

Investor Presentation

May 28, 2020

WASHINGTON TRUST BANCORP, INC.

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This presentation contains certain statements that may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results, performance or achievements of Washington Trust may differ materially from those discussed in these forward-looking statements, as a result of, among other factors, the factors described under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed with the Securities and Exchange Commission and updated by our Quarterly Reports on Form 10-Q. You should carefully review all of these factors, and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this presentation, and Washington Trust assumes no obligation to update forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Executive Team



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

Ned Handy
Chairman & Chief Executive Officer

Mark Gim
President and Chief Operating Officer

Ron Ohsberg
Senior EVP, Chief Financial Officer and Treasurer

Investor Information

Elizabeth B. Eckel
Senior Vice President, Chief Marketing & Corporate Communications Officer
401-348-1309, ebeckel@washtrust.com

WHO WE ARE

Corporate Profile

- Oldest community bank in the US
- High-performing regional bank
- Largest state-chartered bank in RI
  - $5.6 B assets
  - $4.1 B loans
  - $3.7 B deposits
- Diversified financial services company
- Premier regional wealth management firm
  - $5.3 B assets under administration
- Market capitalization[(1)]: $548 M

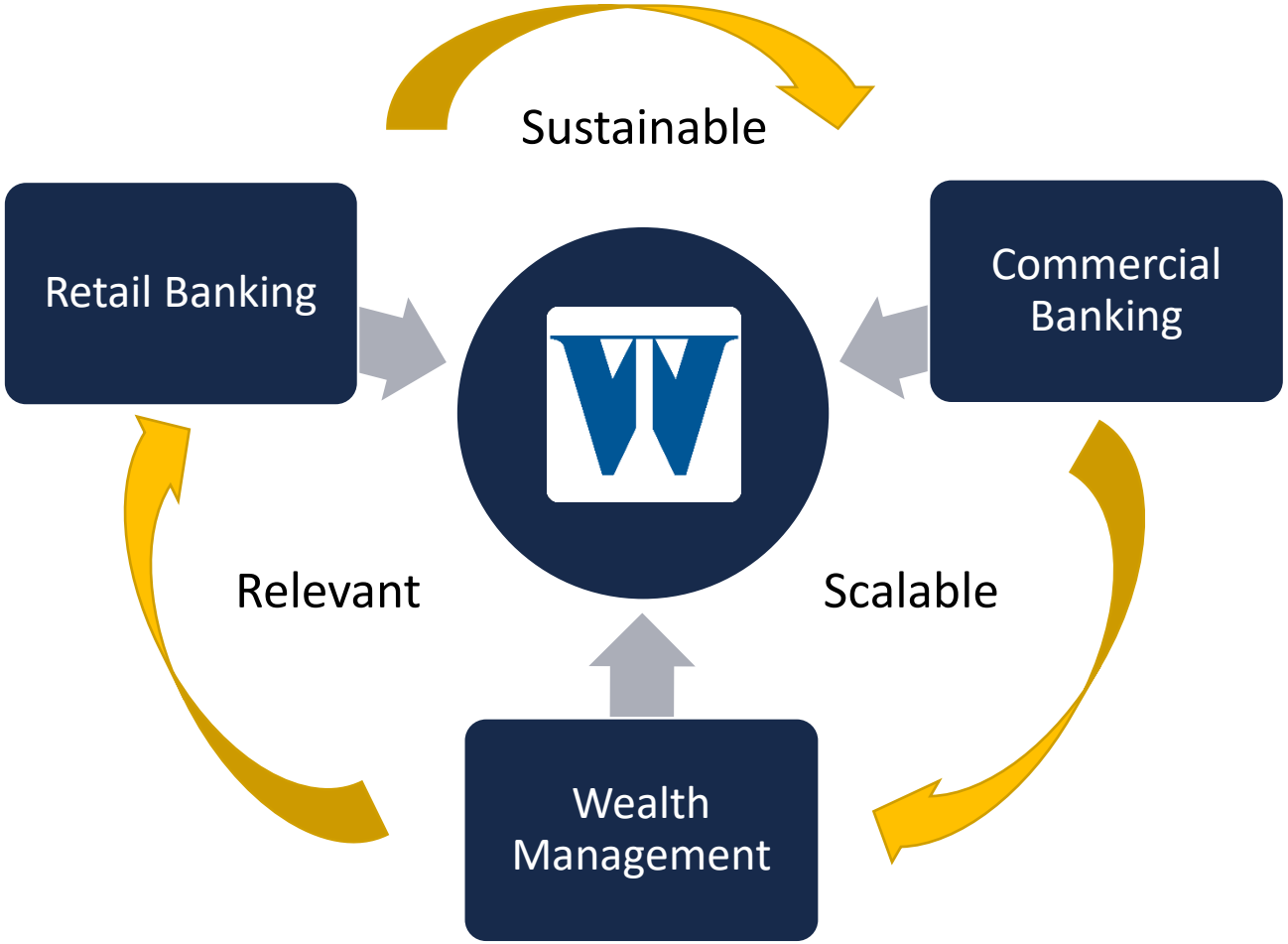


At May 26, 2020

Prestigious Recognition

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

Unique Business Model



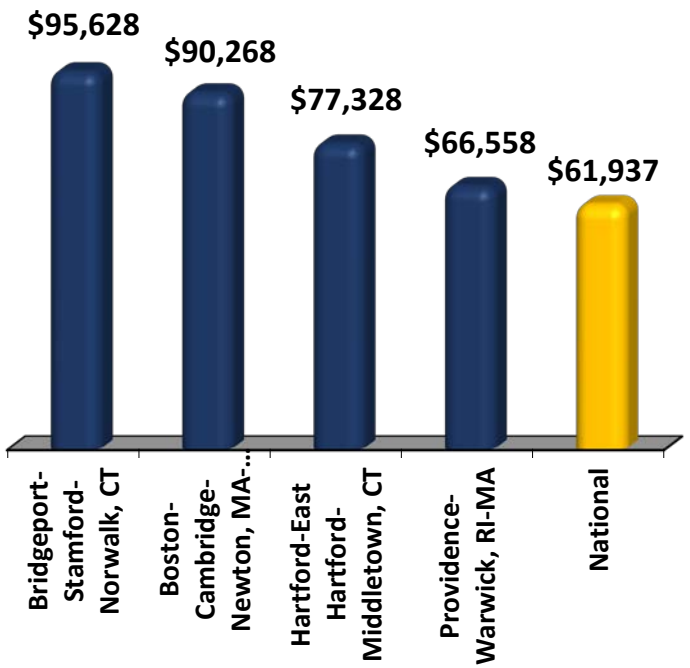
Proven Growth Model



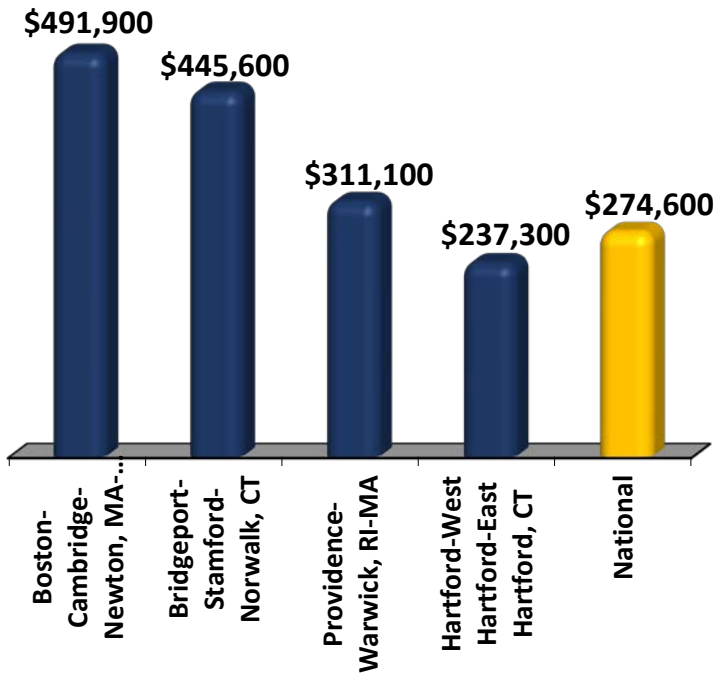
* Moved from 180 Washington Street, Providence

Attractive Demographic Markets

Median Household Income



Median Single Family Home Sale Price

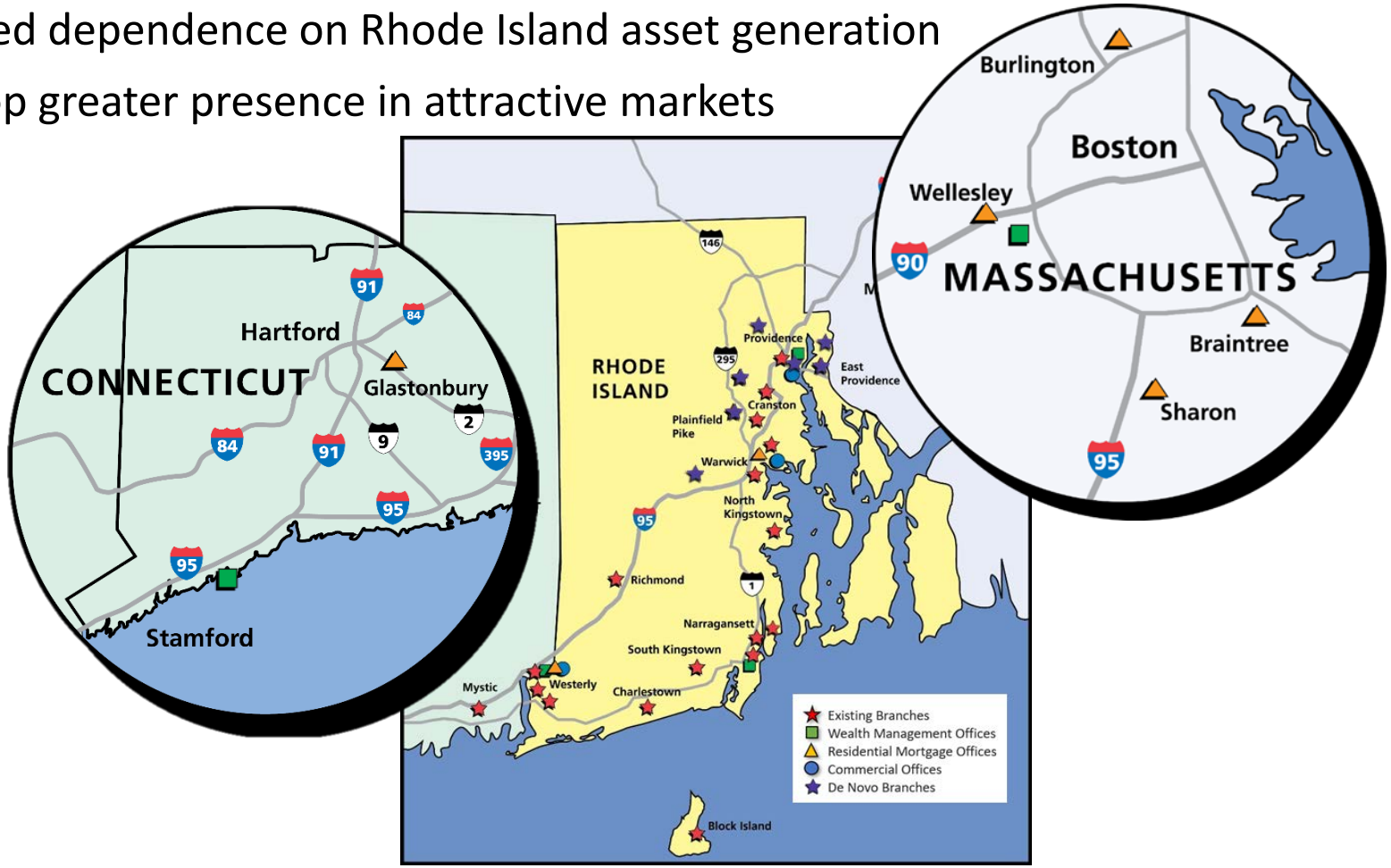


Source: Household income is provided by Claritas based primarily on US Census data. For non-census year data, Claritas uses samples and projections to estimate the demographic data. SNL performs calculations on the underlying data provided by Claritas
Source: Median Home Sale Price is for Q4 2019 provided by the NATIONAL ASSOCIATION OF REALTORS®

STRATEGIC PRIORITIES

Seize Opportunities in Growth Markets

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



Exploit Opportunities in Core Market

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

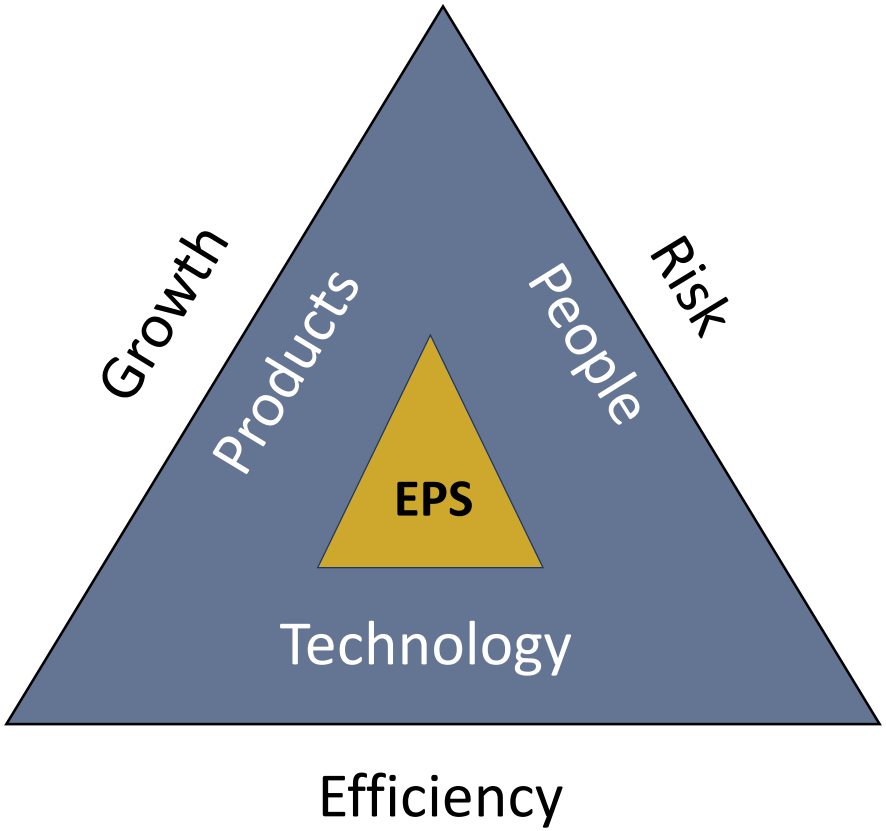


Enhance Client Experience

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

Achieve Shareholder Value

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



COVID-19 RESPONSE

Our Commitment

"Washington Trust has weathered many storms during our 220+ year history, and has always been there to help our employees, our customers and our communities through difficult times. The COVID-19 pandemic has caused an unprecedented disruption to our economy and has likely changed our lives forever.

The Washington Trust team is here to help those who have been impacted by the COVID-19 pandemic."

- Edward O. Handy,
Chairman & Chief Executive Officer

Our Response to COVID-19

Employees

- Followed CDC's social distancing protocol:
  - Separated key operating functions.
  - Closed branch lobbies and introduced drive-up and appointment-only banking.
  - Transitioned approximately 90% of non-branch personnel to work remotely.
- Developed comprehensive plan for responding to any COVID-19 employee diagnoses or exposures.
- Provided personal protection equipment (PPE) to all onsite employees.
- Compensated front-line branch and employees working on premises with special payment.
- Deep-cleaned facilities and enhanced disinfection protocols.
- Redeployed employees to assist areas of the Bank that needed additional support to service customers.
- Expanded health benefits for COVID-19 related issues.
- Established Personal Time Off (PTO) for employees who are ill or caring for family.
- Introduced employee wellness challenges.

Customers

- Accommodate customers through drive-up and by appointment after temporarily closing branch lobbies.
- Communicated availability of alternative delivery channels, including digital and telephone banking services, for added convenience.
- Waived fees:
  - CD early withdrawals
  - Money market/Savings transfer fee (Reg D)
  - IRA Withdrawals (CARES Act)
  - Wires (case-by-case)
- Payment Relief:
  - Deferred payments
  - Extensions
  - Modifications
  - SBA Paycheck Protection Program
- Increased ATM withdrawal limits.
- Accept US Treasury Checks by mobile deposit.

Community

- Maintain regular communications with State and local government leaders, health officials, and the community.
- Made a financial contribution to the United Way of Rhode Island's COVID-19 Response Fund.
- Provided donations to local food pantries.
- Created COVID-19 webpage with up-to-date information, including:
  - Payment relief options
  - SBA Payment Protection Program application and resources
  - Fraud awareness tips
  - FDIC deposit limits
  - Branch updates
  - Frequently Asked Questions (FAQ)
- Provided continuous market updates to wealth management clients.
- Post updated information on social media.

We're Here to Help

Paycheck Protection Program (PPP)

- Began accepting PPP applications on April 3
- 1,604 applications received for over $223 million
- 1,345 loans registered with the SBA totaling $211 million

Loan Modifications to Borrowers

- Granting deferrals and short-term interest only periods
- Modified 158 commercial accounts and 238 consumer accounts
- $406 million total balance modified

Additional Customer Relief

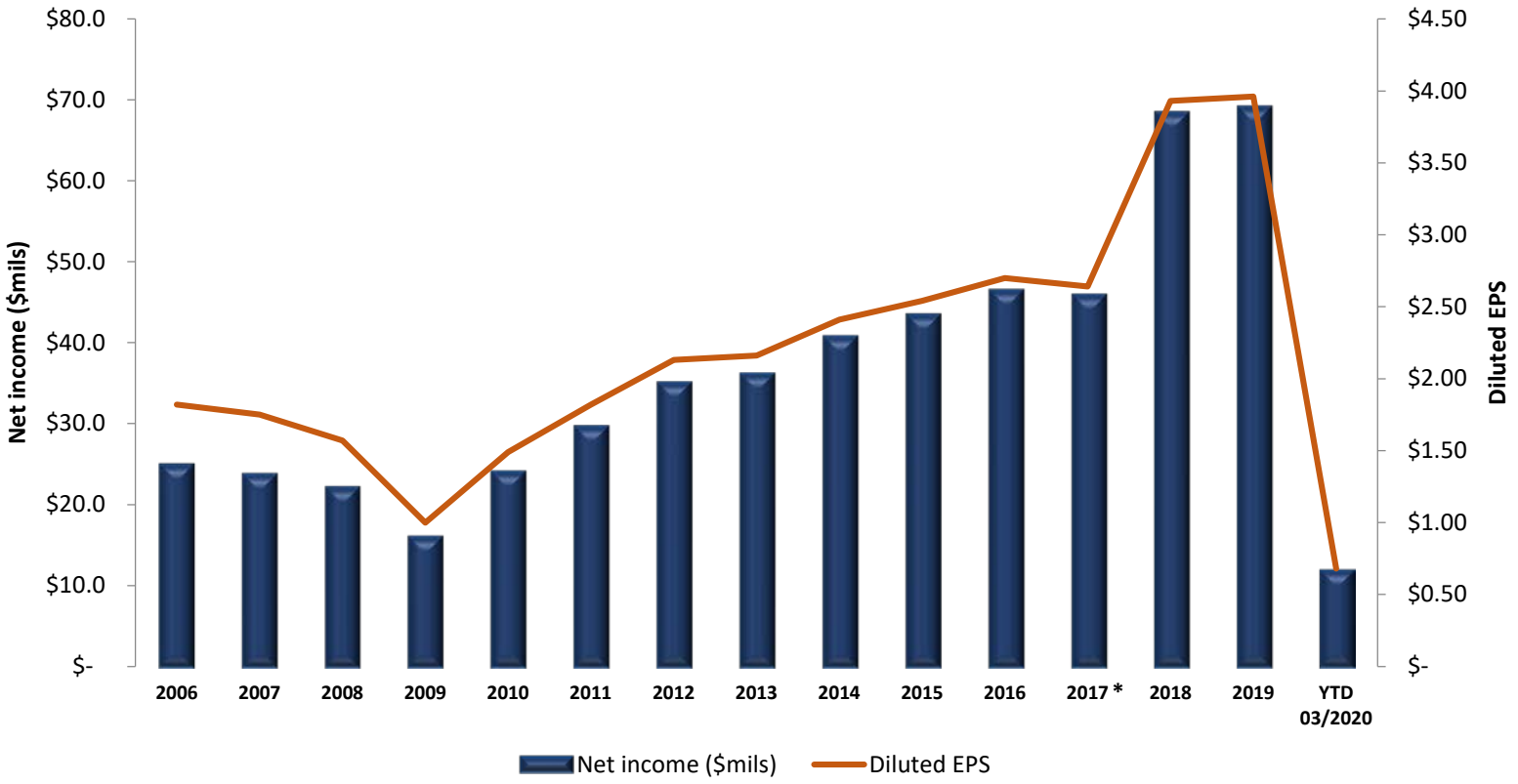
- Suspended late charge assessments on active loans

As of May 1, 2020

EARNINGS CAPACITY

Profitability Trend

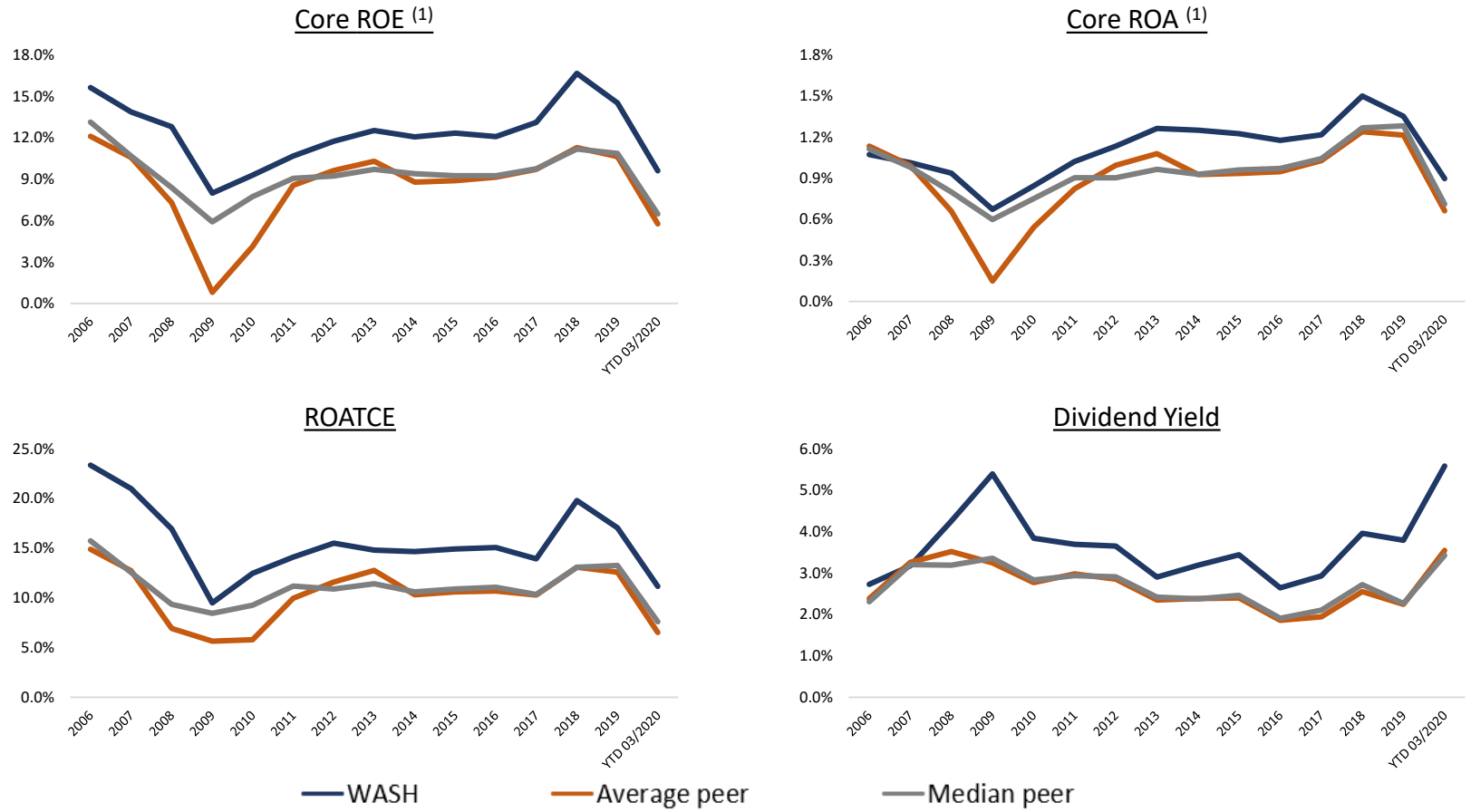
Proven track record of earnings growth



At December 31st unless otherwise noted

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

Profitability Metrics



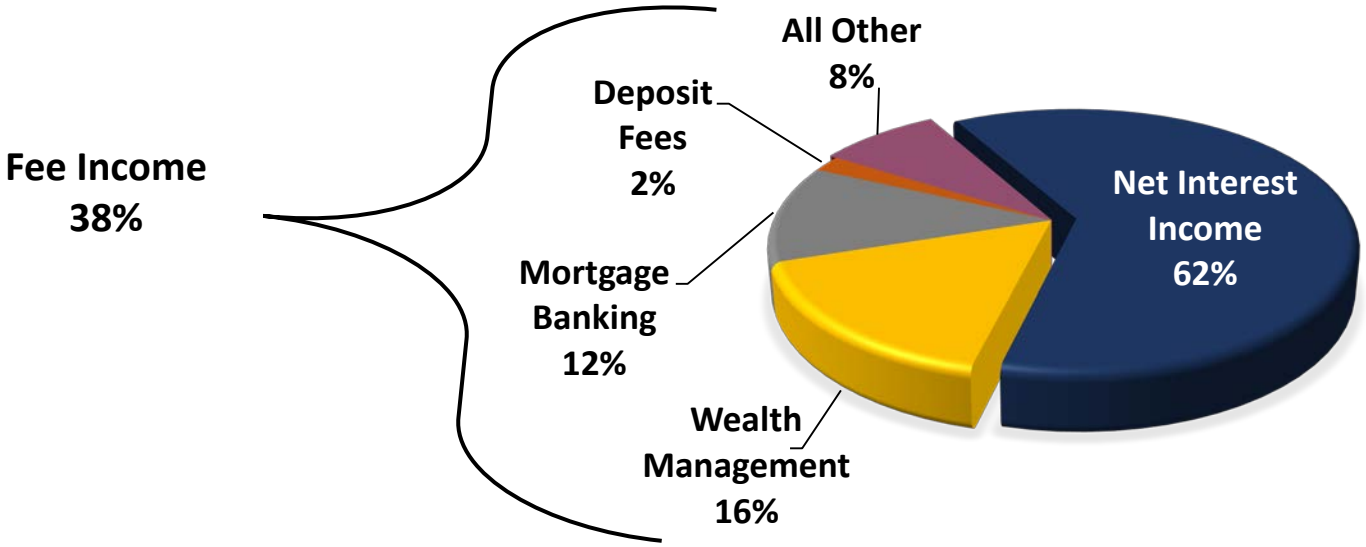
For the twelve months ended 12/31/2020; Dividend yield as of May 26, 2020

Peers are public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence as of May 26, 2020

(1) Based on core income defined as “net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, gain on the sale of held to maturity and available for sale securities, amortization of intangibles, goodwill and nonrecurring items.” Source: S&P Global Market Intelligence

Fee Income Mix

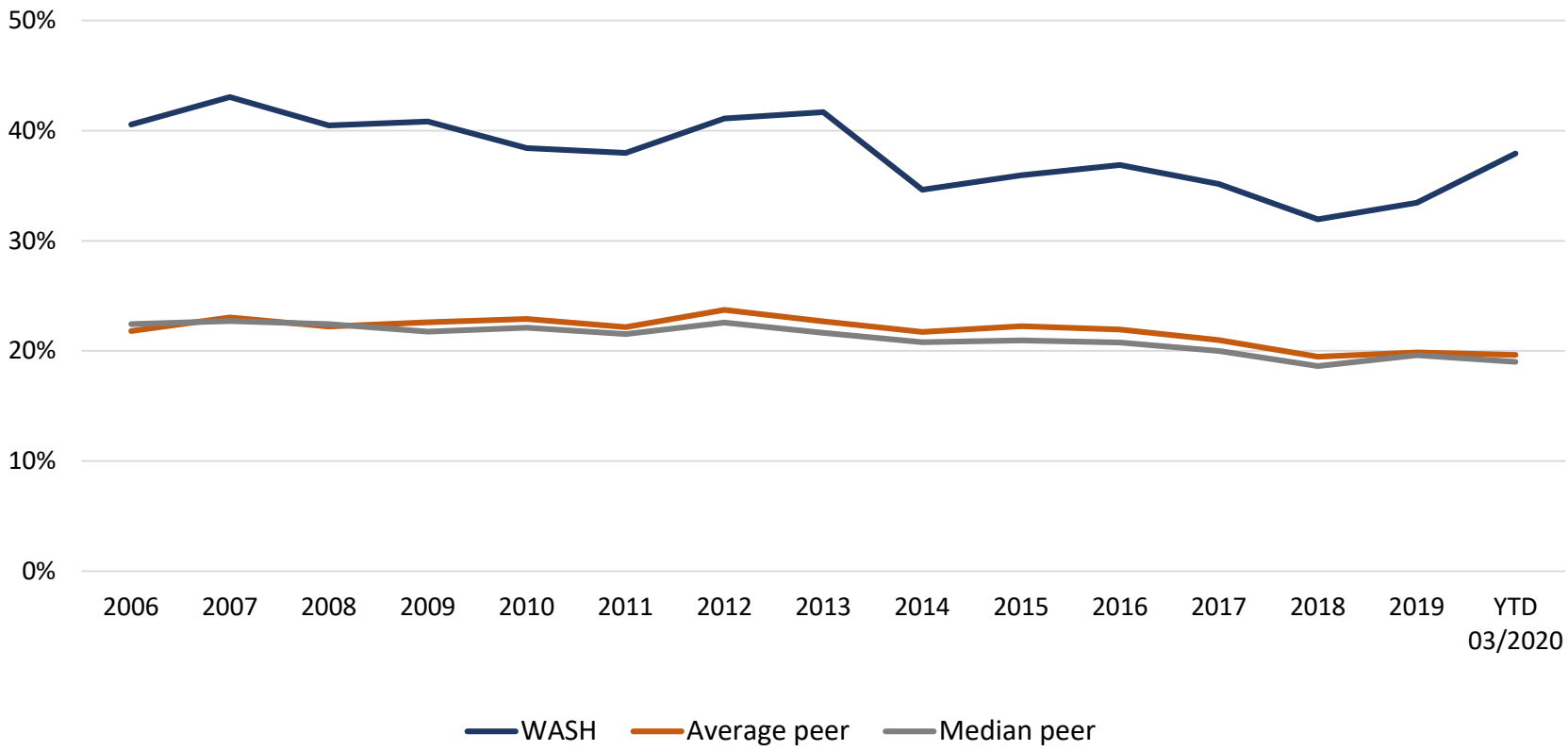
Diversified revenue stream



For the three months ended March 31, 2020

Noninterest Income Trend

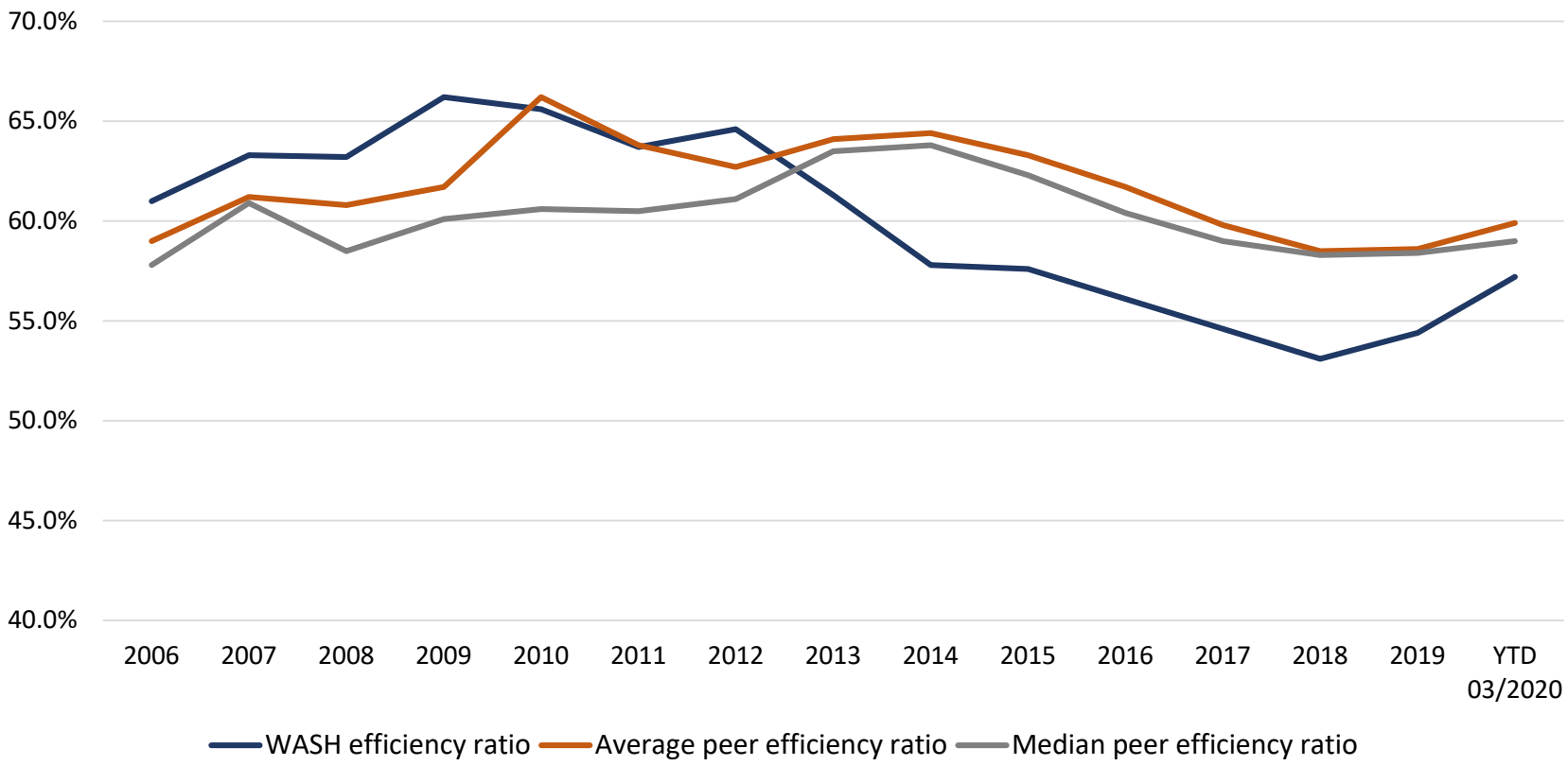
Better than 96% of peer group (1)



(1) Percentile ranking for the three months ended March 31, 2020 among public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence as of May 26, 2020

Efficiency Ratio

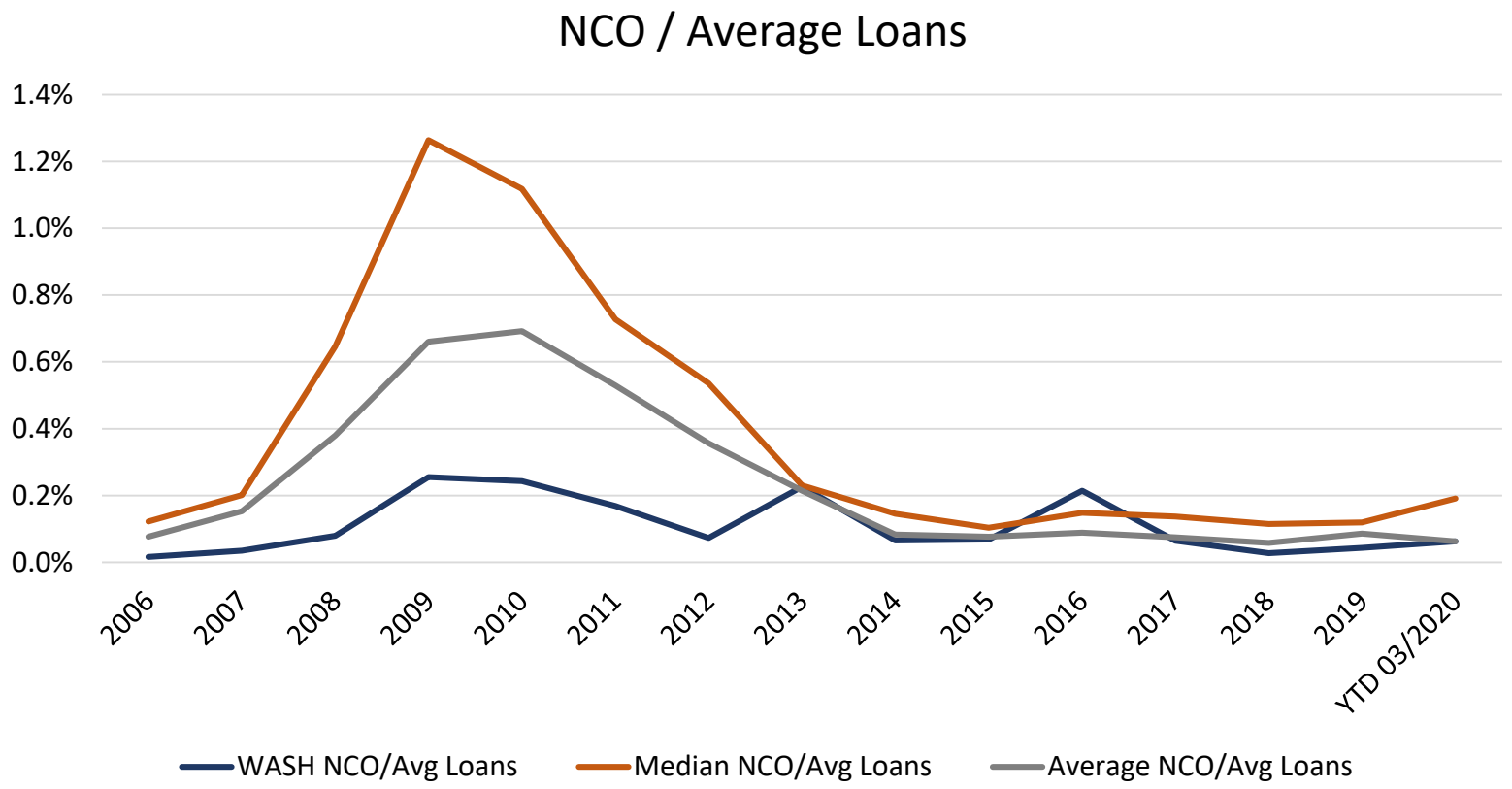
Better than 62% of peer group (1)



(1) Percentile ranking for the three months ended March 31, 2020 unless otherwise noted among public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence as of May 26, 2020

CREDIT QUALITY

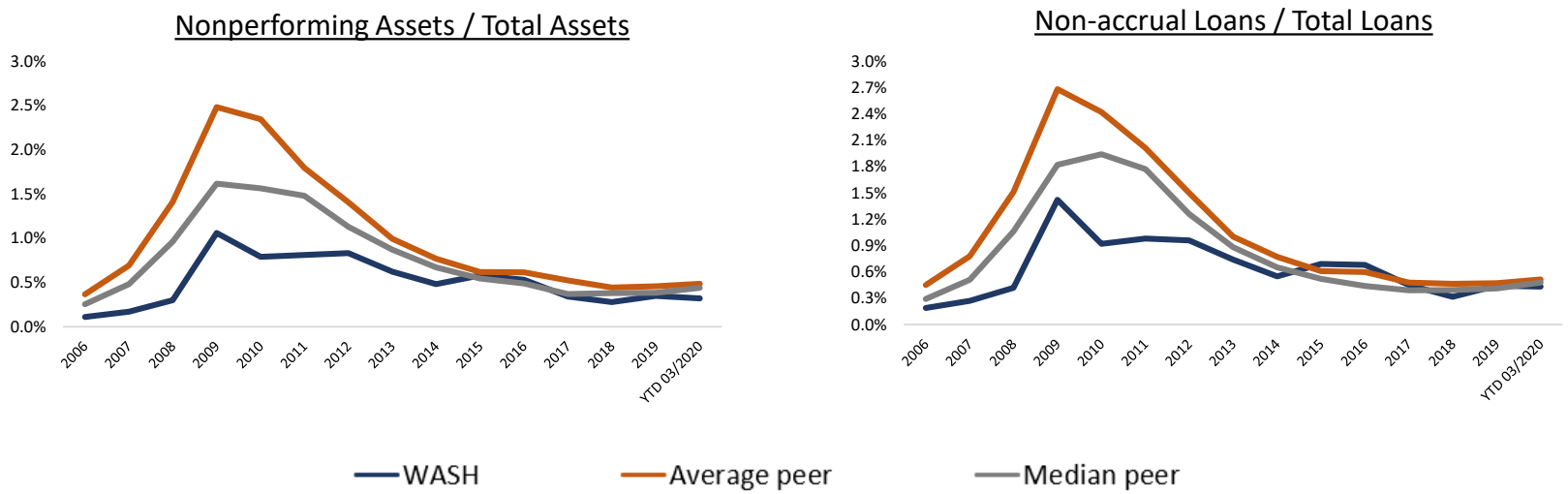
Asset Quality as Historical Differentiator



Percentile ranking for the year ended December 31st unless otherwise noted among public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence as of May 26, 2020

Credit Quality

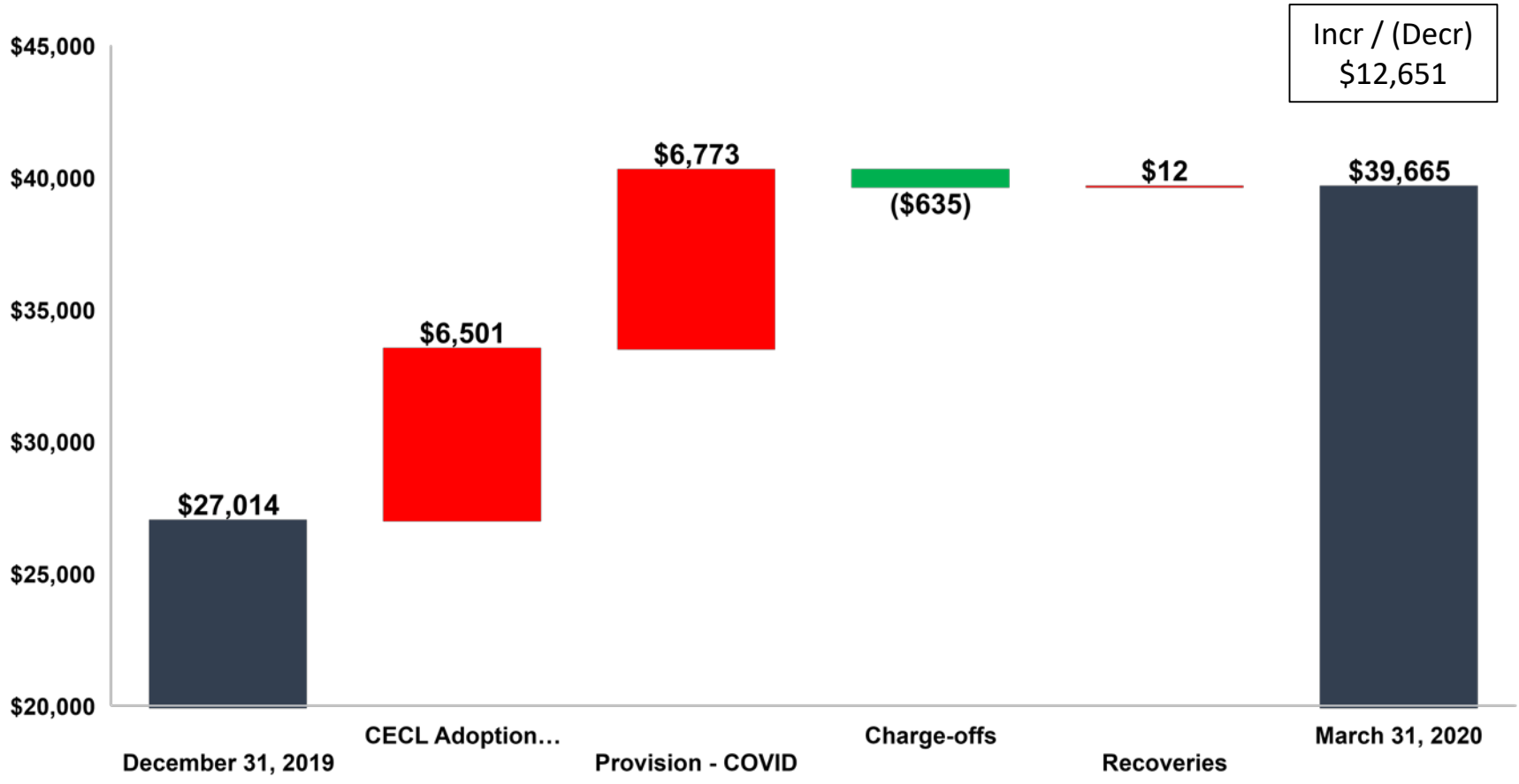
- Consistently low loss experience
- Strong credit quality metrics
- Prudent risk profile



At December 31st, unless otherwise noted
Peers are public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence as of May 26, 2020

ACL on Loans Rollforward – Q1 2020 vs Q4 2019

Approximately $6 million of provision related to COVID-19



$ thousands

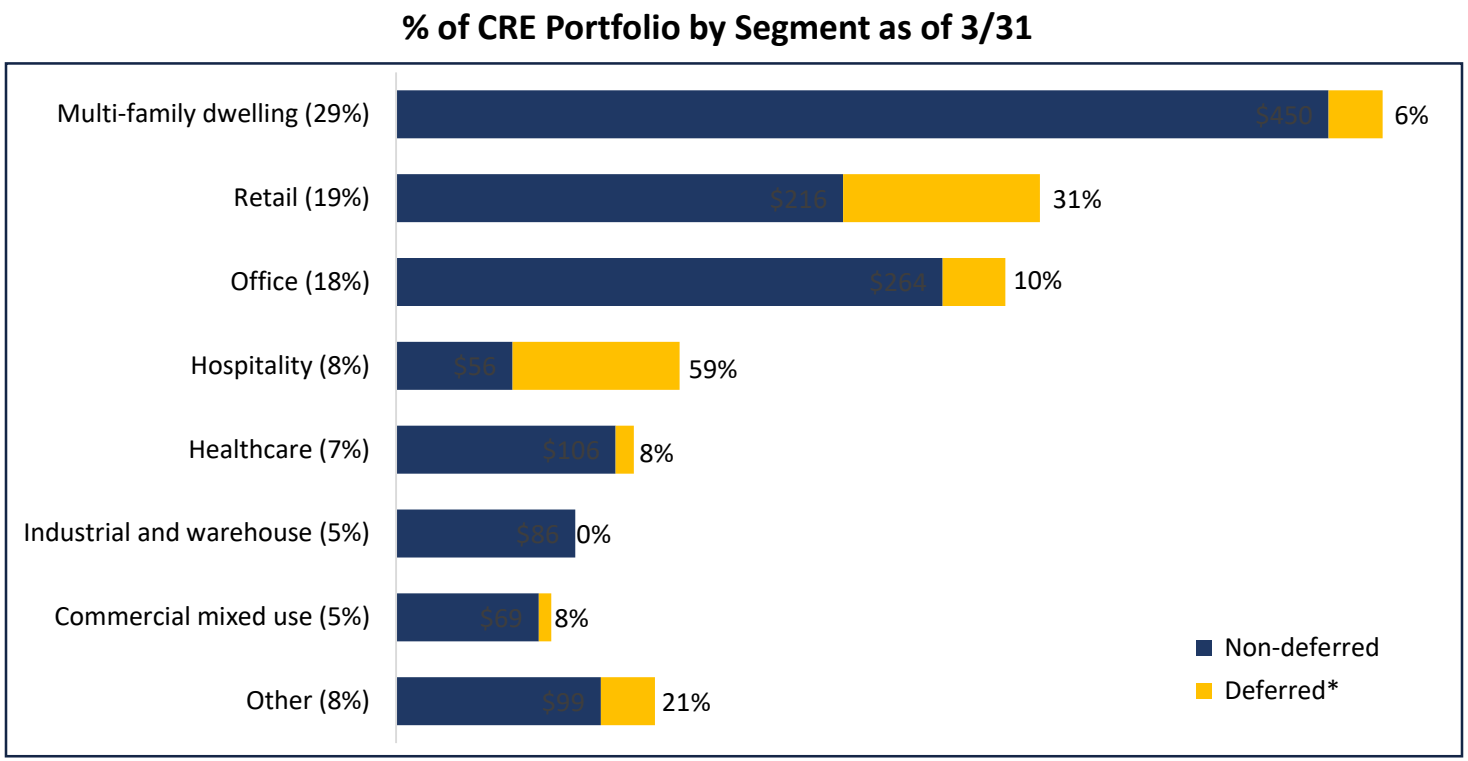
Allowance for Credit Loss (ACL) Assumptions

- Used the Current Expected Credit Loss (CECL) methodology.
- Quantitative modeling relied on the baseline national unemployment rate forecast from Moody's publication of 3/27/20, which showed unemployment peaking at just under 9%.
- Qualitative factors were adjusted to address the unprecedented nature of this economic change and the uncertainty regarding its resolution. Especially in such circumstances, reliance on quantitative modeling has to be tempered with management judgment.
- Provision forecasting was based on a scenario of losses peaking later in 2020 and into the first half of 2021.

Commercial Real Estate Lending

Portfolio Overview as of March 31, 2020 (outstandings) and May 1, 2020 (deferments)

- Total portfolio: $1.6 billion, 83% non-deferred
- No PPP loan requests



* Executed deferments as of 5/1/20 as a percentage of 3/31/20 outstanding balances.

Commercial & Industrial (C&I)

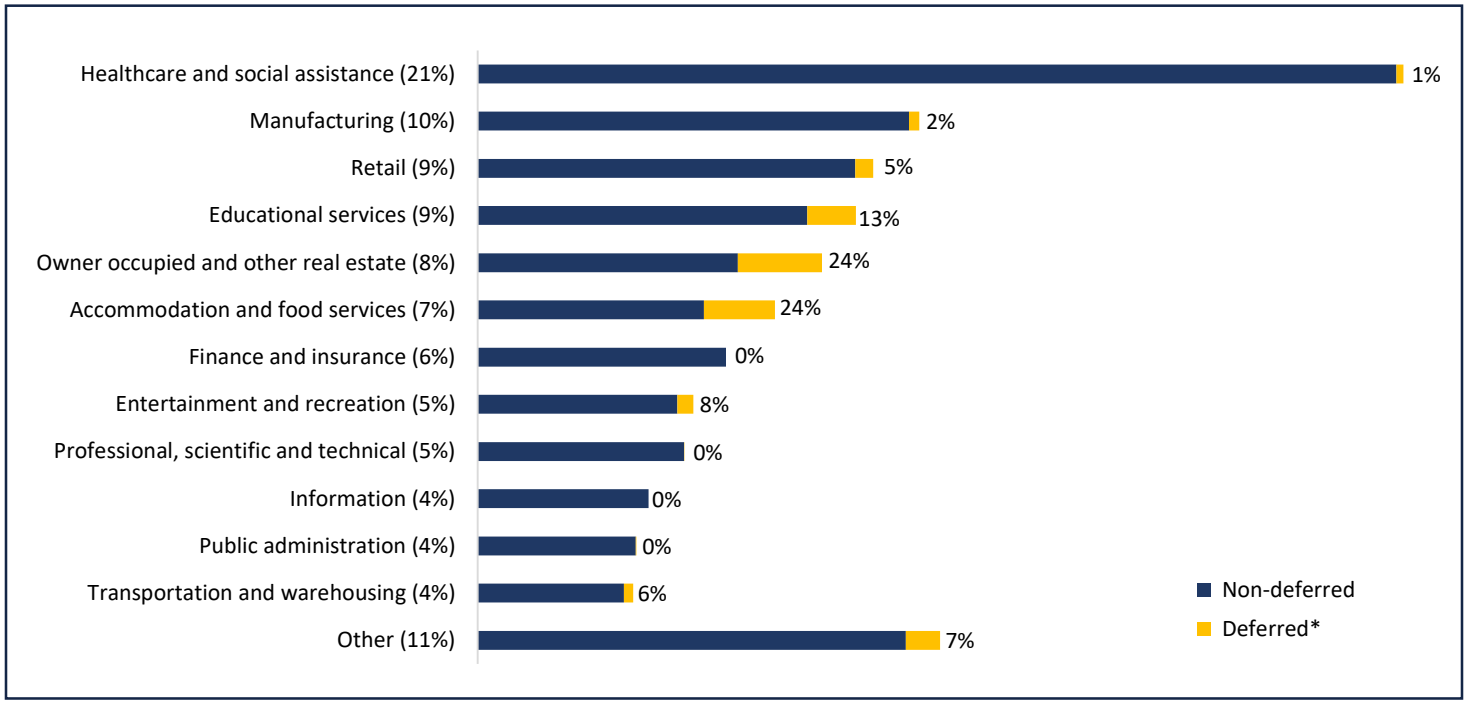
Portfolio Overview as of March 31, 2020 (outstandings) and May 1, 2020 (deferments)

- Total portfolio: $655 million, 93% non-deferred

Paycheck Protect Program (PPP)

- 1,345 SBA approved loans totaling $211 million
- 247 pending loans totaling $12 million

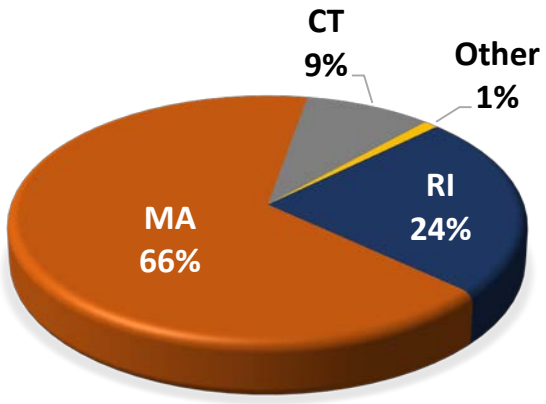
% of C&I Portfolio by Segment as of 3/31



* Executed deferments as of 5/1/20 as a percentage of 3/31/20 outstanding balances.

Residential & Home Equity

	Residential	Home Equity
Total portfolio ($ millions)	$1,510.5	$287.1
FICO score*	746	755
Total delinquencies	0.8%	0.9%
Nonperforming	1.0%	0.6%
Net charge-offs to average loans	0.00%	0.24%
Average LTV/combined LTV	58.2%	63.4%



- Home Equity deferments: 63 loans for $5.3 million
- Residential deferments(1) – 6% of portfolio

Residential deferments(1) by FICO		
FICO Bands	**#**	**$ millions**
>750	67	31.6
>660 - <750	78	39.1
<660	30	12.2
Total w/ FICO	175	82.9

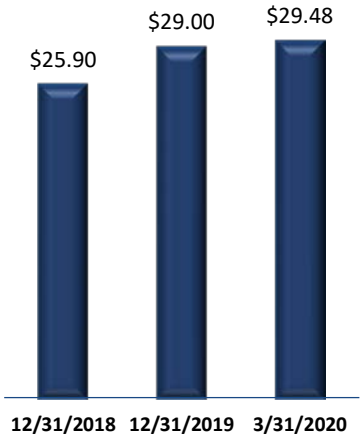
At or for the three months ended March 31, 2020
* Weighted average; refreshed March 2019
(1) Executed deferments as of 5/1/20 as a percentage of 3/31/20 outstanding balances.

CAPITAL MANAGEMENT

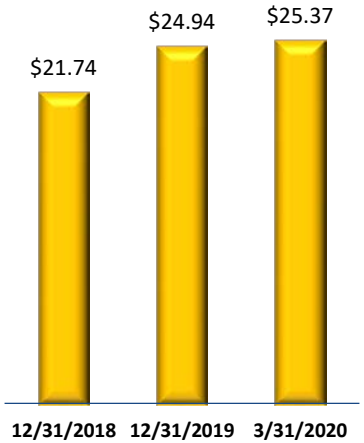
Capital Position

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

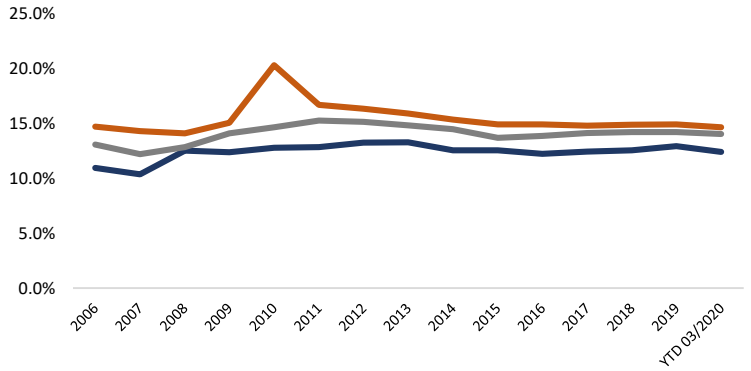
Book Value per Share



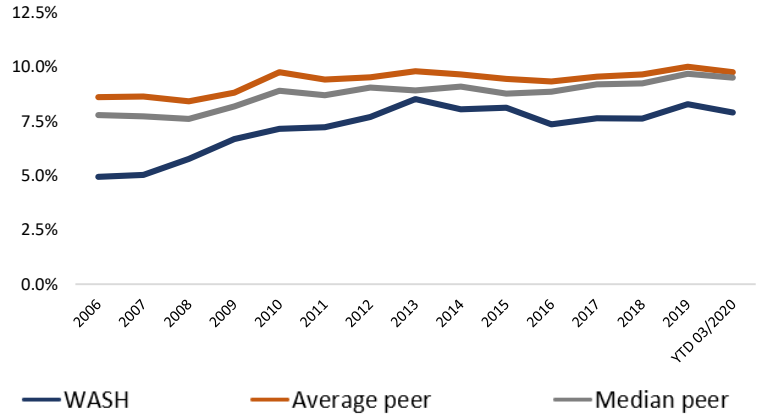
Tangible Book Value per Share (1)



Total Risk-based Capital



Tangible Equity / Tangible Assets



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

Peers are public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence as of May 26, 2020

Capital Stress Test Results

Stress testing analysis performed using 3rd party Trepp model against our call report data, modeled on regulator DFAST* scenarios

Capital Ratio	Standards for "well-capitalized"	Internal thresholds	Actual Q3/19	Scenario Minimums		
				Baseline	Adverse	Severe
Common equity tier 1	6.50%	7.00%	11.62%	9.81%	9.46%	8.62%
Tier 1 risk-based capital	8.00%	8.50%	9.21%	10.29%	10.00%	9.21%
Total risk-based capital	10.00%	10.50%	12.94%	11.49%	11.25%	10.46%
Excess capital - Total cap				$ 88,597	$ 50,838	$ 17,235

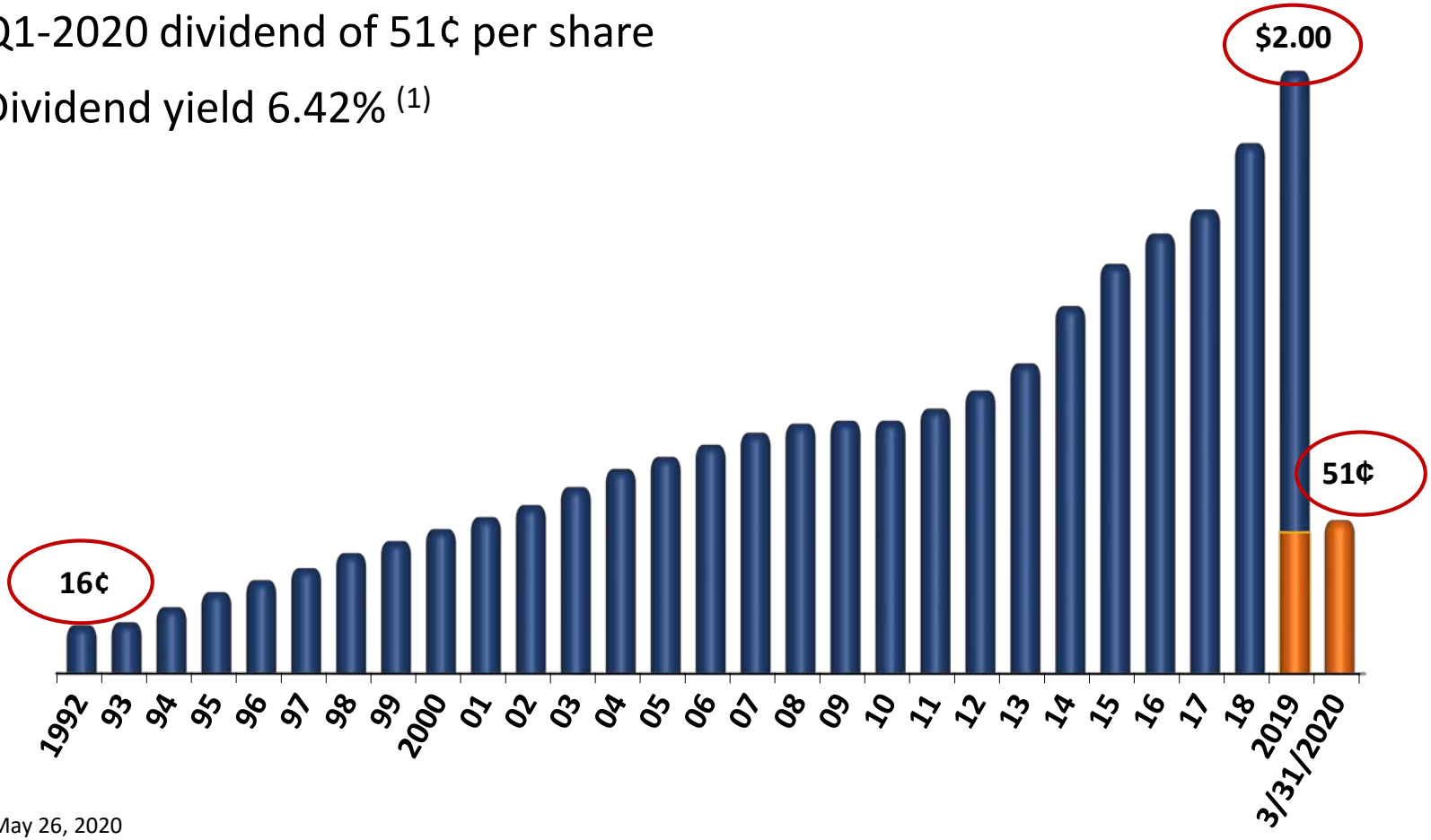
* Dodd Frank Act Stress Test (DFAST) is a regulatory framework introduced to enhance the resilience of banks and financial institutions to economic shocks.

Baseline: a moderate economic expansion through the 9 quarter projection period.
Adverse: weakening economic activity accompanied by rapid declines in long-term rates and flattening yield curves.
Severely adverse: severe global recession that is accompanied by a global aversion to long-term fixed-income assets. As a result, long-term rates do not fall and yield curves steepen. In turn, these developments lead to a broad-based and deep correction in asset prices—including in the corporate bond and real estate markets.

As of May 26, 2020

Cash Dividend Declared

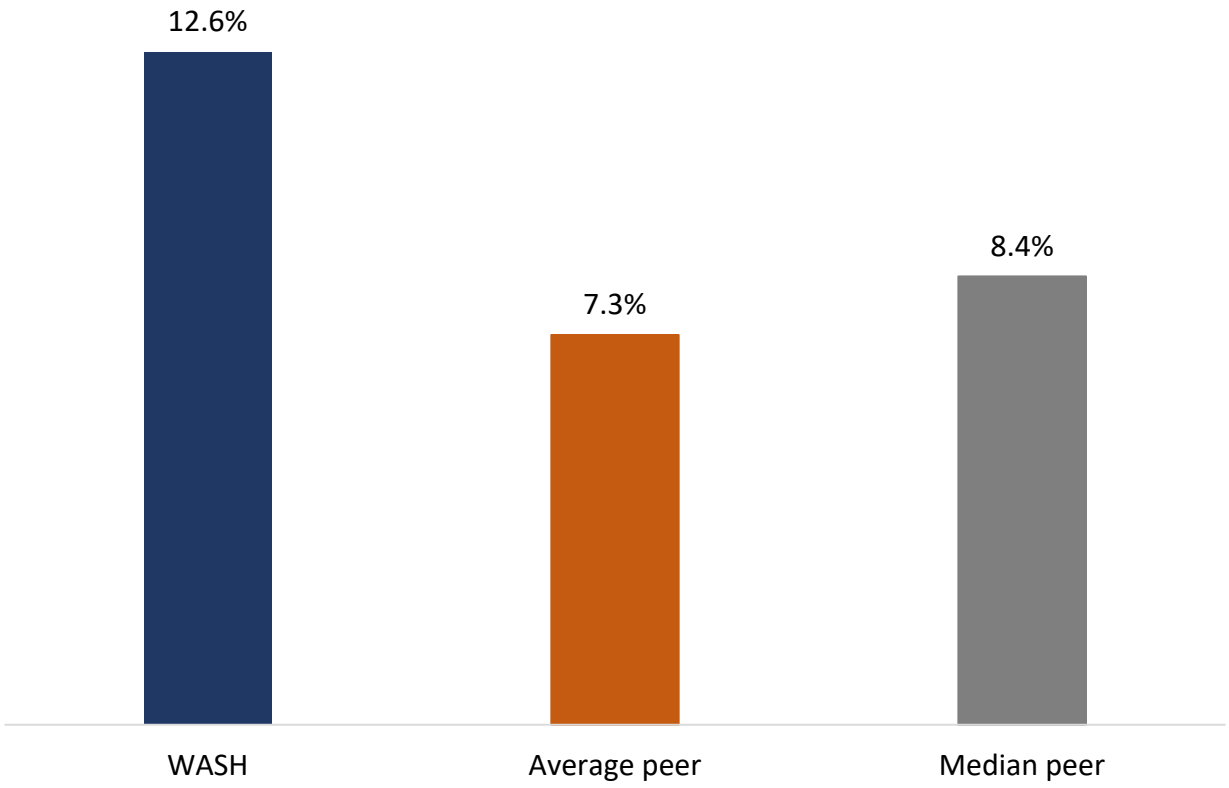
- Important contributor to shareholder value
- Q1-2020 dividend of 51¢ per share
- Dividend yield 6.42% (1)



As of May 26, 2020

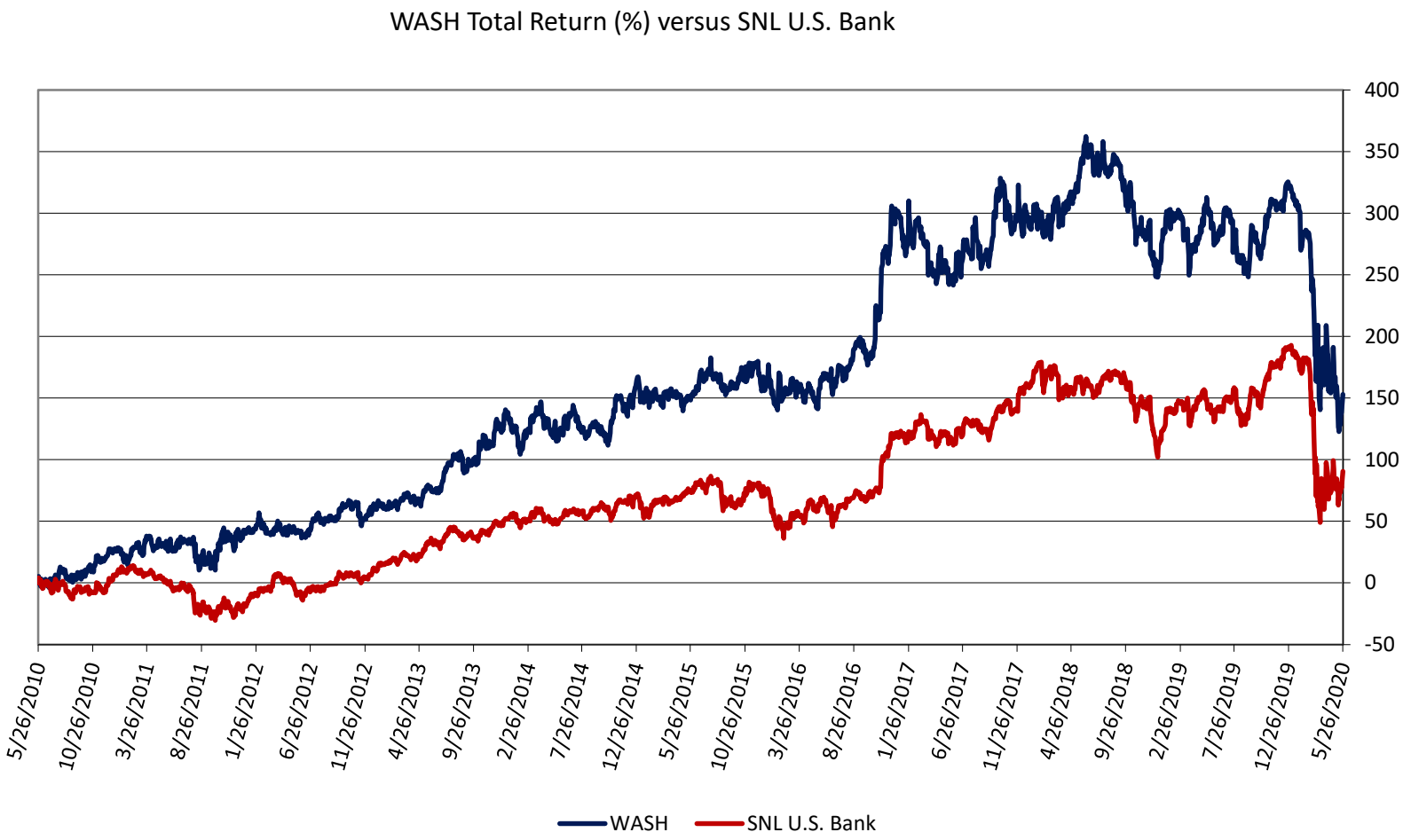
Capital Deployment Trend

Tangible Book Value per Share Plus Cumulative Dividend per Share CAGR
12/31/2006 to 3/31/2020



As of March 31, 2020
Public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence as of May 26, 2020

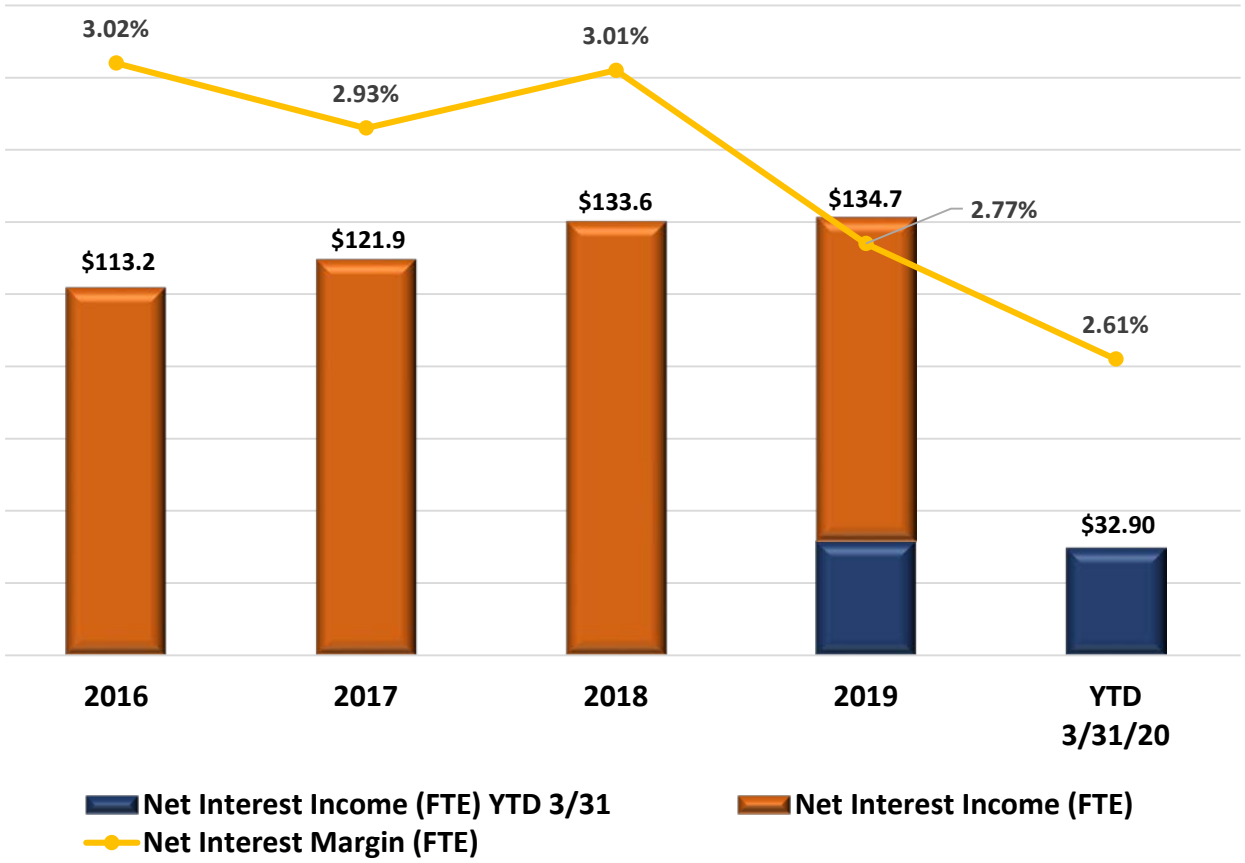
10 Year Total Stock Returns



Source: S&P Global Market Intelligence as of May 26, 2020

FINANCIAL HIGHLIGHTS

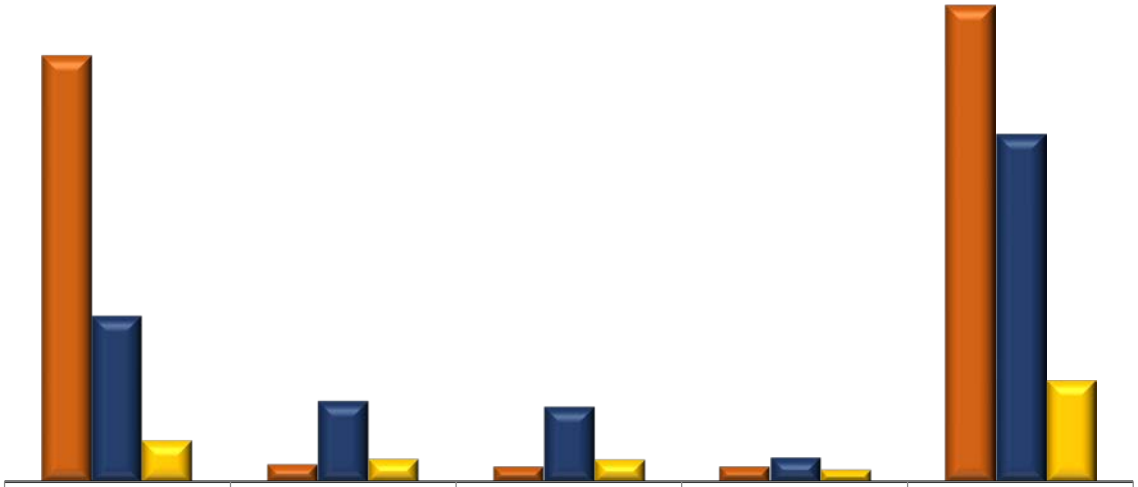
Net Interest Margin



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

Repricing Analysis

- Balance sheet is asset sensitive
- Adjustable rate loans mainly 1M LIBOR and Prime
- Adjustable rate loans largely funded with short-term adjustable liabilities (<= 1 year)



	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Total
Adjustable rate loans	$1,950	83	73	73	2,179
Wholesale funding	759	371	345	113	1,588
Retail CDs	191	107	104	59	461

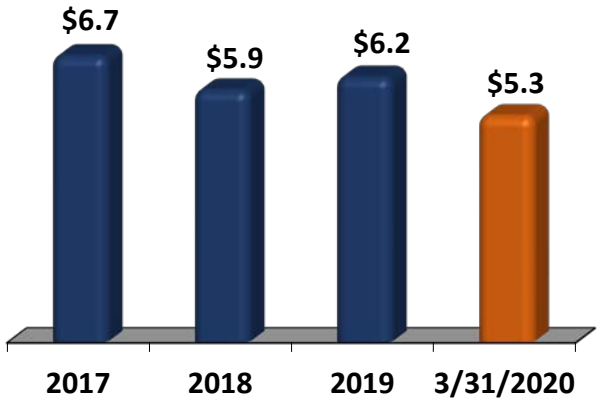
$ millions

Wealth Management

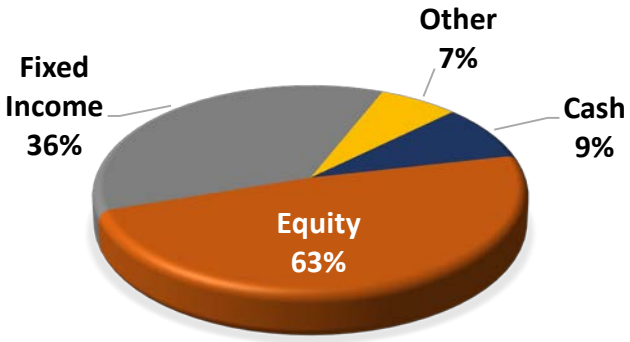
- Key contributor to pre-tax income
- Average client size $2.3 million
- 79% high net worth individuals

Assets Under Administration (AUA)

($ billions)



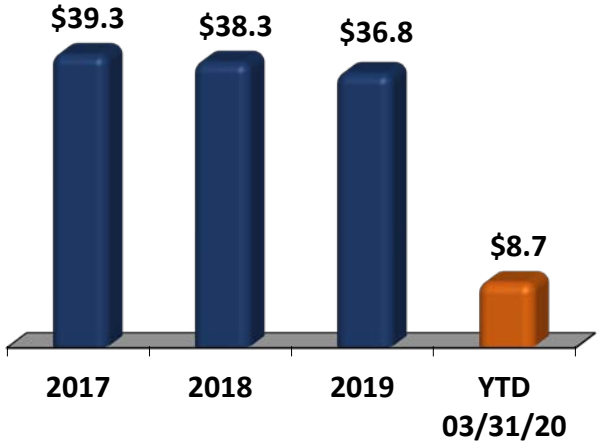
Asset Mix



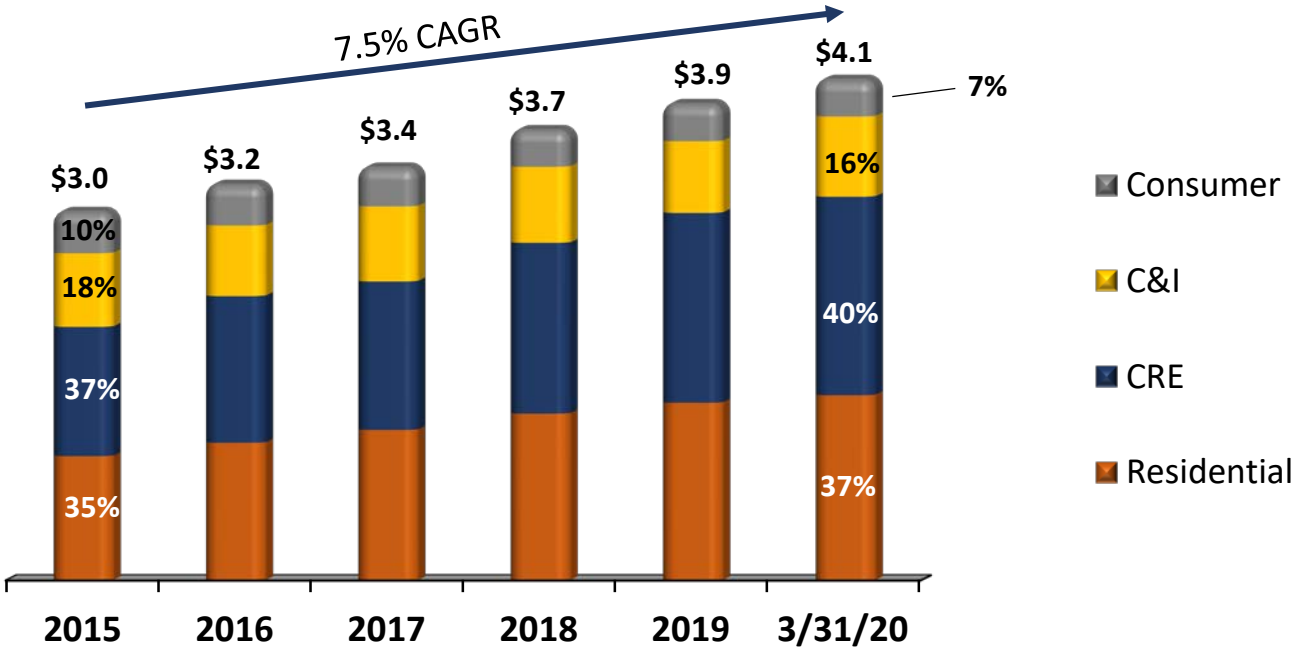
At March 31, 2020

Revenues

($ millions)



Loan Portfolio

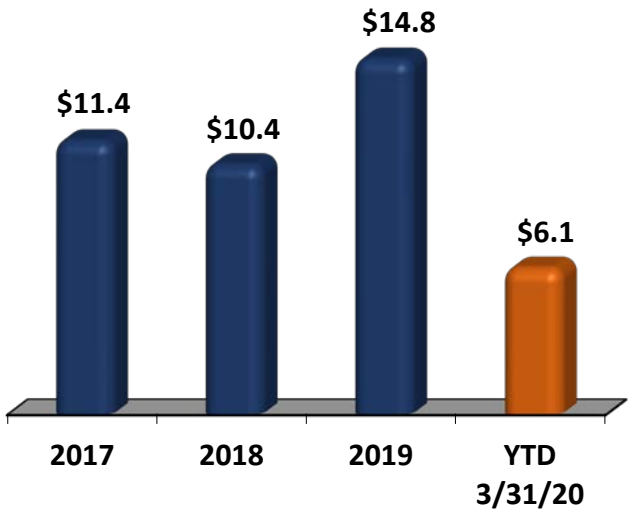


- Well-diversified portfolio
- 74% variable loans

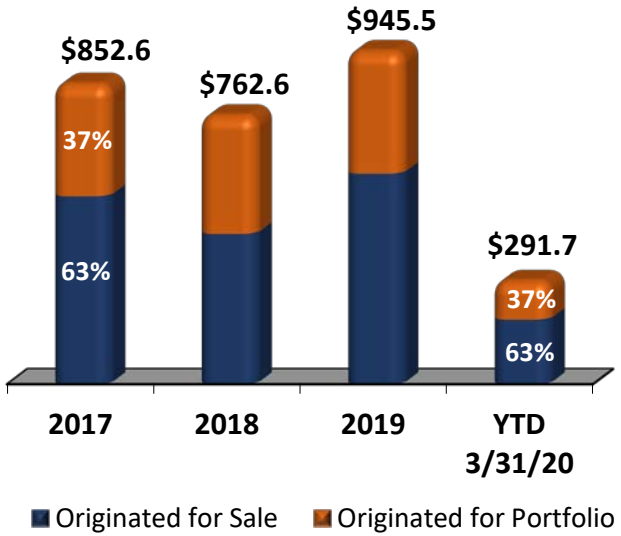
$ billions; at December 31st unless otherwise noted

Mortgage Banking

Mortgage Banking Revenues (1)



Mortgage Originations (2)



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

$ millions; at December 31st unless otherwise noted
(1) Net gains on loan sales and commissions on loans originated for others
(2) Includes loans originated for portfolio or sale and as broker for other parties

Mortgage Distribution

As % of Total

Loan Amount Range	CT	MA	NH	RI	Total %
< $250,000	2%	2%	0%	8%	13%
> $250,000 up to $484,350	2%	22%	1%	14%	39%
> $484,350 (Jumbo) up to 1M	1%	24%	0%	5%	30%
> 1 Million	1%	13%	1%	4%	19%
Grand Total	5%	62%	2%	31%	100%

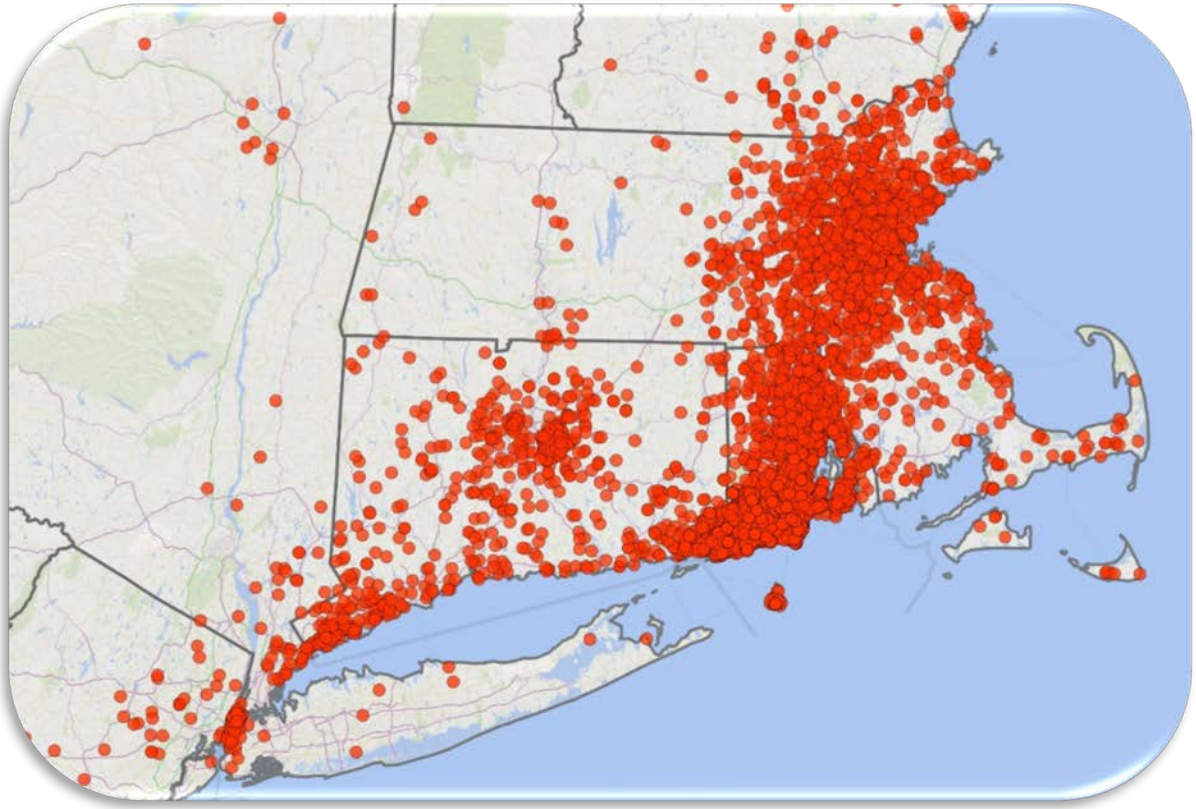
By State

Loan Amount Range	CT	MA	NH	RI
< $250,000	32%	4%	14%	27%
> $250,000 up to $484,350	46%	35%	39%	45%
> $484,350 (Jumbo) up to 1M	10%	39%	14%	15%
> 1 Million	12%	21%	32%	14%
Grand Total	100%	100%	100%	100%

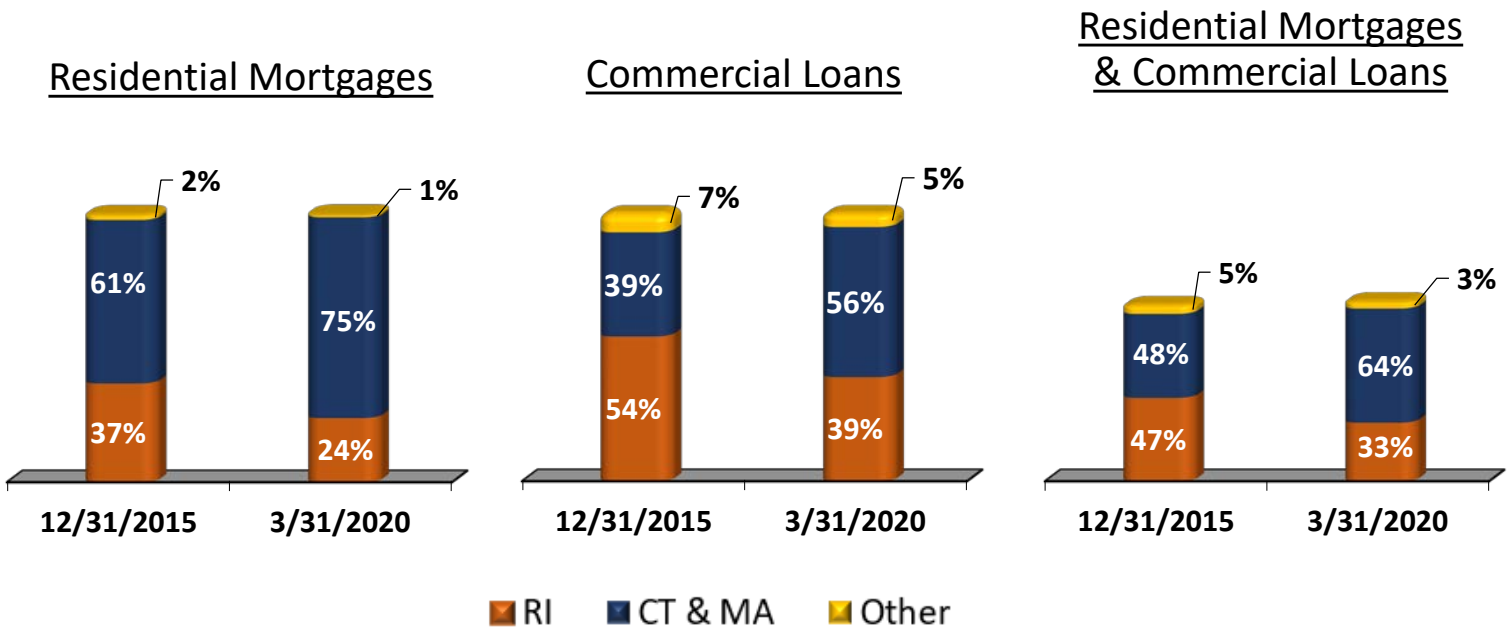
Portfolio loans originated by WASH for the three months ended March 31, 2020

Mortgage Concentration

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



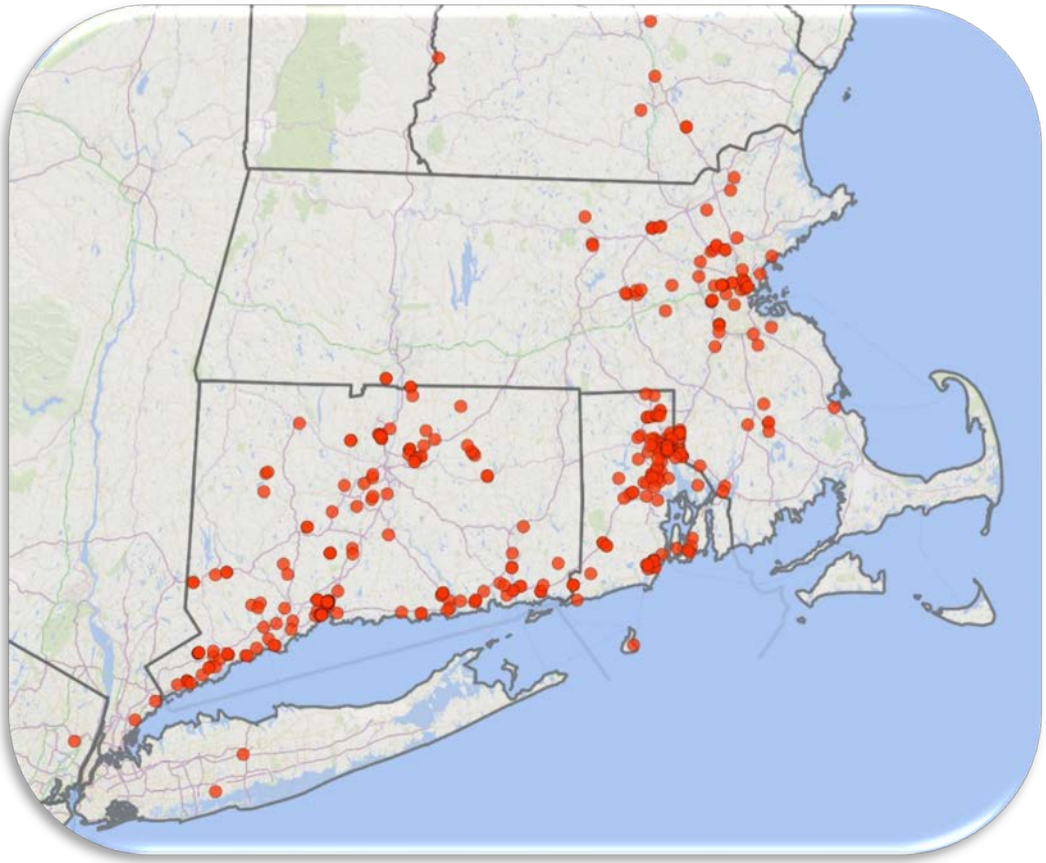
Regional Expansion



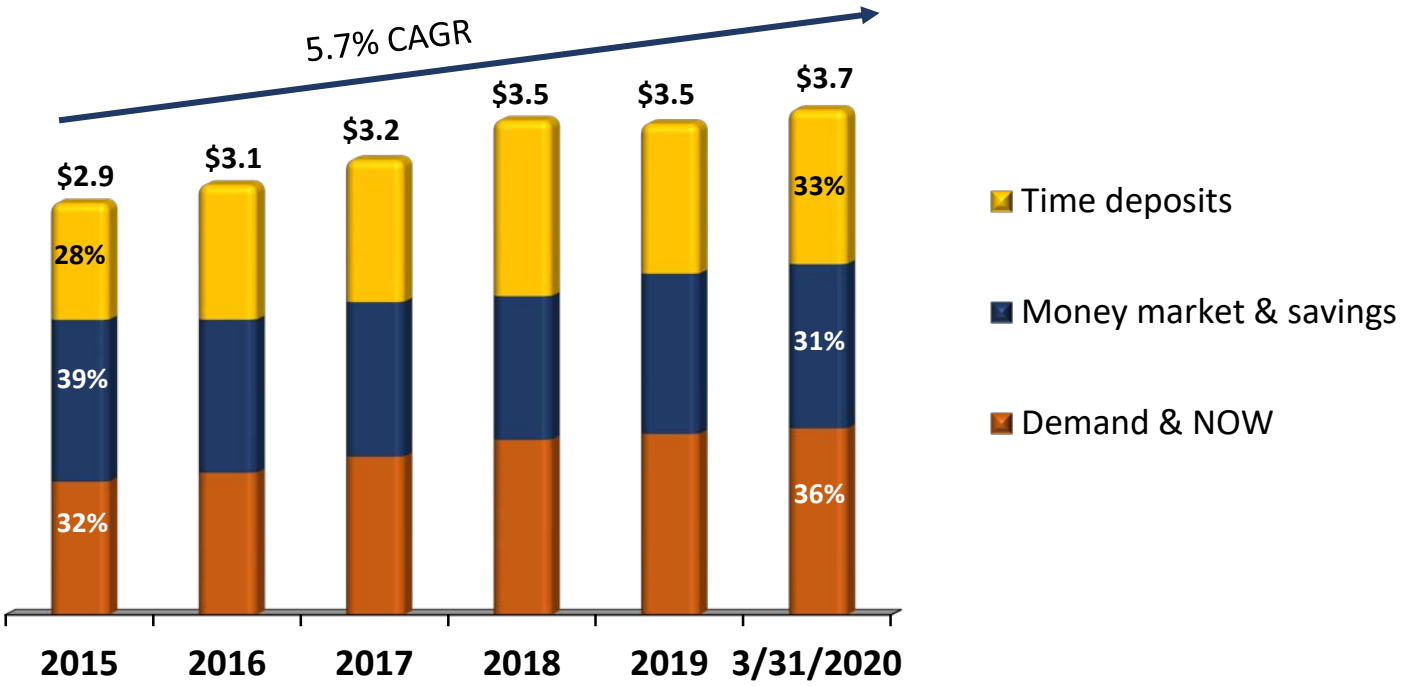
- Enhanced lending activity into adjacent New England states
- Reduced dependence on Rhode Island asset generation
- Greater presence in attractive markets

CRE Concentration

- Predominantly in RI, CT and MA
  - 39% in CT
  - 30% in MA
  - 26% in RI
- Concentration: ~329%



Deposit Portfolio



- 36% of deposits are commercial-based
- 11% market share in RI; rank 3rd

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

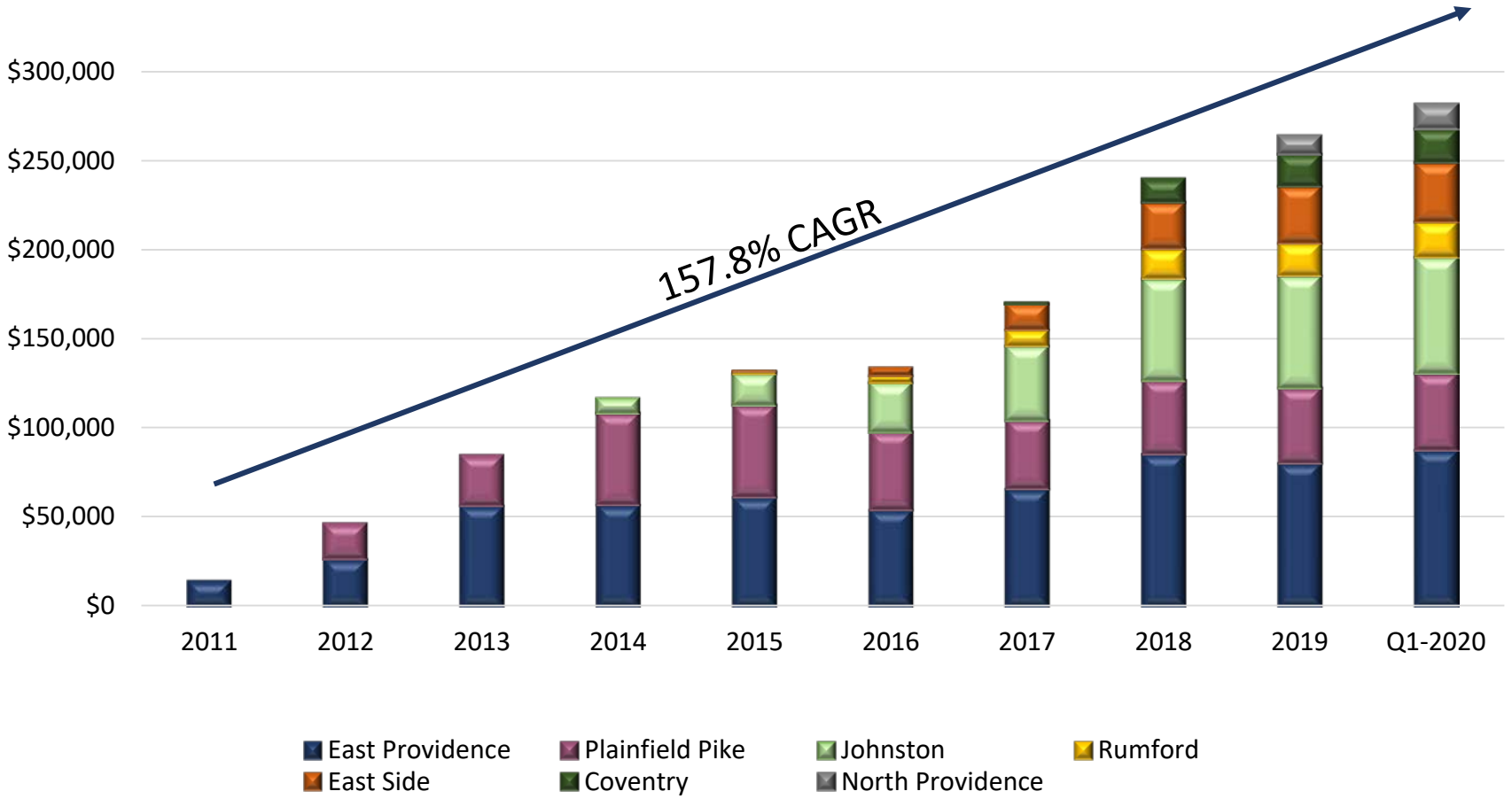
Deposit Market Share

Rank	Institution (ST)	Branch Count	Total Deposits in Market ($B)	Total Market Share
1	Citizens (RI)	**73**	**$10.6**	**34%**
2	Bank of America (NC)	**29**	**$7.0**	**23%**
3	**Washington Trust (RI)**	**22**	**$3.4**	**11%**
4	Santander	29	$2.3	7%
5	Bank Rhode Island (MA)	20	$1.8	6%
6	TD Bank	9	$1.6	5%
7	BankNewport (RI)	17	$1.4	4%
8	Centreville Bank (RI)	7	$.9	3%
9	Webster (CT)	9	$.5	2%
10	HarborOne (MA)	11	$.5	1%
	Total For Institutions In Market	**246**	**$31.1**	

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

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

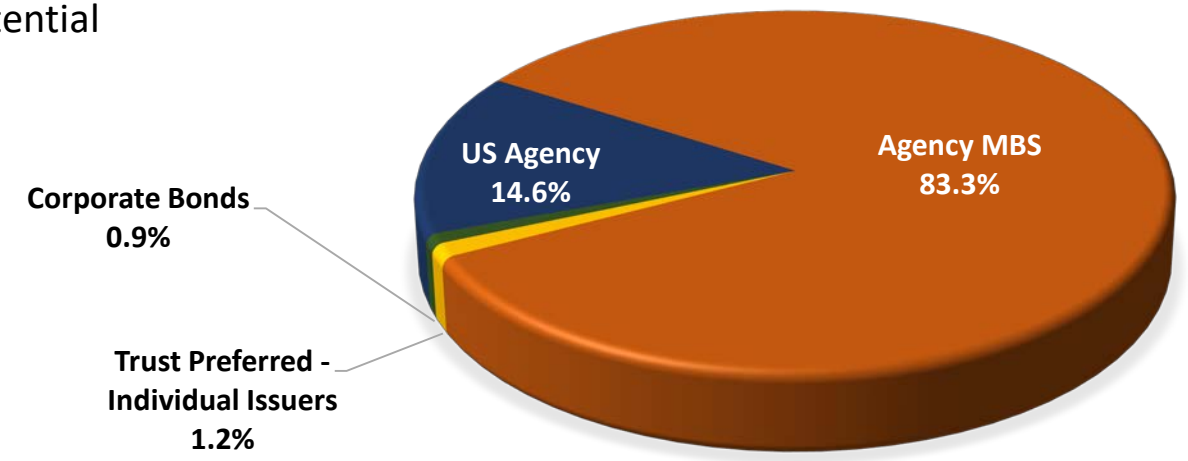
De Novo Branch Growth



Investment Securities

Largely Agency MBS

- Fair value: $917.4 million
- Amortized cost: $896.4 million
- Yield on securities: 2.59%
  (yield as of Q1-20)
- Duration of 1.20 years
- Limited extension potential



As of March 31, 2020
Excludes FHLB Boston capital stock

WHY WASHINGTON TRUST

Why Washington Trust

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

SUPPLEMENTAL INFORMATION

Income Statement

$s in thousands	For the Quarter Ended Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Interest and dividend income	$ 47,116	$ 47,383	$ 49,527	$ 50,559	$ 50,194
Interest expense	14,514	15,389	16,549	16,701	15,610
Net interest income	32,602	31,994	32,978	33,858	34,584
Provision for loan losses	7,036	-	400	525	650
Net interest income after provision for loan losses	25,566	31,994	32,578	33,333	33,934
Noninterest income:					
Net other than temporary impairment losses on securities	-	-	-	-	-
Other noninterest income	19,927	16,618	18,342	16,753	15,367
Total noninterest income	19,927	16,618	18,342	16,753	15,367
Noninterest expense	30,453	28,755	26,870	28,151	26,964
Income before income taxes	15,040	19,857	24,050	21,935	22,337
Income tax expense	3,139	4,321	5,236	4,662	4,842
Net income	$ 11,901	$ 15,536	$ 18,814	$ 17,273	$ 17,495

Balance Sheet

$s in thousands	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
Assets:					
Cash and cash equivalents	$ 185,269	$ 138,455	$ 146,104	$ 119,814	$ 91,559
Mortgage loans held for sale	49,751	27,833	44,657	39,996	14,608
Total securities	917,392	899,490	887,020	969,168	994,881
FHLB stock	53,576	50,853	45,030	49,759	48,025
Total loans	4,090,396	3,892,999	3,778,106	3,730,339	3,738,469
Less allowance for loan losses	39,665	27,014	26,997	27,398	27,644
Net loans	4,050,731	3,865,985	3,751,109	3,702,941	3,710,825
Investment in bank-owned life insurance	83,053	82,490	81,920	81,351	80,786
Goodwill and identifiable intangible assets	70,897	71,127	71,357	71,593	71,832
Other assets	210,310	156,426	171,681	155,050	142,213
Total assets	$ 5,620,979	$ 5,292,659	$ 5,198,878	$ 5,189,672	$ 5,154,729
Liabilities and Shareholders' Equity:					
Total deposits	$ 3,706,314	$ 3,498,882	$ 3,586,153	$ 3,504,622	$ 3,504,260
FHLB advances	1,198,534	1,141,464	956,786	1,060,960	1,056,129
Junior subordinated debentures	22,681	22,681	22,681	22,681	22,681
Other liabilities	184,853	126,140	135,433	117,204	101,816
Total shareholders' equity	508,597	503,492	497,825	484,205	469,843
Total liabilities and shareholders' equity	$ 5,620,979	$ 5,292,659	$ 5,198,878	$ 5,189,672	$ 5,154,729

Non-GAAP Financial Measures

$s in thousands, except per share amounts	Mar 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Calculation of tangible book value per share				
Total shareholders' equity at end of period	$508,597	$503,492	$448,184	$413,284
Less:				
Goodwill	63,909	63,909	63,909	63,909
Identifiable intangible assets, net	6,988	7,218	8,162	9,140
Total tangible shareholders' equity at end of period	$437,700	$432,365	$376,113	$340,235
Shares outstanding at end of period	17,252	17,363	17,302	17,227
Book value per share – GAAP	$29.48	$29.00	$25.90	$23.99
Tangible book value per share – Non-GAAP	$25.37	$24.90	$21.74	$19.75
Calculation of tangible equity to tangible assets				
Total tangible shareholders' equity at end of period	$437,700	$432,365	$376,113	$340,235
Total assets at end of period	$5,620,979	$5,292,659	$5,010,766	$4,529,850
Less:				
Goodwill	63,909	63,909	63,909	63,909
Identifiable intangible assets, net	6,988	7,218	8,162	9,140
Total tangible assets at end of period	$5,550,082	$5,221,532	$4,938,695	$4,456,801
Equity to assets - GAAP	9.05%	9.51%	8.94%	9.12%
Tangible equity to tangible assets – Non-GAAP	7.89%	8.28%	7.62%	7.63%

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