined home equity lines of credit and home equity loan balances are first lien positions or subordinate to other Washington Trust mortgages.

The consumer loan portfolio totaled $317.1 million at September 30, 2024, down by $14.7 million, or 4%, from December 31, 2023, largely reflecting a decrease in home equity lines.

Asset Quality
The Corporation continually monitors the asset quality of the loan portfolio using all available information.

In the course of resolving problem loans, the Corporation may choose to modify the contractual terms of certain loans. A loan that has been modified is considered a TLM when the modification is made to a borrower experiencing financial difficulty and the modification has a direct impact to the contractual cash flows. The decision to modify a loan, versus aggressively enforcing the collection of the loan, may benefit the Corporation by increasing the ultimate probability of collection. See Note 4 to the Unaudited Consolidated Financial Statements for additional information regarding TLMs.

Nonperforming Assets
Nonperforming assets include nonaccrual loans and OREO.

The following table presents nonperforming assets and additional asset quality data:

(Dollars in thousands)	September 30, 2024	December 31, 2023
Commercial:		
Commercial real estate	$18,259	$32,827
Commercial & industrial	616	682
Total commercial	18,875	33,509
Residential Real Estate:		
Residential real estate	10,517	9,626
Consumer:		
Home equity	1,750	1,483
Other	—	—
Total consumer	1,750	1,483
Total nonaccrual loans	31,142	44,618
OREO, net	—	683
Total nonperforming assets	$31,142	$45,301
Nonperforming assets to total assets	0.44 %	0.63 %
Nonperforming loans to total loans	0.56 %	0.79 %
Total past due loans to total loans	0.37 %	0.20 %
Allowance for credit losses on loans to total loans	0.77 %	0.73 %
Allowance for credit losses on loans to nonaccrual loans	136.89 %	92.02 %
Accruing loans 90 days or more past due	$—	$—

Nonaccrual Loans
During the nine months ended September 30, 2024, the Corporation made no changes in its practices or policies concerning the placement of loans into nonaccrual status.

The following table presents the activity in nonaccrual loans:

(Dollars in thousands)	Three Months		Nine Months	
For the periods ended September 30,	2024	2023	2024	2023
Balance at beginning of period	$30,479	$10,407	$44,618	$12,846
Additions to nonaccrual status	1,880	25,088	2,867	28,258
Loans returned to accruing status	(268)	(197)	(14,401)	(1,636)
Loans charged-off	(59)	(44)	(182)	(157)
Loans transferred to other real estate owned	—	—	—	(683)
Payments, payoffs, and other changes	(890)	(1,602)	(1,760)	(4,976)
Balance at end of period	$31,142	$33,652	$31,142	$33,652

The following table presents additional detail on nonaccrual loans:

(Dollars in thousands)	September 30, 2024					December 31, 2023				
		Days Past Due					Days Past Due			
	Current	30-89	90 or More	Total Nonaccrual	% (1)	Current	30-89	90 or More	Total Nonaccrual	% (1)
Commercial:										
Commercial real estate	$7,783	$10,476	$—	$18,259	0.87 %	$32,827	$—	$—	$32,827	1.56 %
Commercial & industrial	616	—	—	616	0.11	682	—	—	682	0.11
Total commercial	8,399	10,476	—	18,875	0.71	33,509	—	—	33,509	1.24
Residential Real Estate:										
Residential real estate	4,306	4,032	2,179	10,517	0.42	4,105	3,512	2,009	9,626	0.37
Consumer:										
Home equity	319	684	747	1,750	0.58	127	621	735	1,483	0.47
Other	—	—	—	—	—	—	—	—	—	—
Total consumer	319	684	747	1,750	0.55	127	621	735	1,483	0.45
Total nonaccrual loans	$13,024	$15,192	$2,926	$31,142	0.56 %	$37,741	$4,133	$2,744	$44,618	0.79 %

(1) Percentage of nonaccrual loans to the total loans outstanding within the respective loan class.

There were no significant commitments to lend additional funds to borrowers whose loans were on nonaccrual status at September 30, 2024.

As of September 30, 2024, the composition of nonaccrual loans was 61% commercial and 39% residential and consumer. This compared to 75% commercial and 25% residential and consumer as of December 31, 2023.

Total nonaccrual loans decreased by $13.5 million from the end of 2023, reflecting a decline in nonaccrual commercial real estate loans. Nonaccrual commercial real estate loans decreased by $14.6 million from the balance at December 31, 2023, primarily due to one loan secured by a healthcare facility that returned to accruing status in the first quarter of 2024.

As of September 30, 2024, the balance of nonaccrual commercial real estate loans consisted of two collateral dependent loans. One loan for $10.5 million is secured by an office property in Massachusetts and is past due, as the loan matured in the third quarter of 2024. The other loan for $7.8 million is secured by an office property in Connecticut, is current with respect to payment terms and was modified as a TLM in 2023. These loans were individually assessed for credit impairment and based on the estimated fair value of the collateral less estimated costs to sell (when appropriate), specific reserves of $500 thousand were deemed necessary at September 30, 2024.

As of September 30, 2024, the balance of nonaccrual residential mortgage loans was predominately secured by properties in Connecticut, Massachusetts, and Rhode Island. Included in total nonaccrual residential real estate loans at September 30, 2024 were four loans purchased for portfolio and serviced by others amounting to $933 thousand. Management monitors the collection efforts of its third-party servicers as part of its assessment of the collectability of nonperforming loans.

Past Due Loans

The following table presents past due loans by category:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Amount	% (1)	Amount	% (1)
Commercial:				
Commercial real estate	$10,476	0.50 %	$—	— %
Commercial & industrial	3	—	10	—
Total commercial	10,479	0.39	10	—
Residential Real Estate:				
Residential real estate	6,947	0.27	8,116	0.31
Consumer:				
Home equity	2,800	0.94	3,196	1.02
Other	75	0.42	23	0.12
Total consumer	2,875	0.91	3,219	0.97
Total past due loans	$20,301	0.37 %	$11,345	0.20 %

(1) Percentage of past due loans to the total loans outstanding within the respective loan class.

The composition of past due loans (loans past due 30 days or more) was 52% commercial and 48% residential and consumer as of September 30, 2024 and essentially all residential and consumer as of December 31, 2023.

Total past due loans increased by $9.0 million from the end of 2023, largely due to the $10.5 million nonaccrual commercial real estate loan discussed above under the caption "Nonaccrual Loans."

Total past due loans included $18.1 million of nonaccrual loans as of September 30, 2024, compared to $6.9 million as of December 31, 2023.

All loans 90 days or more past due at September 30, 2024 and December 31, 2023 were classified as nonaccrual.

Potential Problem Loans

The Corporation classifies certain loans as "substandard," "doubtful," or "loss" based on criteria consistent with guidelines provided by banking regulators. Potential problem loans include classified accruing commercial loans that were less than 90 days past due at September 30, 2024 and other loans for which known information about possible credit problems of the related borrowers causes management to have doubts as to the ability of such borrowers to comply with the present loan repayment terms and which may result in disclosure of such loans as nonperforming at some time in the future. Potential problem loans are not included in the amounts of nonaccrual loans presented above.

Potential problem loans are assessed for loss exposure using the methods described in Note 4 to the Unaudited Consolidated Financial Statements under the caption "Credit Quality Indicators." Management cannot predict the extent to which economic conditions or other factors may impact borrowers and the potential problem loans. Accordingly, there can be no assurance that other loans will not become 90 days or more past due, be placed on nonaccrual, become modified, or require an increased allowance coverage and provision for credit losses on loans.

Management has identified $25.1 million in potential problem loans at September 30, 2024, compared to $22.9 million at December 31, 2023. The balances of potential problem loans largely consisted of two CRE loans secured by office properties in Massachusetts and Connecticut. At September 30, 2024 and December 31, 2023, these loans were current with respect to payment terms.

Allowance for Credit Losses on Loans

The ACL on loans is management's estimate of expected lifetime credit losses on loans carried at amortized cost. The ACL on loans is established through a provision for credit losses recognized in earnings. The ACL on loans is reduced by charge-offs on loans and is increased by recoveries of amounts previously charged off.

The Corporation's general practice is to identify problem credits early and recognize full or partial charge-offs as promptly as practicable when it is determined that the collection of loan principal is unlikely. Full or partial charge-offs on collateral dependent individually analyzed loans are recognized when the collateral is deemed to be insufficient to support the carrying value of the loan. The Corporation does not recognize a recovery when new appraisals indicate a subsequent increase in value.

Appraisals are generally obtained with values determined on an "as is" basis from independent appraisal firms for real estate collateral dependent commercial loans in the process of collection or when warranted by other deterioration in the borrower's credit status. New appraisals are generally obtained for nonaccrual loans or when management believes it is warranted. The Corporation has continued to maintain appropriate professional standards regarding the professional qualifications of appraisers and has an internal review process to monitor the quality of appraisals.

For residential real estate loans and real estate collateral dependent consumer loans that are in the process of collection, valuations are obtained from independent appraisal firms with values determined on an "as is" basis.

The following table presents additional detail on the Corporation's loan portfolio and associated allowance:

(Dollars in thousands)	September 30, 2024			December 31, 2023		
	Loans	Related Allowance	Allowance / Loans	Loans	Related Allowance	Allowance / Loans
Individually analyzed loans	$19,903	$500	2.51 %	$34,640	$97	0.28 %
Pooled (collectively evaluated) loans (1)	5,494,986	42,130	0.77	5,613,066	40,960	0.73
Total	$5,514,889	$42,630	0.77 %	$5,647,706	$41,057	0.73 %

(1) The amount reported for pooled loans excludes a $19 thousand negative basis adjustment associated with fair value hedges at September 30, 2024. See Note 6 to the Unaudited Consolidated Financial Statements for additional disclosure.

Management employs a process and methodology to estimate the ACL on loans that evaluates both quantitative and qualitative factors. The methodology for evaluating quantitative factors consists of two basic components. The first component involves pooling loans into portfolio segments for loans that share similar risk characteristics. The second component involves individually analyzed loans that do not share similar risk characteristics with loans that are pooled into portfolio segments.

The ACL for individually analyzed loans is measured using a DCF method based upon the loan's contractual effective interest rate, or at the loan's observable market price, or, if the loan was collateral dependent, at the fair value of the collateral.

The ACL for pooled loans is measured utilizing a DCF methodology to estimate credit losses for each pooled portfolio segment. The methodology incorporates a probability of default and loss given default framework. Loss given default is estimated based on historical credit loss experience. Probability of default is estimated using a regression model that incorporates econometric factors. Management utilizes forecasted econometric factors with a one-year reasonable and supportable forecast period and one-year straight-line reversion period in order to estimate the probability of default for each loan portfolio segment. The DCF methodology combines the probability of default, the loss given default, prepayment speeds, and remaining life of the loan to estimate a reserve for each loan. The sum of all the loan level reserves are aggregated for each portfolio segment and a loss rate factor is derived. Quantitative loss factors for pooled loans are also supplemented by certain qualitative risk factors reflecting management's view of how losses may vary from those represented by quantitative loss rates.

The ACL on loans amounted to $42.6 million at September 30, 2024, up by $1.6 million, or 4%, from the balance at December 31, 2023. The ACL on loans as a percentage of total loans, also known as the reserve coverage ratio, was 0.77% at September 30, 2024, compared to 0.73% at December 31, 2023.

The Corporation recorded a provision for credit losses on loans of $300 thousand and $1.7 million, respectively, for the three and nine months ended September 30, 2024. The provision for credit losses in 2024 largely reflected continued, yet subsiding, slowdown of loan prepayment speeds and modest specific reserve allocations on an individually analyzed nonaccrual commercial loan, partially offset by a decline in loan balances and relatively stable to improving forecasted economic conditions.

Net charge-offs totaled $48 thousand for the three months ended September 30, 2024, compared to $30 thousand for the same period in 2023. For the nine months ended September 30, 2024, net charge-offs totaled $127 thousand, compared to net charge-offs of $114 thousand for the same period in 2023.

The ACL on loans is an estimate and ultimate losses may vary from management's estimate. Deteriorating conditions or assumptions could lead to further increases in the ACL on loans; conversely, improving conditions or assumptions could lead to further reductions in the ACL on loans.

The following table presents the allocation of the ACL on loans by portfolio segment. The total ACL on loans is available to absorb losses from any segment of the loan portfolio.

(Dollars in thousands)	September 30, 2024			December 31, 2023		
	Allocated ACL	ACL to Loans	Loans to Total Portfolio (1)	Allocated ACL	ACL to Loans	Loans to Total Portfolio (1)
Commercial:						
Commercial real estate	$25,758	1.23 %	38 %	$24,144	1.15 %	37 %
Commercial & industrial	7,403	1.31	10	8,088	1.34	11
Total commercial	33,161	1.24	48	32,232	1.19	48
Residential Real Estate:						
Residential real estate	8,063	0.32	46	7,403	0.28	46
Consumer:						
Home equity	1,086	0.36	5	1,048	0.34	6
Other	320	1.81	1	374	1.95	—
Total consumer	1,406	0.44	6	1,422	0.43	6
Total ACL on loans at end of period	$42,630	0.77 %	100 %	$41,057	0.73 %	100 %

(1) Percentage of loans outstanding in respective class to total loans outstanding.

Sources of Funds

Our sources of funds include in-market deposits, wholesale brokered deposits, FHLB advances, other borrowings, and proceeds from the sales, maturities, and payments of loans and investment securities. The Corporation uses funds to originate and purchase loans, purchase investment securities, conduct operations, expand the branch network, and pay dividends to shareholders.

Deposits

The Corporation offers a wide variety of deposit products to consumer and business customers. Deposits provide an important source of funding for the Bank, as well as an ongoing stream of fee revenue.

The Bank is a participant in the DDM program, ICS program, and the CDARS program. The Bank uses these deposit sweep services to place customer and client funds into interest-bearing demand accounts, money market accounts, and/or time deposits issued by other participating banks. Customer and client funds are placed at one or more participating banks to ensure that each deposit customer is eligible for the full amount of FDIC insurance. As a program participant, we receive reciprocal amounts of deposits from other participating banks. We consider these reciprocal deposit balances to be in-market deposits as distinguished from traditional wholesale brokered deposits.

The following table presents a summary of deposits:

(Dollars in thousands)	September 30, 2024		December 31, 2023		Change in Balance	
	Amount	% of Total	Amount	% of Total	$	%
Noninterest-bearing demand deposits	$665,706	13 %	$693,746	13 %	($28,040)	(4 %)
Interest-bearing demand deposits	596,319	12	504,959	9	91,360	18
NOW accounts	685,531	13	767,036	14	(81,505)	(11)
Money market accounts	1,146,426	22	1,096,959	21	49,467	5
Savings accounts	490,285	9	497,223	9	(6,938)	(1)
Time deposits (in-market)	1,207,626	24	1,134,187	22	73,439	6
Total in-market deposits	4,791,893	93	4,694,110	88	97,783	2
Wholesale brokered time deposits	379,997	7	654,050	12	(274,053)	(42)
Total deposits	$5,171,890	100 %	$5,348,160	100 %	($176,270)	(3 %)

Total deposits amounted to $5.2 billion at September 30, 2024, compared to $5.3 billion at December 31, 2023.

Wholesale brokered time deposits decreased by $274.1 million, or 42%, from December 31, 2023, reflecting maturities and a shift in wholesale funding mix based on pricing. See disclosure regarding FHLB advances under the caption "Borrowings" below.

In-market deposits, which exclude wholesale brokered time deposits, were up by $97.8 million, or 2%, from the balance at December 31, 2023. Growing deposits continues to be highly competitive in our market area and demand for higher-cost deposit products is strong. Washington Trust has made recent investments in technology to enhance our customers' experience and we remain focused on maintaining and growing depositor relationships.

As of September 30, 2024, in-market deposits were approximately 59% retail and 41% commercial. Our in-market deposits are well-diversified by industry and customer type. The average size of our in-market deposit accounts was approximately $36 thousand at September 30, 2024.

The following table presents a summary of the Bank's uninsured deposits:

(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Balance	% of Total Deposits	Balance	% of Total Deposits
Uninsured Deposits:				
Uninsured deposits (1)	$1,360,176	26 %	$1,260,672	24 %
Less: affiliate deposits (2)	101,028	2	92,645	2
Uninsured deposits, excluding affiliate deposits	1,259,148	24	1,168,027	22
Less: fully-collateralized preferred deposits (3)	205,668	4	204,327	4
Uninsured deposits, after exclusions	$1,053,480	20 %	$963,700	18 %

(1) Determined in accordance with regulatory reporting requirements, which includes affiliate deposits and fully-collateralized preferred deposits.
(2) Uninsured deposit balances of Washington Trust Bancorp, Inc. and its subsidiaries that are eliminated in consolidation.
(3) Uninsured deposits of states and political subdivisions, which are secured or collateralized as required by state law.

Borrowings

Borrowings primarily consist of FHLB advances, which are used as a source of funding for liquidity and interest rate risk management purposes. FHLB advances totaled $1.3 billion at September 30, 2024, up by $110.0 million, or 9%, from the balance at the end of 2023, reflecting a shift to utilize higher levels of FHLB advances and lower levels of wholesale brokered time certificates as a wholesale funding source.

For additional information regarding FHLB advances see Note 9 to the Unaudited Consolidated Financial Statements.

Liquidity and Capital Resources

Liquidity Management

Liquidity is the ability of a financial institution to meet maturing liability obligations and customer loan demand. The Corporation's primary source of liquidity is in-market deposits, which funded approximately 65% of total average assets in the nine months ended September 30, 2024. While the generally preferred funding strategy is to attract and retain low-cost deposits, the ability to do so is affected by competitive interest rates and terms in the marketplace. Other sources of funding include discretionary use of purchased liabilities (e.g., FHLB term advances and brokered deposits), cash flows from the investment securities portfolio, and loan repayments. Securities designated as available for sale may also be sold in response to short-term or long-term liquidity needs, although management has no intention to do so at this time.

The Corporation has a detailed liquidity funding policy and a contingency funding plan that provide for the prompt and comprehensive response to unexpected demands for liquidity. Management employs stress testing methodology to estimate needs for contingent funding that could result from unexpected outflows of funds in excess of "business as usual" cash flows. In management's estimation, risks are concentrated in two major categories: (1) runoff of in-market deposit balances; and (2) unexpected drawdown of loan commitments. Of the two categories, potential runoff of deposit balances would have the most significant impact on contingent liquidity. Our stress test scenarios, therefore, emphasize attempts to quantify deposits at risk over selected time horizons. In addition to these unexpected outflow risks, several other "business as usual" factors enter into the calculation of the adequacy of contingent liquidity including: (1) payment proceeds from loans and investment securities; (2) maturing debt obligations; and (3) maturing time deposits. The Corporation has established collateralized borrowing capacity with the FRBB and also maintains additional collateralized borrowing capacity with the FHLB in excess of levels used in the ordinary course of business. Borrowing capacity is impacted by the amount and type of assets available to be pledged.

The table below presents a summary of contingent liquidity balances by source:

(Dollars in thousands)	September 30, 2024	December 31, 2023
Contingent Liquidity:		
Federal Home Loan Bank of Boston (1)	$930,951	$1,086,607
Federal Reserve Bank of Boston (2)	85,009	65,759
Noninterest-bearing cash	33,694	54,970
Unencumbered securities	662,991	680,857
Total contingent liquidity	$1,712,645	$1,888,193
Percentage of total contingent liquidity to uninsured deposits	125.9 %	149.8 %
Percentage of total contingent liquidity to uninsured deposits, after exclusions	162.6 %	195.9 %

(1) As of September 30, 2024 and December 31, 2023, loans with a carrying value of $3.2 billion and $3.4 billion, respectively, and securities available for sale with carrying values of $90.4 million and $94.3 million, respectively, were pledged to the FHLB resulting in this additional borrowing capacity.

(2) As of September 30, 2024 and December 31, 2023, loans with a carrying value of $85.6 million and $71.0 million, respectively, and securities available for sale with a carrying value of $13.8 million and $13.1 million, respectively, were pledged to the FRBB for the discount window resulting in this additional unused borrowing capacity.

In addition to the amounts presented above, the Bank also had access to a $40.0 million unused line of credit with the FHLB at September 30, 2024 and December 31, 2023.

The ALCO establishes and monitors internal liquidity measures to manage liquidity exposure. Liquidity remained within target ranges established by the ALCO during the nine months ended September 30, 2024. Based on its assessment of the liquidity considerations described above, management believes the Corporation's sources of funding meet anticipated funding needs.

Contractual Obligations, Commitments, and Off-Balance Sheet Arrangements

In the ordinary course of business, the Corporation enters into contractual obligations that require future cash payments. These include payments related to lease obligations, time deposits with stated maturity dates, and borrowings. Also, in the ordinary course of business, the Corporation engages in a variety of financial transactions that, in accordance with GAAP, are not recorded in the financial statements, or are recorded in amounts that differ from the notional amounts. These financial transactions include commitments to extend credit, standby letters of credit, forward loan commitments, loan related derivative contracts and interest rate risk management contracts. For additional information on derivative financial instruments and financial instruments with off-balance sheet risk see Notes 6 and 16 to the Unaudited Consolidated Financial Statements.

Capital Resources

Total shareholders' equity amounted to $502.2 million at September 30, 2024, up by $29.5 million from December 31, 2023. Net income of $32.7 million and an increase of $24.0 million in the AOCL component of shareholders' equity were partially offset by $29.0 million in dividend declarations. The increase in AOCL largely reflected increases in the fair value of available for sale debt securities due to changes in market interest rates. See Note 6 to the Unaudited Consolidated Financial Statements for additional discussion regarding the previously terminated cash flow hedge.

Washington Trust declared a quarterly dividend of 56 cents per share for the three months ended September 30, 2024, unchanged from the 56 cents per share declared for the same period in 2023. On a year-to-date basis, dividend declarations totaled $1.68 per share in 2024, unchanged from the $1.68 per share declared in 2023.

The ratio of total equity to total assets amounted to 7.03% and 6.56%, respectively, at September 30, 2024 and December 31, 2023. Book value per share was $29.44 at September 30, 2024, compared to $27.75 at December 31, 2023.

The Bancorp and the Bank are subject to various regulatory capital requirements and are considered "well capitalized," with a total risk-based capital ratio of 12.21% at September 30, 2024, compared to 11.58% at December 31, 2023.

See Note 10 to the Unaudited Consolidated Financial Statements for additional discussion regarding shareholders' equity.

Asset/Liability Management and Interest Rate Risk

Interest rate risk is the risk to earnings due to changes in interest rates. The ALCO is responsible for establishing policy guidelines on liquidity and acceptable exposure to interest rate risk. Quarterly, the ALCO reports on the status of liquidity and interest rate risk matters to the Corporation's Audit Committee. The objective of the ALCO is to manage assets and funding sources to produce results that are consistent with the Corporation's liquidity, capital adequacy, growth, risk, and profitability goals.

The Corporation utilizes the size and duration of the investment securities portfolio, the size and duration of the wholesale funding portfolio, interest rate contracts, and the pricing and structure of loans and deposits, to manage interest rate risk. The interest rate contracts may include interest rate swaps, caps, floors, and collars. These interest rate contracts involve, to varying degrees, credit risk and interest rate risk. Credit risk is the possibility that a loss may occur if a counterparty to a transaction fails to perform according to terms of the contract. The notional amount of the interest rate contracts is the amount upon which interest and other payments are based. The notional amount is not exchanged, and therefore, should not be taken as a measure of credit risk. See Note 6 to the Unaudited Consolidated Financial Statements for additional information.

The ALCO uses income simulation to measure interest rate risk inherent in the Corporation's financial instruments at a given point in time by showing the effect of interest rate shifts on net interest income over a 12-month horizon and a 13- to 24-month horizon. The simulations assume that the size and general composition of the Corporation's balance sheet remain static over the simulation horizons, with the exception of certain deposit mix shifts from low-cost savings to higher-cost time deposits in selected interest rate scenarios. Additionally, the simulations take into account the specific repricing, maturity, call options, and prepayment characteristics of differing financial instruments that may vary under different interest rate scenarios. Mortgage-backed securities and residential real estate loans involve a level of risk that unforeseen changes in prepayment speeds may cause related cash flows to vary significantly in differing rate environments. Such changes could affect the level of reinvestment risk associated with cash flow from these instruments, as well as their market value. Changes in prepayment speeds could also increase or decrease the amortization of premium or accretion of discounts related to such instruments, thereby affecting interest income. The characteristics of financial instrument classes are reviewed periodically by the ALCO to ensure their accuracy and consistency.

Deposit balances may also be subject to possible outflow to non-bank alternatives in a rising rate environment. This may cause interest rate sensitivity to differ from the results as presented. Another significant simulation assumption is the sensitivity of savings deposits to fluctuations in interest rates. Income simulation results assume that changes in both savings deposit rates and balances are related to changes in short-term interest rates. The relationship between short-term interest rate changes and deposit rate and balance changes may differ from the ALCO's estimates used in income simulation.

The ALCO reviews simulation results to determine whether the Corporation's exposure to a decline in net interest income remains within established tolerance levels over the simulation horizons and to develop appropriate strategies to manage this exposure. As of September 30, 2024 and December 31, 2023, net interest income simulations indicated that exposure to changing interest rates over the simulation horizons remained within tolerance levels established by the Corporation. All changes are measured in comparison to the projected net interest income that would result from an "unchanged" rate scenario where both interest rates and the composition of the Corporation's balance sheet remain stable.

The ALCO regularly reviews a wide variety of interest rate shift scenario results to evaluate interest rate risk exposure, including parallel changes in interest rates and scenarios showing the effect of steepening or flattening changes in the yield curve. Because income simulations assume that the Corporation's balance sheet will remain static over the simulation horizon, the results do not reflect adjustments in strategy that the ALCO could implement in response to rate shifts. It should also be noted that the static balance sheet assumption does not necessarily reflect the Corporation's expectation for future balance sheet growth, which is a function of the business environment and customer behavior.

While the ALCO reviews and updates simulation assumptions and also periodically back-tests the simulation results to ensure that the assumptions are reasonable and current, income simulation may not always prove to be an accurate indicator of interest rate risk or future NIM. Over time, the repricing, maturity, and prepayment characteristics of financial instruments and the composition of the Corporation's balance sheet may change to a different degree than estimated.

The following table sets forth the estimated change in net interest income from an unchanged rate scenario over the periods indicated for parallel changes in market interest rates using the Corporation's on- and off-balance sheet financial instruments as of September 30, 2024 and December 31, 2023. Interest rates are assumed to shift by parallel rate changes as shown in the table below. Further, deposits are assumed to have certain minimum rate levels below which they will not fall. It should be noted that the rate scenarios shown do not necessarily reflect the ALCO's view of the "most likely" change in interest rates over the periods indicated.

	September 30, 2024		December 31, 2023	
	Months 1 - 12	Months 13 - 24	Months 1 - 12	Months 13 - 24
100 basis point rate decrease	(3.62)%	0.42 %	(3.38)%	0.94 %
200 basis point rate decrease	(7.36)	0.26	(6.82)	1.53
300 basis point rate decrease	(11.30)	(0.73)	(10.38)	1.59
100 basis point rate increase	1.28	(5.11)	0.72	(6.08)
200 basis point rate increase	4.82	(6.43)	4.16	(7.57)
300 basis point rate increase	8.37	(8.42)	7.55	(9.21)

The relative change in interest rate sensitivity from December 31, 2023, as shown in the above table, was attributable to changes in balance sheet composition and market interest rates. The changes in balance sheet composition included a temporary increase in rate-sensitive cash balances on deposit at correspondent banks, reductions in loans, and a lower level of wholesale funding given in-market deposit growth. Furthermore, additional interest rate management derivative contracts were executed to hedge interest rate risk.

The ALCO estimates that as interest rates change, interest-earning assets would reprice more quickly than interest-bearing liabilities. In-market deposit rate changes are modeled to lag behind other market interest rates in both pace and magnitude. Additionally, prepayments of loans and securities generally increase as market interest rates decline and decrease as market interest rates rise.

Additionally, the Corporation monitors the potential change in market value of its available for sale debt securities in changing interest rate environments. The purpose is to determine market value exposure that may not be captured by income simulation, but which might result in changes to the Corporation's capital position. Results are calculated using industry-standard analytical techniques and securities data.

The following table summarizes the potential change in market value of the Corporation’s available for sale debt securities as of September 30, 2024 and December 31, 2023 resulting from immediate parallel rate shifts:

(Dollars in thousands)

Security Type	Down 100 Basis Points	Up 200 Basis Points
Obligations of U.S. government-sponsored enterprise securities (callable)	$7,037	($14,859)
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	44,551	(95,915)
Obligations of states and political subdivisions	31	(101)
Trust preferred debt and other corporate debt securities	51	(100)
Total change in market value as of September 30, 2024	$51,670	($110,975)
Total change in market value as of December 31, 2023	$59,659	($117,334)

Critical Accounting Policies and Estimates

Estimates and assumptions are necessary in the application of certain accounting policies and procedures and can be susceptible to significant change. Critical accounting policies are defined as those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the Corporation’s financial condition or results of operations.

Management considers its accounting policy relating to the ACL on loans to be a critical accounting policy. There have been no material changes in the Corporation’s critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Recently Issued Accounting Pronouncements

See Note 2 to the Unaudited Consolidated Financial Statements for details of recently issued accounting pronouncements and their expected impact on the Corporation’s financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information regarding quantitative and qualitative disclosures about market risk appears under Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” under the caption “Asset/Liability Management and Interest Rate Risk.”

For factors that could adversely impact Washington Trust’s future results of operations and financial condition, see Part II, Item 1A below and the section labeled “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as updated by our Quarterly Reports on Form 10-Q and other filings submitted to the SEC.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, the Corporation carried out an evaluation under the supervision and with the participation of the Corporation’s management, including the Corporation’s principal executive officer and principal financial officer, of the Corporation’s disclosure controls and procedures as of the period ended September 30, 2024. Based upon that evaluation, the principal executive officer and principal financial officer concluded that the Corporation’s disclosure controls and procedures are effective and designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to the Corporation’s management including its Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosures. The Corporation will continue to review and document its disclosure controls and procedures and consider such changes in future evaluations of the effectiveness of such controls and procedures, as it deems appropriate.

Internal Control Over Financial Reporting

There has been no change in the Corporation’s internal controls over financial reporting during the quarter ended September 30, 2024 that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

The Corporation is involved in various claims and legal proceedings arising out of the ordinary course of business. Management is of the opinion, based on its review with counsel of the development of such matters to date, that the ultimate disposition of such matters will not materially affect the consolidated financial position or results of operations of the Corporation.

Item 1A. Risk Factors

There have been no material changes in the risk factors described in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 26, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 5. Other Information

Insider Trading Arrangements

During the three months ended September 30, 2024, none of the Corporation’s directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

(a) Exhibits. The following exhibits are included as part of this Form 10-Q:

Exhibit Number	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Filed herewith.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Furnished herewith. (1)
101	The following materials from Washington Trust Bancorp, Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2024 formatted in Inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related Notes to these consolidated financial statements.
104	The cover page from the Corporation's Quarterly Report on Form 10-Q for the period ended September 30, 2024 has been formatted in Inline XBRL and contained in Exhibit 101.

(1) These certifications are not "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing under the Securities Act or the Securities Exchange Act.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WASHINGTON TRUST BANCORP, INC.
(Registrant)

Date: November 7, 2024

By: /s/ Edward O. Handy III
Edward O. Handy III
Chairman and Chief Executive Officer
(principal executive officer)

Date: November 7, 2024

By: /s/ Ronald S. Ohsberg
Ronald S. Ohsberg
Senior Executive Vice President, Chief Financial Officer, and Treasurer
(principal financial officer)

Date: November 7, 2024

By: /s/ Maria N. Janes
Maria N. Janes
Executive Vice President, Chief Accounting Officer, and Controller
(principal accounting officer)

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward O. Handy III, Chairman and Chief Executive Officer of Washington Trust Bancorp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, for the period ended September 30, 2024, of Washington Trust Bancorp, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during
   (e) the Registrant's most recent fiscal quarter (the Registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2024   By: /s/ Edward O. Handy III

Edward O. Handy III
Chairman and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald S. Ohsberg, Senior Executive Vice President, Chief Financial Officer and Treasurer of Washington Trust Bancorp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, for the period ended September 30, 2024, of Washington Trust Bancorp, Inc. (the “Registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 7, 2024	By:	/s/ Ronald S. Ohsberg
		Ronald S. Ohsberg Senior Executive Vice President, Chief Financial Officer and Treasurer (principal financial officer)

EXHIBIT 32.1

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Washington Trust Bancorp, Inc. (the “Corporation”), hereby certifies that the Corporation’s Quarterly Report on Form 10-Q for the period ended September 30, 2024 to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date:	November 7, 2024	By:	/s/ Edward O. Handy III
			Edward O. Handy III Chairman and Chief Executive Officer (principal executive officer)

The undersigned officer of Washington Trust Bancorp, Inc. (the “Corporation”), hereby certifies that the Corporation’s Quarterly Report on Form 10-Q for the period ended September 30, 2024 to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date:	November 7, 2024	By:	/s/ Ronald S. Ohsberg
			Ronald S. Ohsberg Senior Executive Vice President, Chief Financial Officer and Treasurer (principal financial officer)