WASHINGTON TRUST BANCORP, INC.

# Investor Deck

Q1 2023

NASDAQ: WASH

# Safe Harbor

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, 2022, 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

## Investor Information

**Elizabeth B. Eckel**
Executive Vice President, Chief Marketing and Corporate Communications Officer

401-348-1309, ebeckel@washtrust.com

# Executive Leadership



**Ned Handy**
Chairman and Chief Executive Officer



**Mary Noons**
President and Chief Operating Officer



**Ron Ohsberg**
Senior EVP, Chief Financial Officer and Treasurer

# Why Washington Trust

- Distinguished history with prestigious recognition
- Proven business model with diverse revenue streams
- Prudent balance sheet management
- Strong credit profile through multiple economic cycles
- Consistent top quartile returns
- Robust dividend payout and capital deployment strategy

# Distinguished Corporate Profile

- Oldest community bank in the U.S.
- Diversified financial services company
- Largest state-chartered bank in Rhode Island
  - $6.9 billion assets
  - $5.2 billion loans
  - $5.3 billion deposits
- Premier regional wealth management firm
  - $6.2 billion assets under administration
- Market capitalization
  - $589 million
- Strong shareholder value
  - ROA: 0.77%
  - ROE: 11.27%
  - ROTCE: 13.23%

AMERICAN BANKER 2022 Best Banks to Work For

PBN PROVIDENCE BUSINESS NEWS BEST PLACES TO WORK RI AWARDS Winner 2022

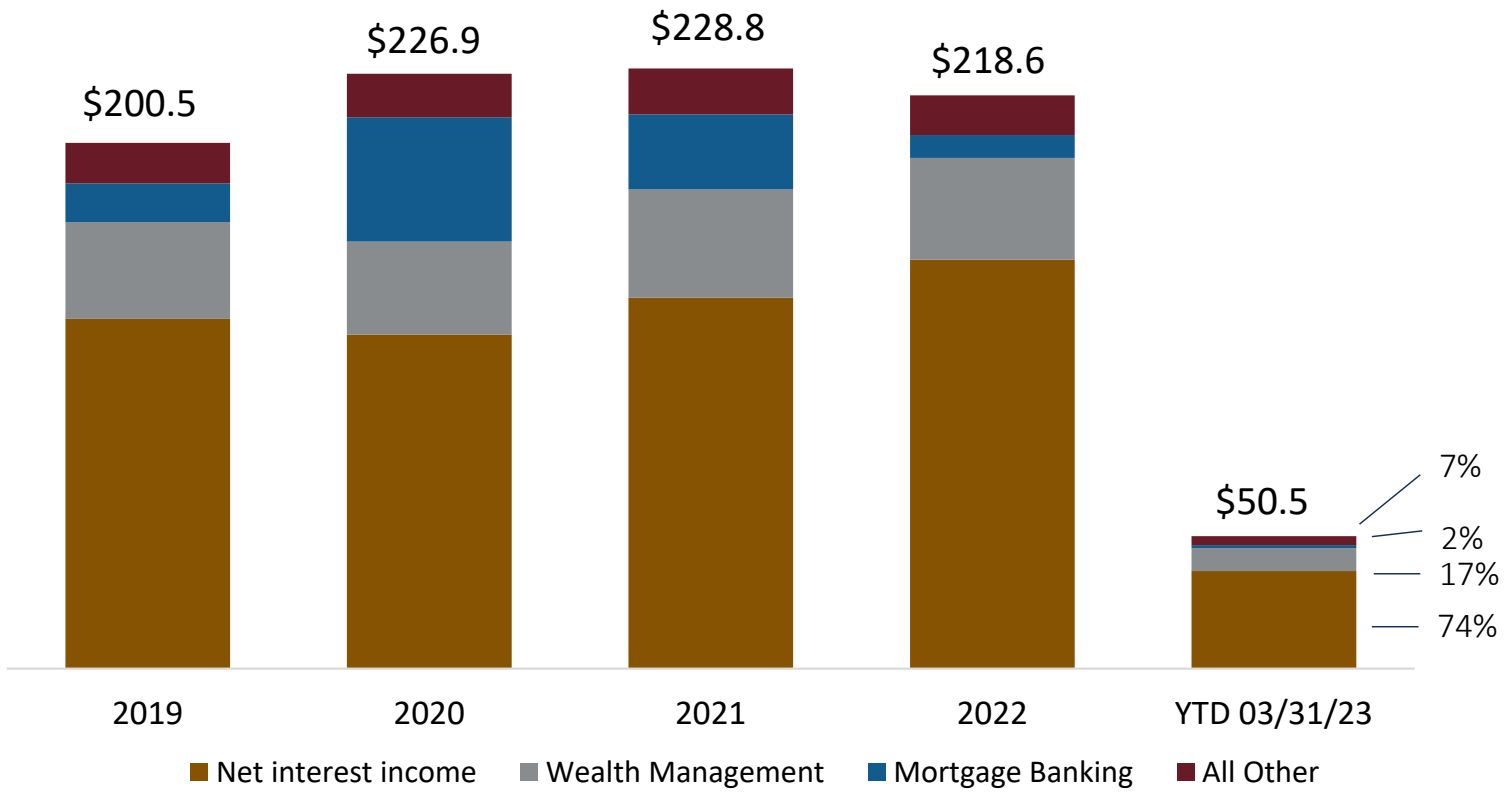



PBN PROVIDENCE BUSINESS NEWS HEALTHIEST EMPLOYERS® of Rhode Island AWARDS 2022 WINNER

At March 31, 2023, unless otherwise noted

# Diversity of Revenue

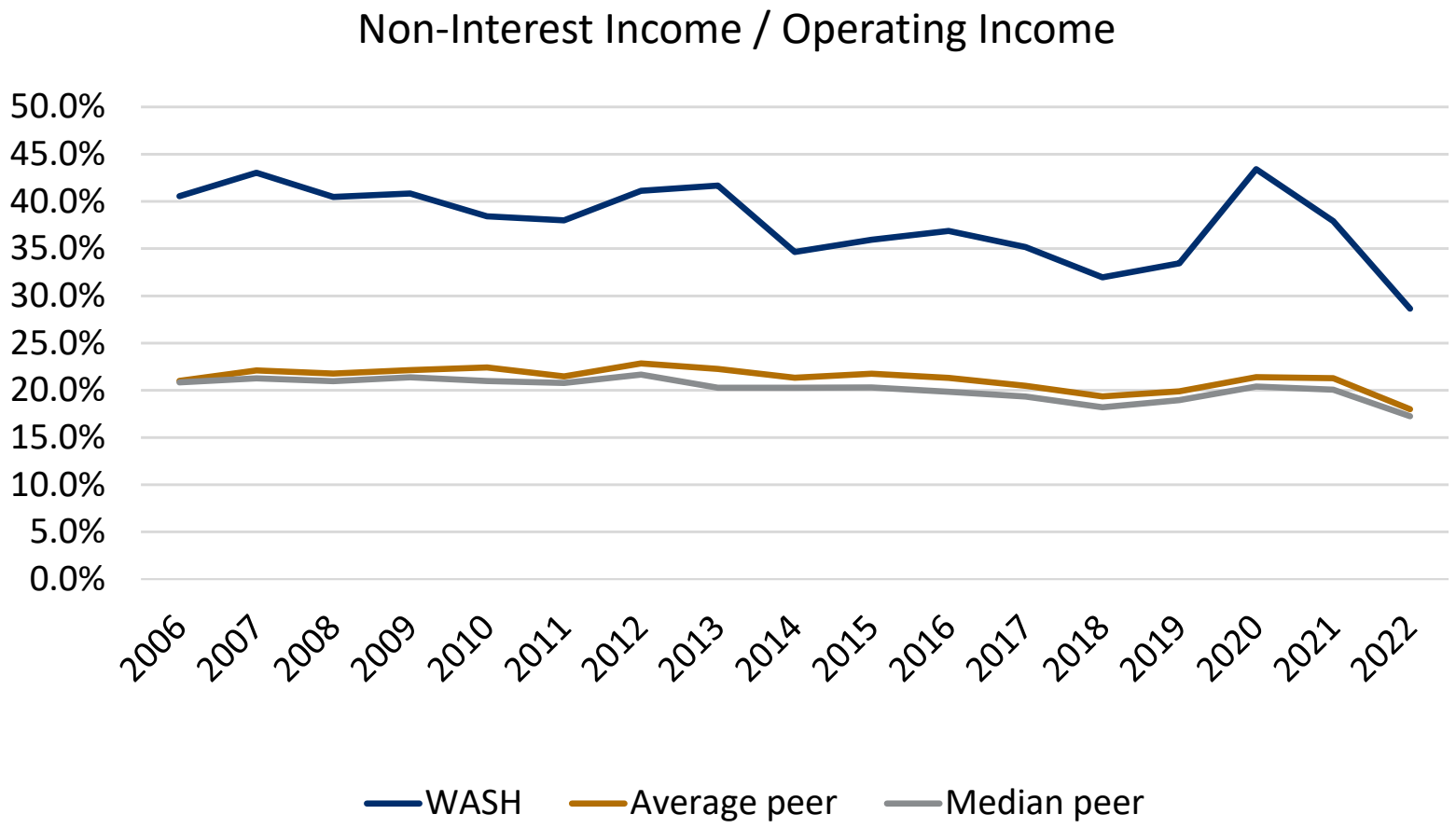
## Contributions from all major business lines




*$ millions*

# Quality Revenues

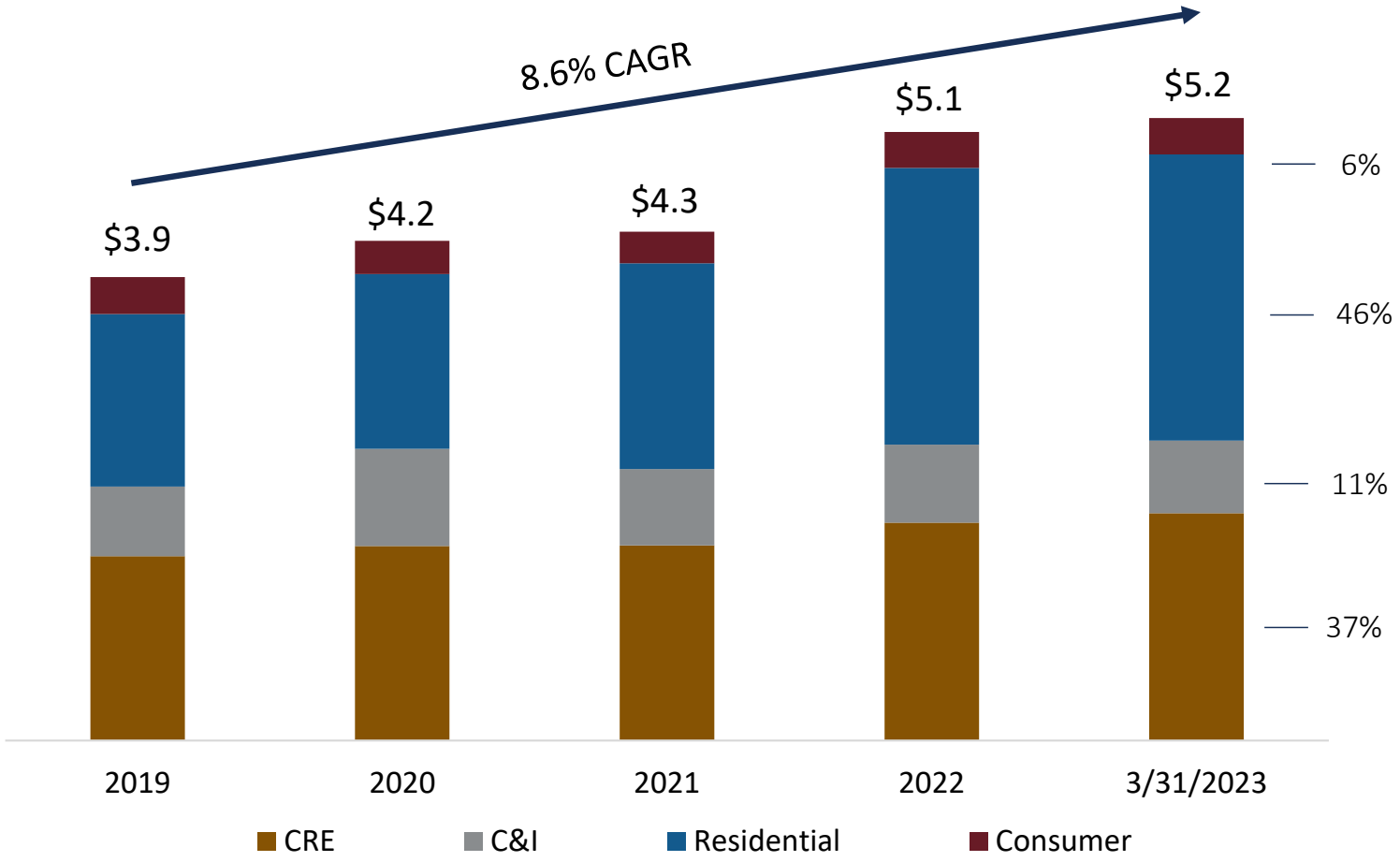
## Better than 91% of peer group [1]




*Peers are public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Most recent complete peer data as of 12/31/23.*
*(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*

# Loan Mix and Growth

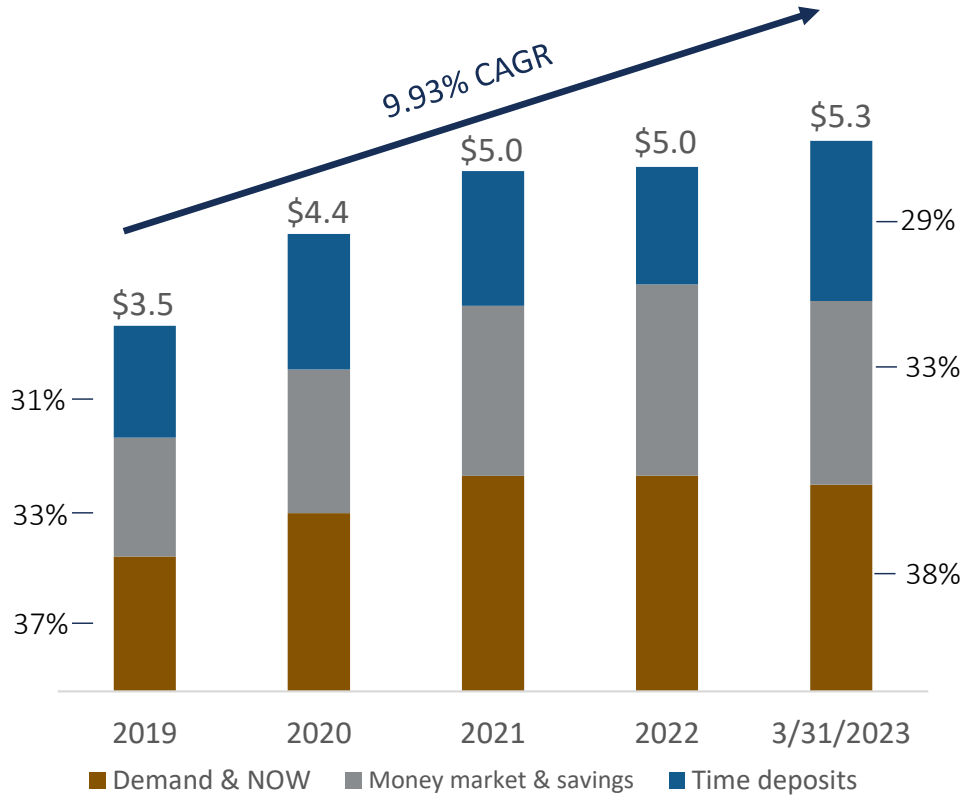
- Well-diversified portfolio
- 58.2% variable rate loans




*$ billions; at December 31st unless otherwise noted*

# Deposit Mix and Share

- 33% of deposits are commercial-based
- 11% market share in RI; ranked 3rd *
- #1 State-chartered bank in RI
- $186 million average in-market deposits per branch




| Rank | Institution (ST) | Branch Count | Total Deposits in Market ($B) | Total Market Share |
|---|---|---|---|---|
| **1** | Citizens (RI) | **55** | **$17.3** | **39%** |
| **2** | Bank of America (NC) | **23** | **$9.6** | **22%** |
| **3** | **Washington Trust (RI)** | **23** | **$4.9** | **11%** |
| 4 | Santander | 22 | $2.8 | 6% |
| 5 | Bank Rhode Island (MA) | 20 | $2.6 | 6% |
| 6 | BankNewport (RI) | 18 | $2.0 | 5% |
| 7 | TD Bank | 9 | $1.5 | 3% |
| 8 | Centreville Bank (RI) | 9 | $1.1 | 2% |
| 9 | HarborOne (MA) | 11 | $.7 | 1% |
| 10 | Webster Bank (CT) | 8 | $.4 | 1% |
| | **Total For Institutions In Market** | **233** | **$44.3** | |

*$ billions; at December 31st unless otherwise noted*
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, 2022; most recent data available

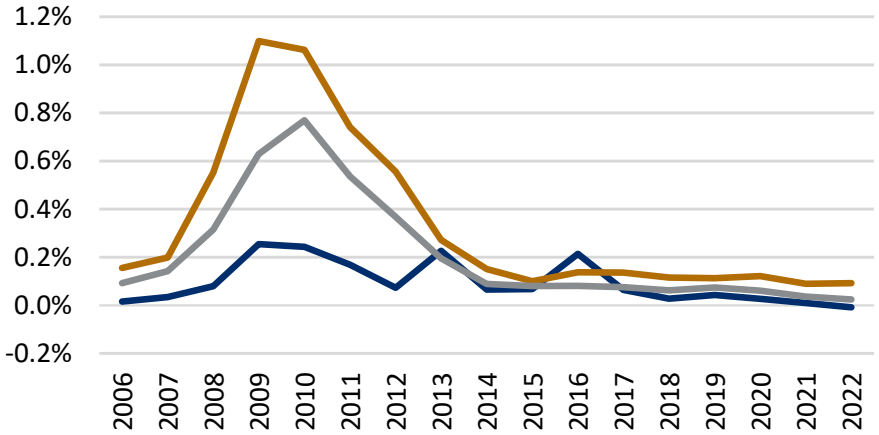
# Asset Quality

## Historical differentiator

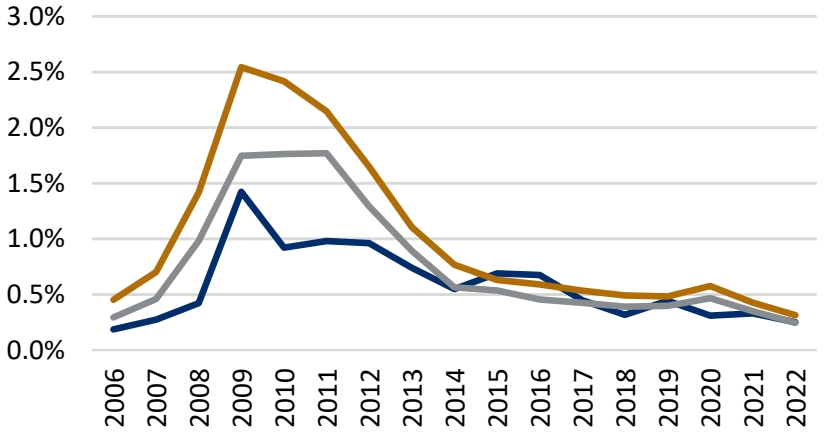
**Cumulative losses 2006 - 2022 (bps)**

| | |
|---|---|
| WASH | 161 |
| Average peer | 569 |
| Median peer | 363 |

**NCO / Average Loans**




**Non-Accrual Loans / Total Loans**







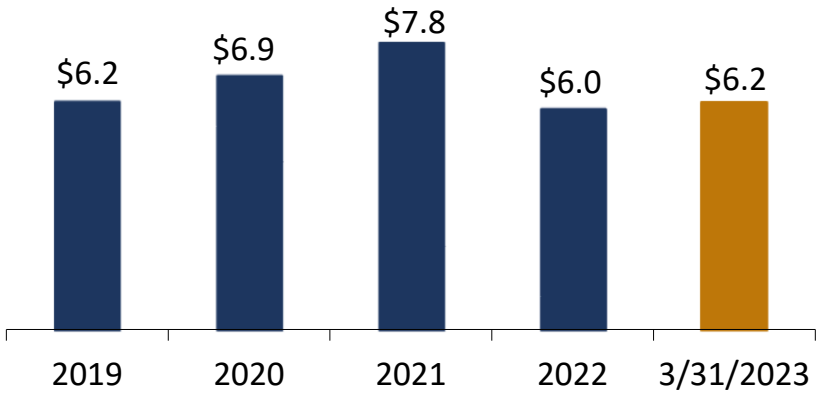
*Most recent complete peer data as of 12/31/22*
*Percentile ranking for the year ended December 31st unless otherwise noted among public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence*

# Wealth Management

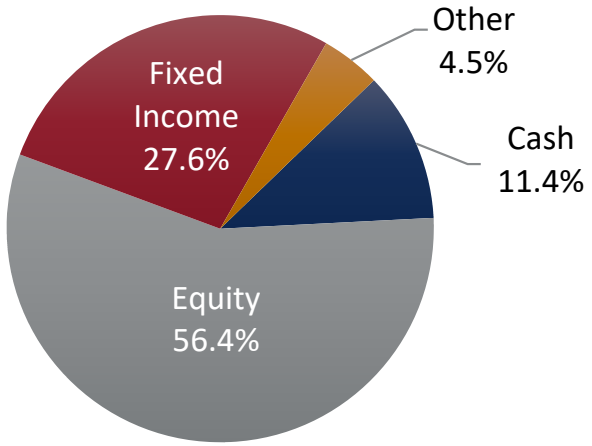
- Key contributor to pre-tax income
- Average client size: $2.8 million
- 69% high net worth individuals
- Average fee: 55 basis points

## Assets Under Administration (AUA)

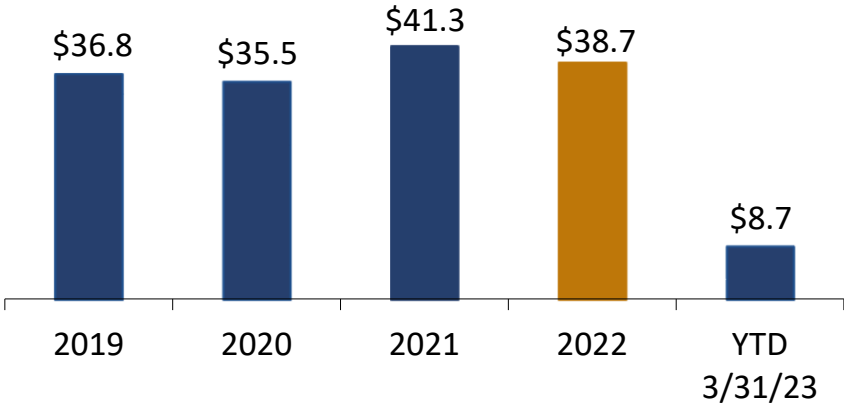
($ billions)




## Asset Mix at March 31, 2023




## Revenues ($ millions)

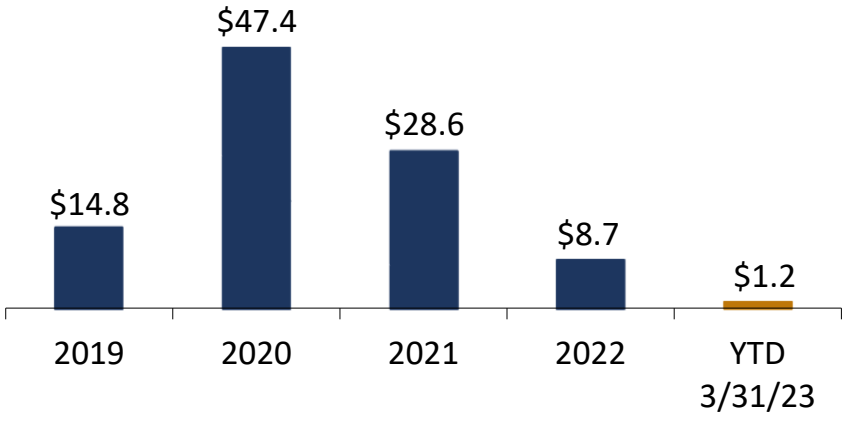



At or for the year ended December, unless otherwise noted.

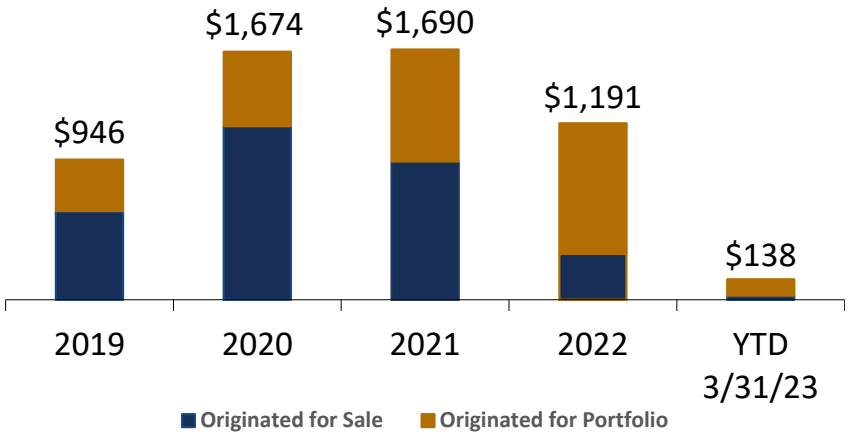
# Mortgage Banking

- Strategic approach aimed at developing banking relationships
- Flexible origination model where loans can be sold or put in portfolio
- Origination mix is shifting from sale to portfolio
- Success in leveraging clients' mortgage experience to offer other banking services

## Mortgage Banking Revenues (1)



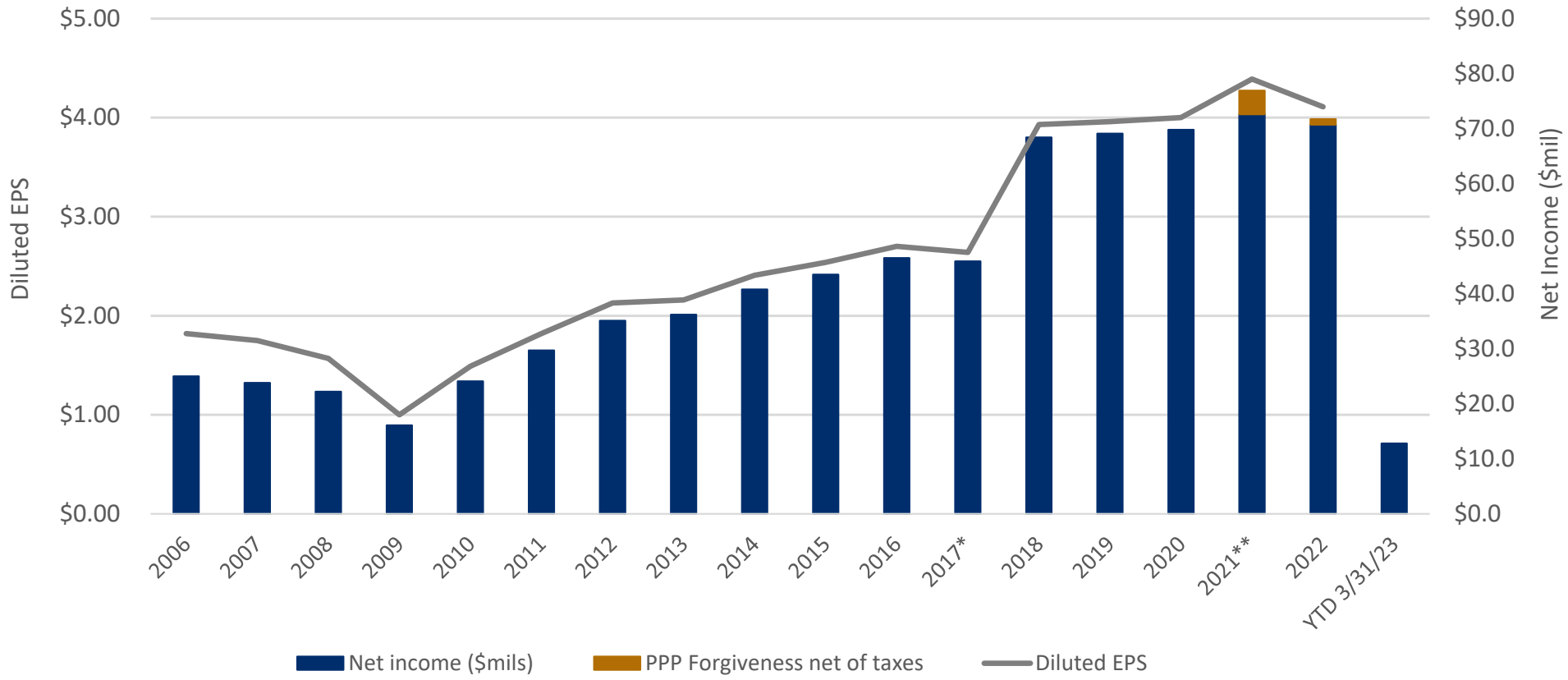

## Mortgage Originations (2)




*$ 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*

# Proven Track Record

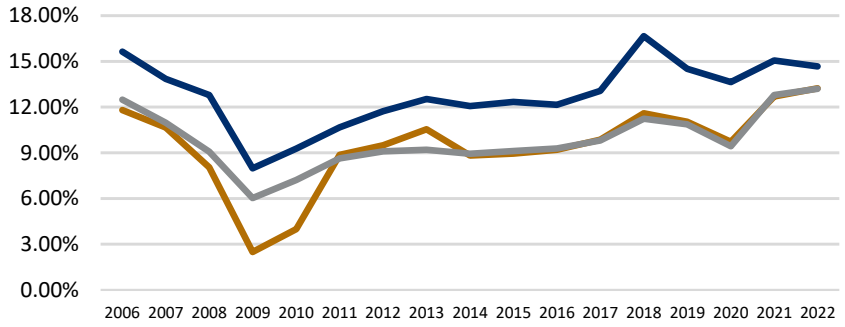
## Profitability trend



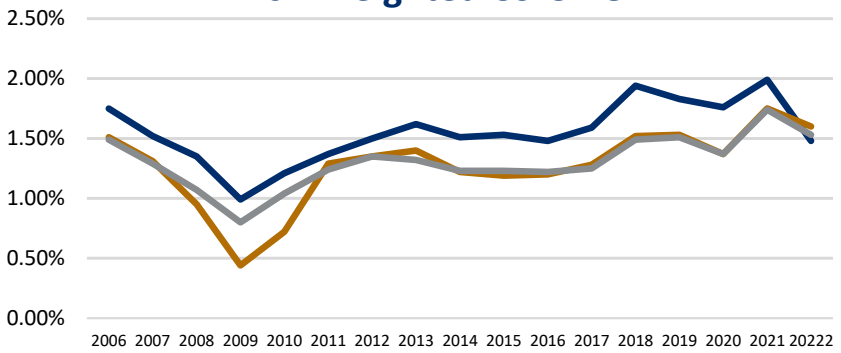

*At December 31st unless otherwise noted*
** Includes $6.2 million deferred tax asset write-down resulting from Tax Reform Act*
*** Includes $5.4 million after tax net non-operating expense (FHLB prepayment fees)*

# Profitability Metrics

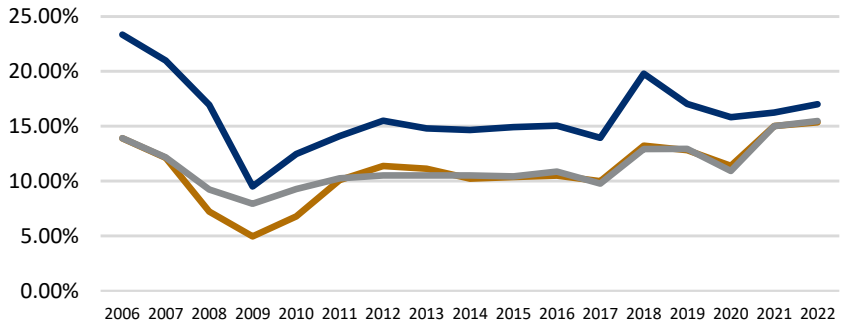
## Core ROE (1)



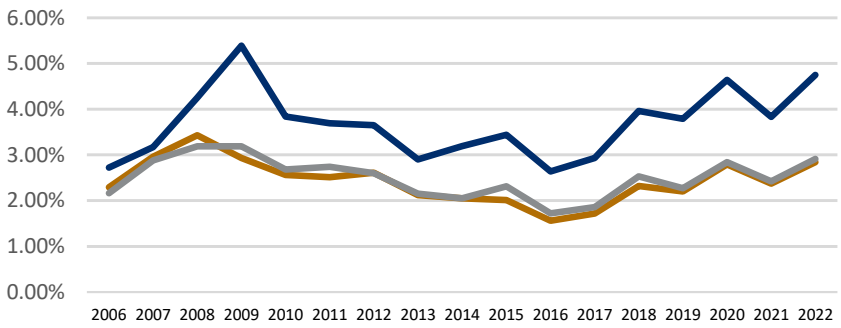

## Risk-Weighted Core ROA (1)




## ROATCE




## Dividend Yield

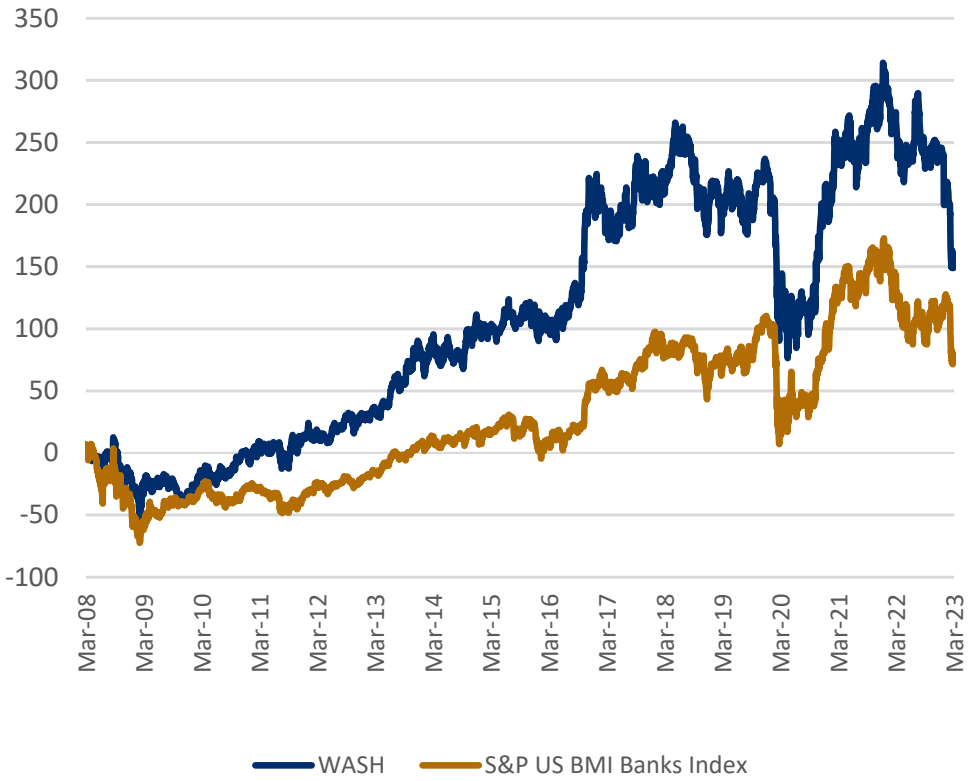



WASH — Average peer — Median peer

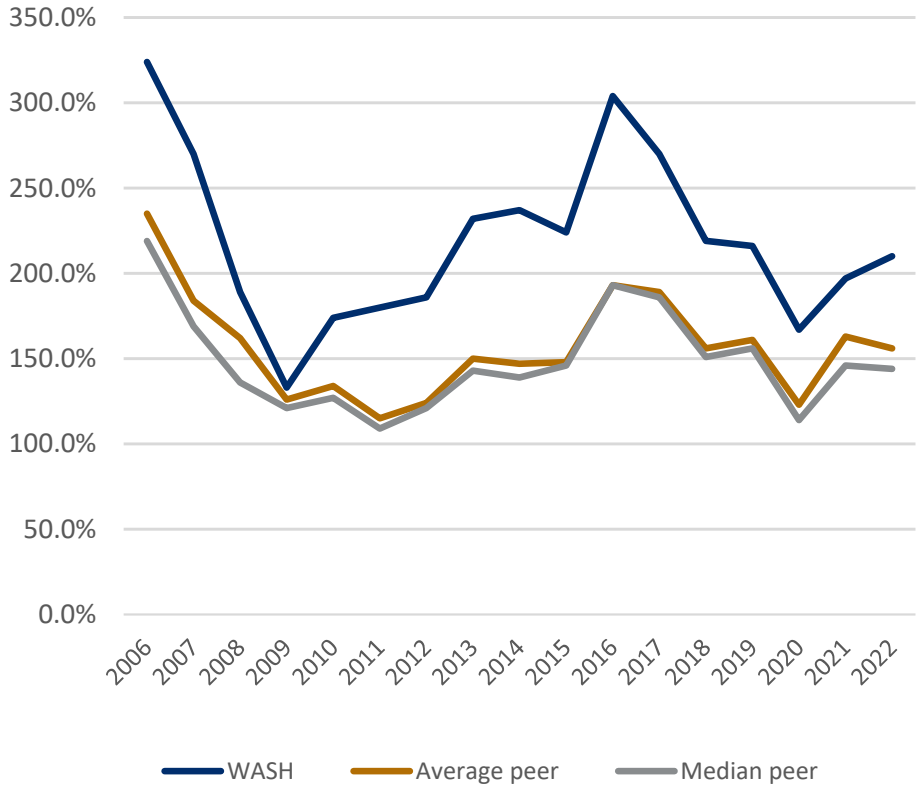
*Peers are public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Most recent complete peer data as of 12/31/22.*
*(1) Based on core income defined as "net income after taxes and before extraordinary items, less net income attributable to noncontrolling interest, 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*

# 15 Year Total Stock Returns

## WASH Total Return (%) versus S&P US BMI Banks Index



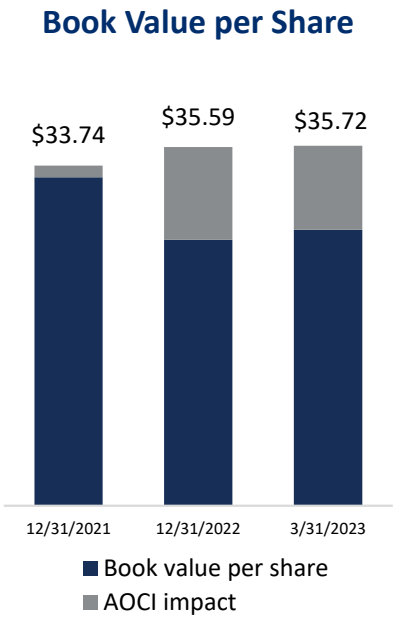

## Price / Tangible Book Multiple

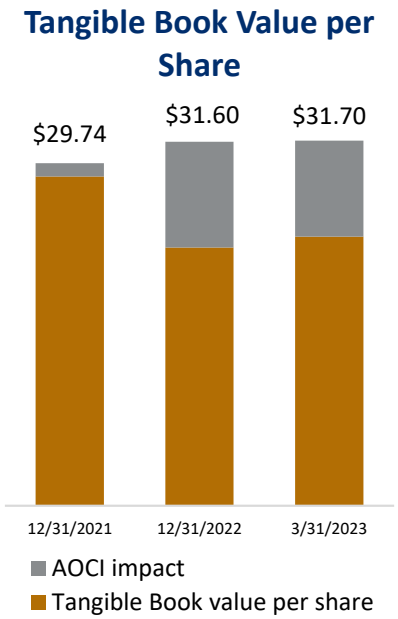


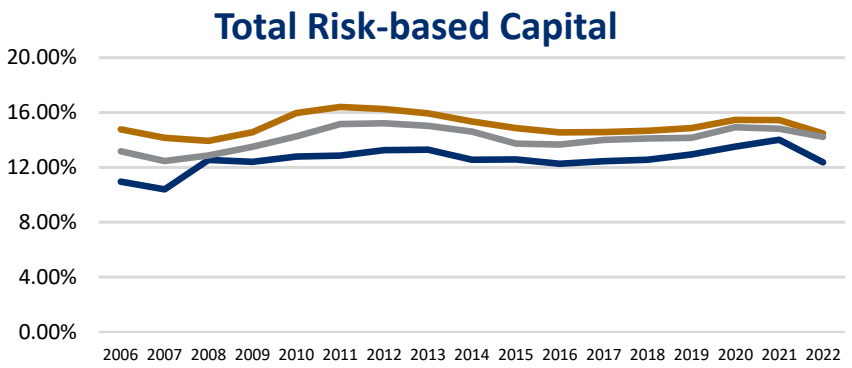

*Source: S&P Global Market Intelligence as of March 31, 2023*
*Peers are public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Most recent complete peer data as of 12/31/22.*
*(1) Based on core income defined as "net income after taxes and before extraordinary items, 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*

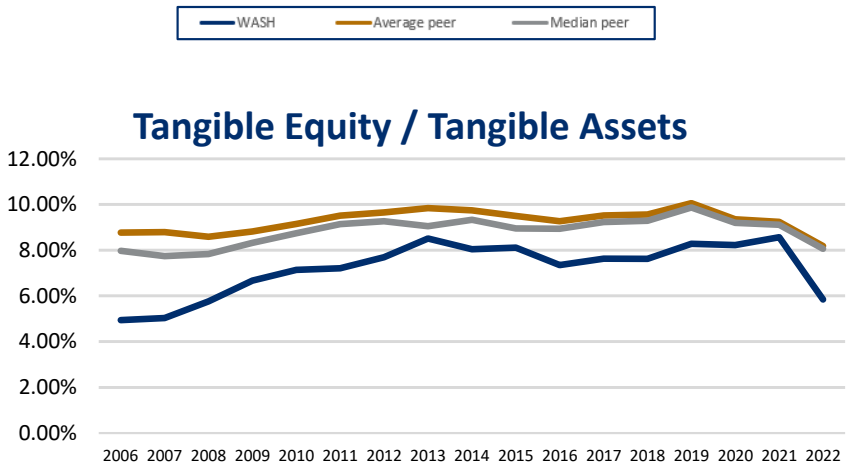
# Solid Capital Position

- Solid balance sheet, fee-intensive business model
- Supports dividend & future growth opportunities
- Temporary decline for Tangible Equity / Tangible Assets ratio due to AFS securities unrealized losses



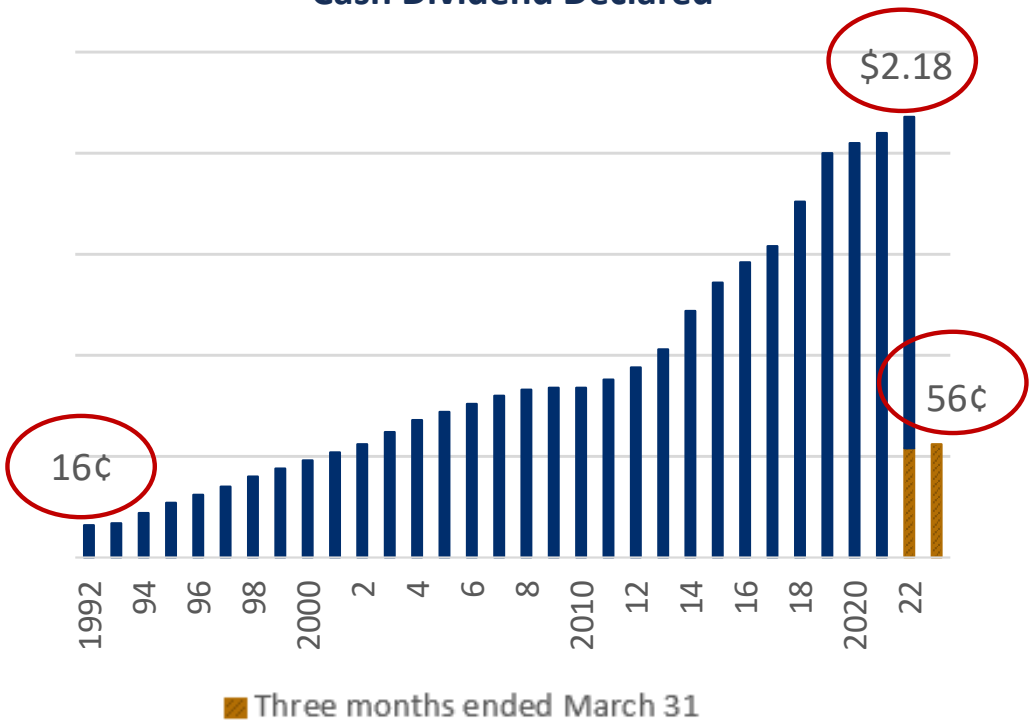




*Most recent complete peer data as of 12/31/22*
*(1) Non-GAAP; see "Non-GAAP Financial Measures"*
*Peers are public banks & thrifts with $3 billion to $10 billion in total assets excluding Puerto Rico; Source: S&P Global Market Intelligence*

# Dividend Return to Shareholders

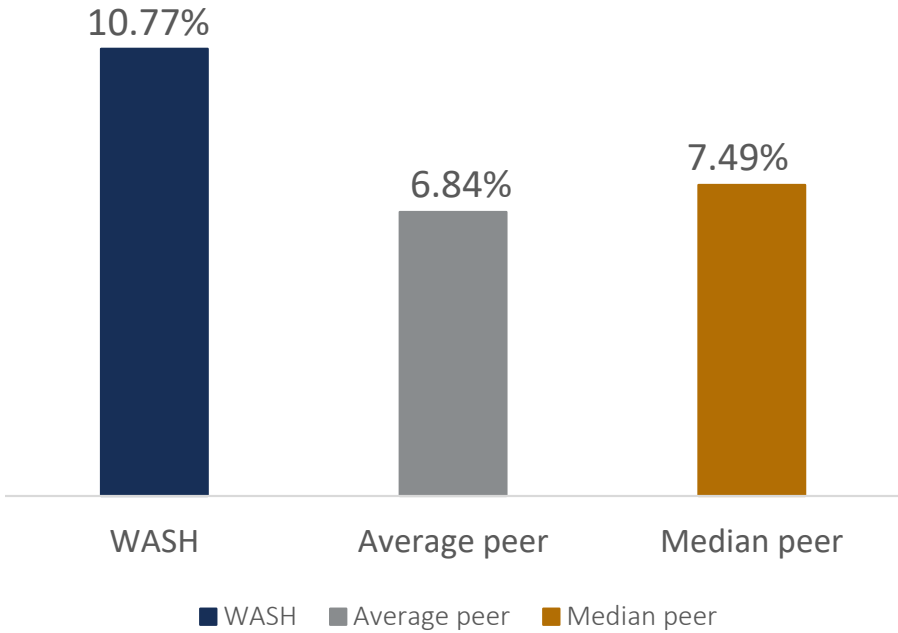
- Dividend yield 6.46% (1)
- Increased dividend in Q4-22 for 12th consecutive year
- Paid consistent dividend for more than a century

**Cash Dividend Declared**




**12/31/2006 to 12/31/2022**

**Tangible Book Value per Share Plus Cumulative Dividend per Share CAGR**



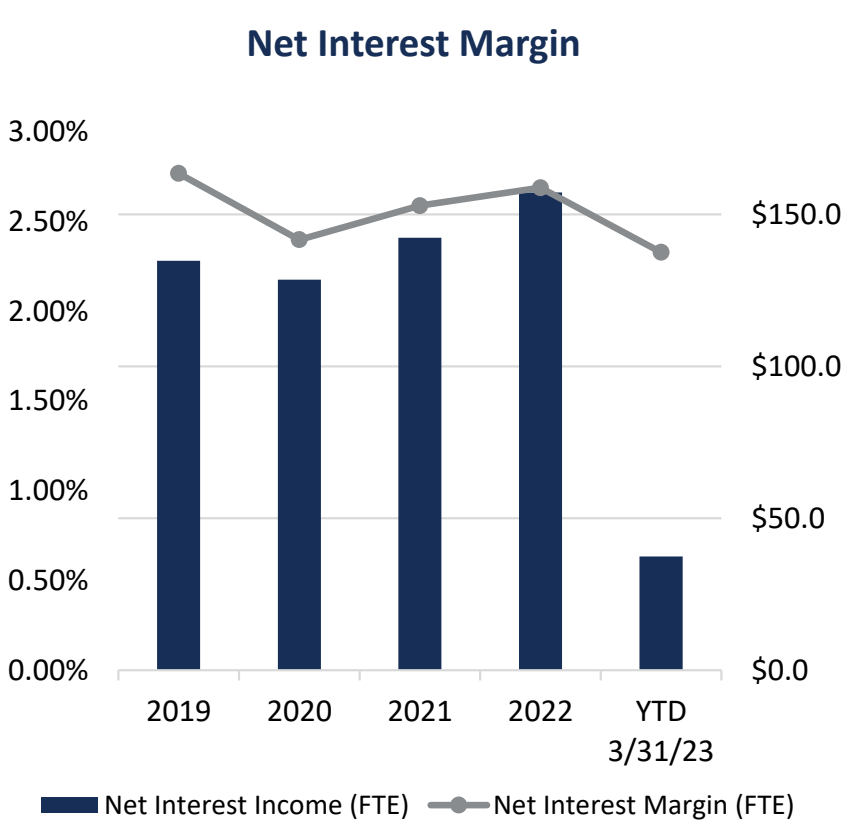

(1) As of March 31, 2023

# Strategic Priorities

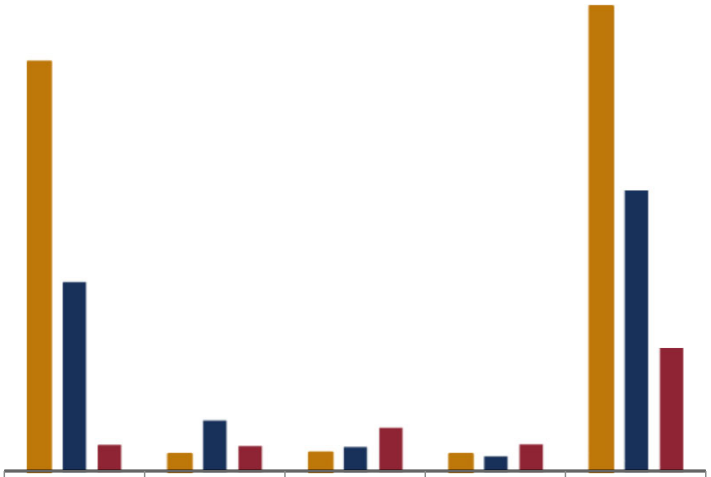
- Focus on deposit growth and mix
- Optimize investments in technology
- Deepen client relationships
- Expand brand and market presence
- Continued corporate responsibility

# Net Interest Margin & Repricing

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




**Loan & Funding Repricing**

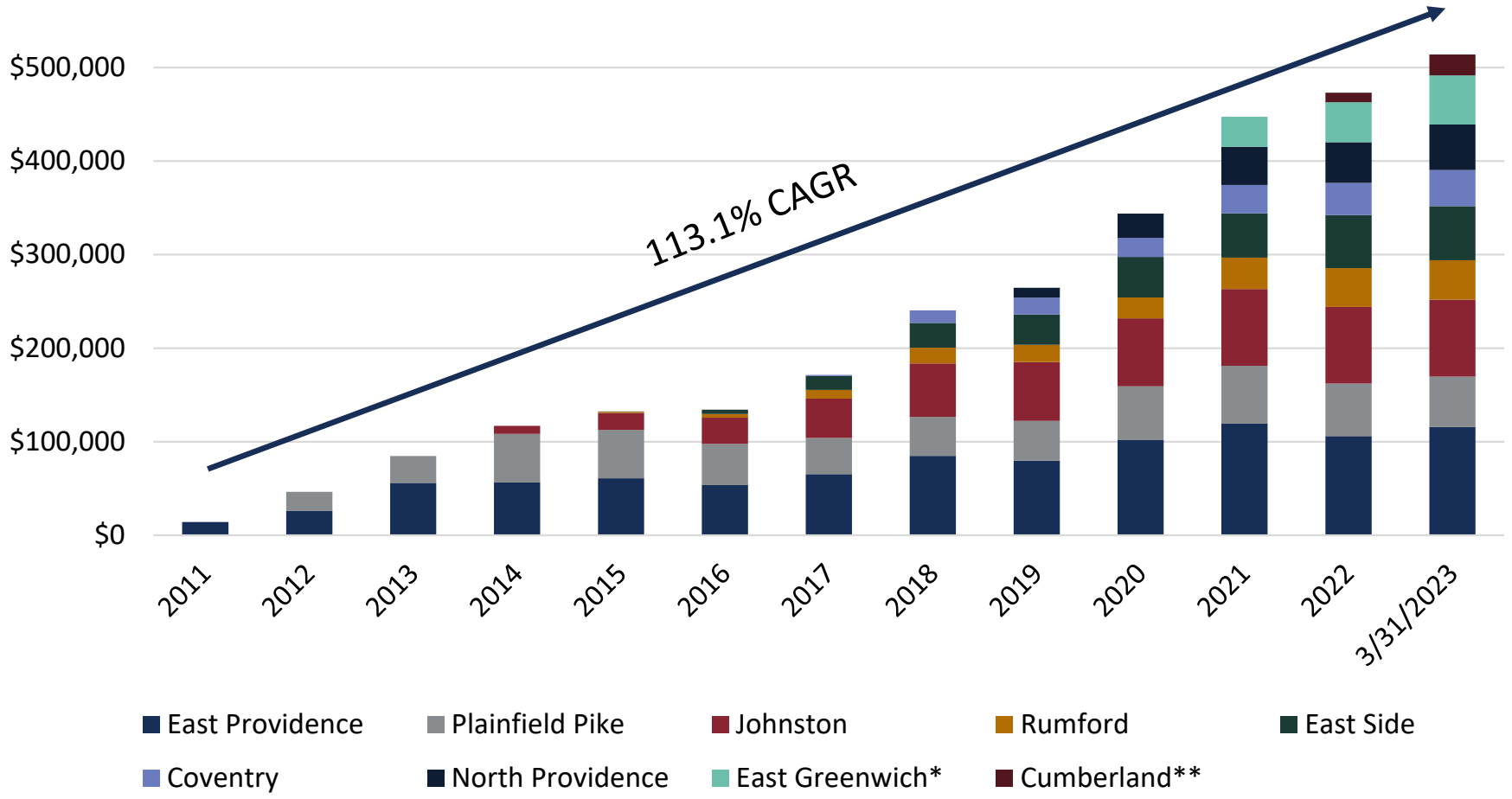


| | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Total |
|---|---|---|---|---|---|
| Adjustable rate loans | $1,850 | $81 | $87 | $81 | $2,100 |
| Wholesale Funds | $856 | $232 | $112 | $70 | $1,271 |
| Retail CDs | $122 | $116 | $198 | $124 | $560 |



*$ millions; as of and for the years ended December 31st unless otherwise noted*

# De Novo Branch Growth




*East Greenwich branch opened in May 2021
**Cumberland branch opened in August 2022

# Improving Customer Experience

- Digital banking enhancements
- Financial planning process
- Automated asset verification
- Financial wellness center



# Protecting Data

- Cyber threat intelligence
- ACH fraud detection
- Cloud-based data systems
- Network modernization



# Deepening Relationships

- Business line integration
- Private clients
- COI networking
- Enhanced product suite



# Expand Brand & Market Presence

- RI branches
- CT commercial banking office
- Wealth Management rebrand
- Brand marketing



# Key Investment Considerations

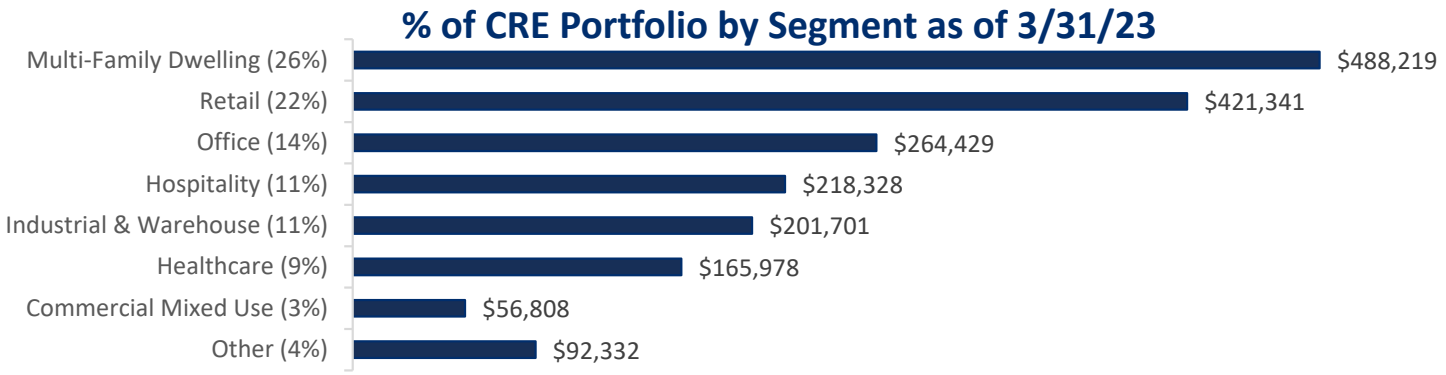
- Proven performance in adverse operating environment
- Consistent results from diverse revenue stream
- Successful, steady long-term growth strategy
- Low risk balance sheet positioned favorably for rising rates
- Attractive dividend yield & strong capital position

WASHINGTON TRUST BANCORP, INC.

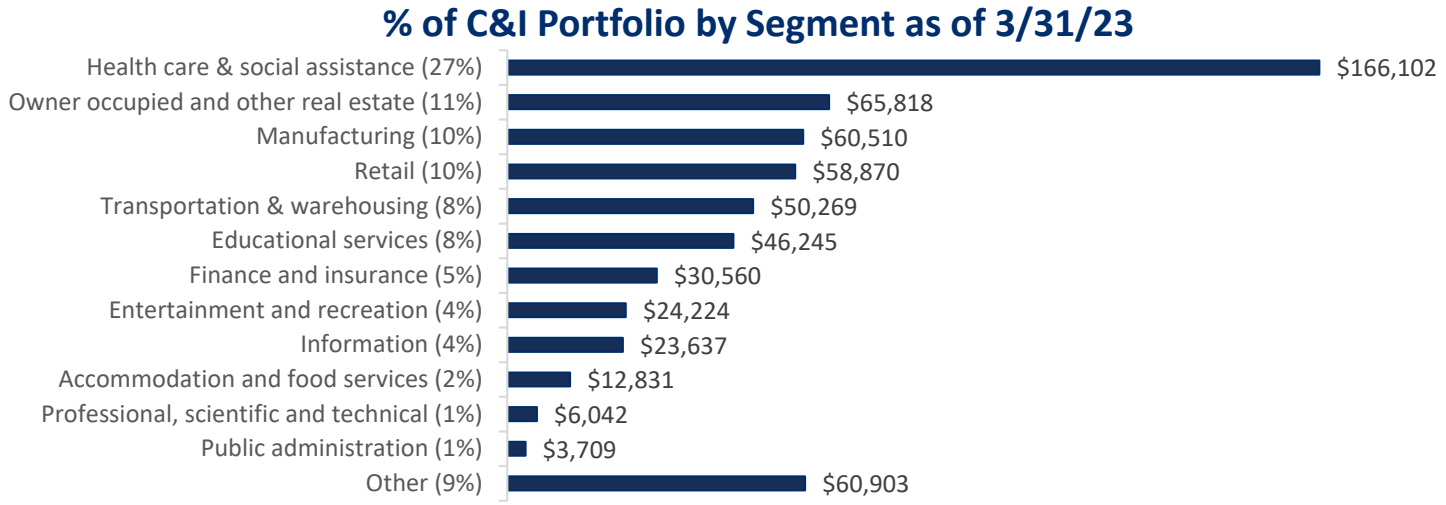
# Appendix

# Commercial Lending Portfolio

## Commercial real estate: $1.9 billion




## Commercial & Industrial (C&I): $609.7 million



# Office Portfolio

- Office portfolio consists of 55 loans and 44 relationships with a Carry Value of $265 million and Exposure of $306 million.
- Average loan size = $6.8mm original commitment.
- Largest = $29.9mm ($12.3mm outstanding, in construction)
- Average LTV = 51.4%
- Weighted Average LTV = 60.5%
- Average DSCR is 1.62x. Weighted Average DSCR 1.51x (Carry Value on mortgages, and Commitment if Construction)
- NPLs = $0

| Type | Carry | Exposure |
|---|---|---|
| **Suburban** | 181,688 | 201,374 |
| **Urban** | 83,075 | 104,768 |
| | **264,763** | **306,142** |

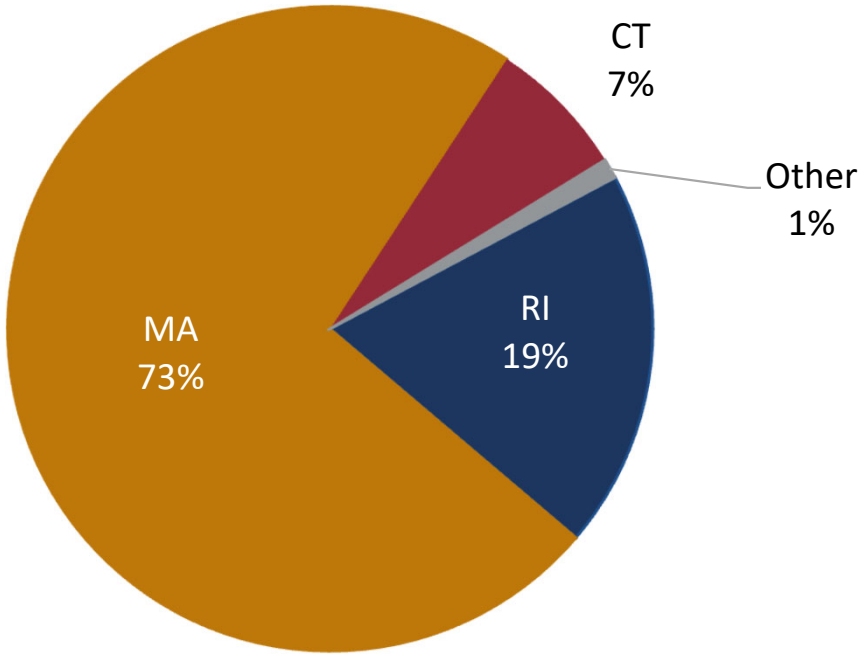
| Geography | Carry | Exposure |
|---|---|---|
| Boston | 76,796 | 108,690 |
| Fairfield County | 87,656 | 93,484 |
| Hartford | 30,278 | 32,283 |
| New London County | 26,183 | 26,183 |
| Providence | 43,850 | 45,502 |
| | **264,763** | **306,142** |

| Class Type | Carry | Exposure |
|---|---|---|
| A | 174,977 | 214,705 |
| B | 81,197 | 82,849 |
| C | 8,589 | 8,589 |
| | **264,763** | **306,142** |

*$ thousands; at March 31, 2023*

# Residential & Home Equity

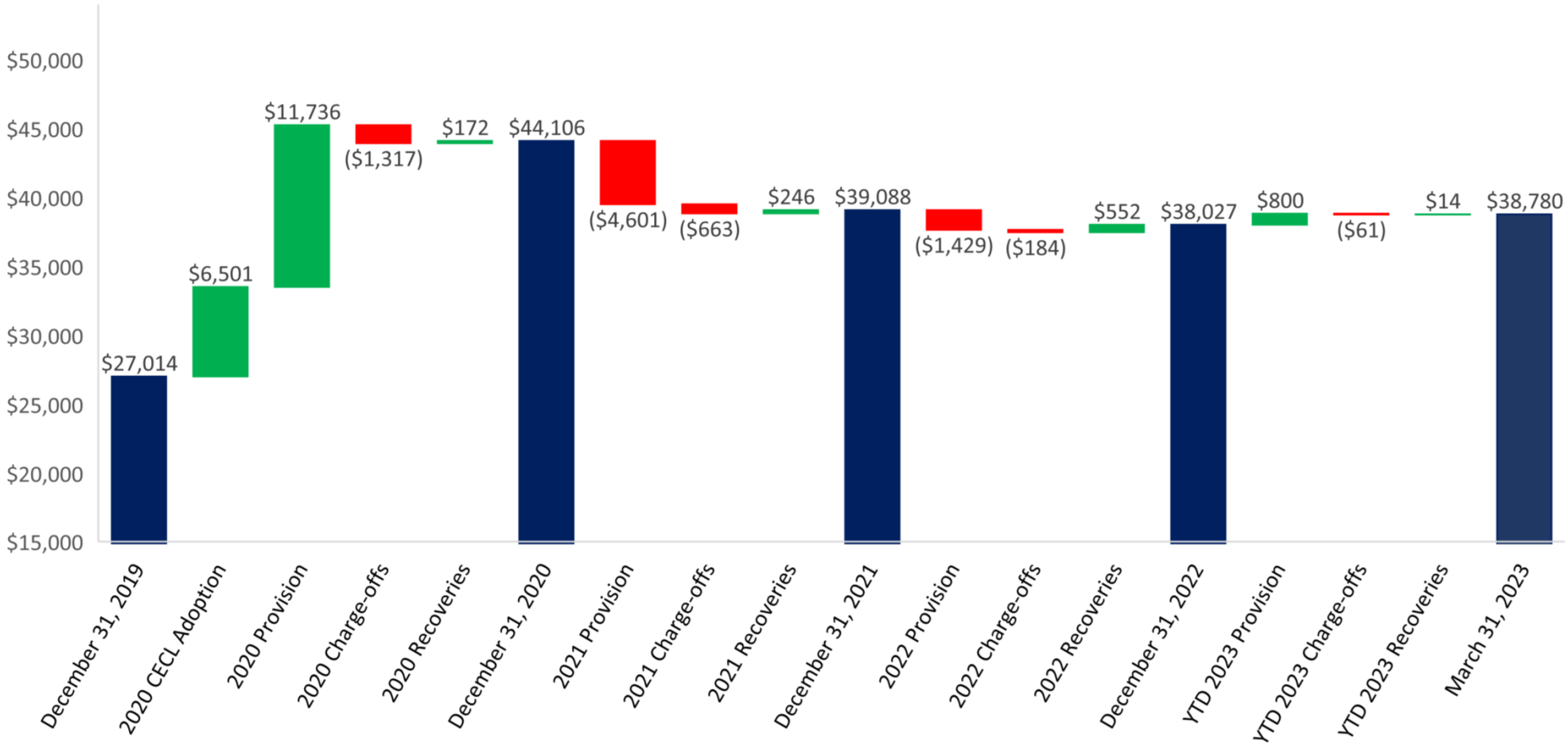
| | Residential | Home Equity |
|---|---|---|
| Total portfolio ($ millions) | $ 2,403.3 | $ 288.9 |
| FICO score* | 761 | 761 |
| Total delinquencies | 0.24% | 0.29% |
| Nonperforming | 0.44% | 0.34% |
| Net charge-offs to average loans | 0.00% | 0.00% |
| LTV (1) | $ 2,403.3 | $ 288.9 |




*At or for the three months ended March 31, 2023*
** Weighted average; refreshed January 2023*
*(1) Weighted average LTV for residential loans is based on updated collateral values and current loan balances. LTV for home equity represent the LTV at origination.*

# ACL on Loans Rollforward

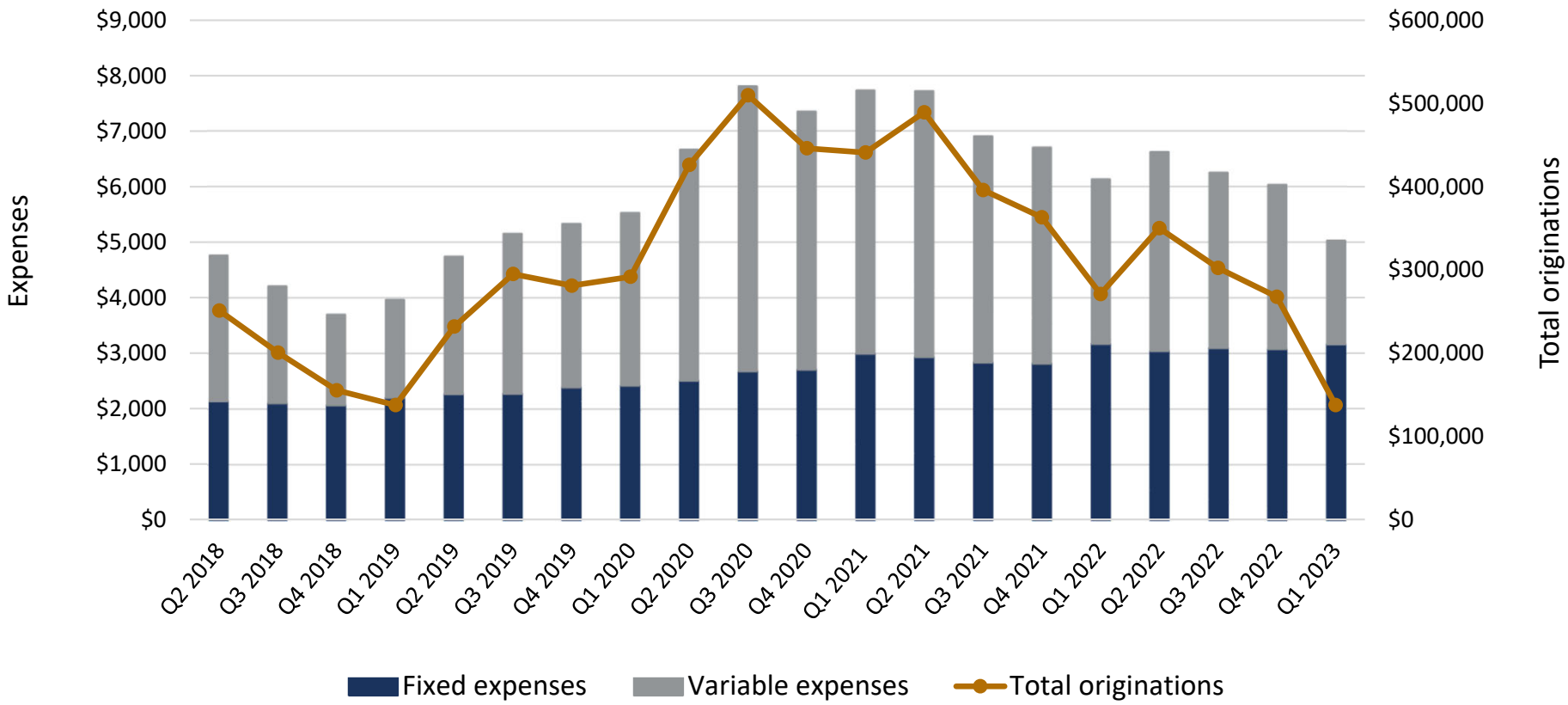
Incr / (Decr)
$11,766




*$ thousands*

# Mortgage Execution

- Expense base is largely variable with volumes
- Fintech processing provides speed of execution and closing reliability




$ thousands
Expenses exclude deferred labor

# Income Statement

| $s in thousands | For the Quarters Ended Mar 31, 2023 | Dec 31, 2022 | Sep 30, 2022 | Jun 30, 2022 | Mar 31, 2022 |
|---|---|---|---|---|---|
| Interest and dividend income | $ 68,762 | $ 61,761 | $ 52,138 | $ 42,029 | $ 38,537 |
| Interest expense | 31,569 | 20,419 | 10,096 | 4,514 | 3,446 |
| Net interest income | 37,193 | 41,342 | 42,042 | 37,515 | 35,091 |
| Provision for credit losses | 800 | 800 | 800 | (3,000) | 100 |
| Net interest income after provision for credit losses | 36,393 | 40,542 | 41,242 | 40,515 | 34,991 |
| Total noninterest income | 13,283 | 13,788 | 15,803 | 15,852 | 17,159 |
| Noninterest expense | 33,564 | 33,359 | 33,067 | 31,077 | 31,219 |
| Income before income taxes | 16,112 | 20,971 | 23,978 | 25,290 | 20,931 |
| Income tax expense | 3,300 | 4,398 | 5,310 | 5,333 | 4,448 |
| Net income | $ 12,812 | $ 16,573 | $ 18,668 | $ 19,957 | $ 16,483 |

# Balance Sheet

| $s in thousands | Mar 31, 2023 | Dec 31, 2022 | Sep 30, 2022 | Jun 30, 2022 | Mar 31, 2022 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Cash and cash equivalents | $ 138,280 | $ 118,422 | $ 132,839 | $ 98,623 | $ 228,096 |
| Total securities | 1,097,248 | 1,037,391 | 1,015,513 | 1,036,769 | 1,016,636 |
| Total loans | 5,227,969 | 5,110,139 | 4,848,873 | 4,479,822 | 4,283,852 |
| Less allowance for credit losses on loans | 38,780 | 38,027 | 36,863 | 36,317 | 39,236 |
| Net loans | 5,189,189 | 5,072,112 | 4,812,010 | 4,443,505 | 4,244,616 |
| Other assets | 434,465 | 432,126 | 447,689 | 403,994 | 358,651 |
| Total assets | $6,859,182 | $6,660,051 | $6,408,051 | $5,982,891 | $5,847,999 |
| | | | | | |
| Liabilities: | | | | | |
| Total deposits | $5,268,514 | $5,018,962 | $5,069,857 | $5,006,629 | $5,127,950 |
| FHLB advances | 925,000 | 980,000 | 700,000 | 328,000 | 55,000 |
| Other liabilities | 178,004 | 184,739 | 183,239 | 148,947 | 129,176 |
| Junior subordinated debentures | 22,681 | 22,681 | 22,681 | 22,681 | 22,681 |
| Total shareholders' equity | 464,983 | 453,669 | 432,274 | 476,634 | 513,192 |
| Total liabilities and shareholders' equity | $6,859,182 | $6,660,051 | $6,408,051 | $5,982,891 | $5,847,999 |

# Non-GAAP Financial Measures

| $s in thousands, except per share amounts | Mar 31, 2023 | Dec 31, 2022 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|---|---|
| Calculation of tangible book value per share | | | | |
| Total shareholders' equity at end of period | $464,983 | $453,669 | $564,808 | $534,195 |
| Less: | | | | |
| Goodwill | 63,909 | 63,909 | 63,909 | 63,909 |
| Identifiable intangible assets, net | 4,342 | 4,554 | 5,414 | 6,305 |
| Total tangible shareholders' equity at end of period | $396,732 | $385,206 | $495,485 | $463,981 |
| Shares outstanding at end of period | 16,986 | 17,183 | 17,331 | 17,265 |
| Book value per share – GAAP | $27.37 | $26.40 | $32.59 | $30.94 |
| Tangible book value per share – Non-GAAP | $23.36 | $22.42 | $28.59 | $26.87 |
| Calculation of tangible equity to tangible assets | | | | |
| Total tangible shareholders' equity at end of period | $396,732 | $385,206 | $495,485 | $463,981 |
| Total assets at end of period | $6,859,182 | $6,660,051 | $5,851,127 | $5,713,169 |
| Less: | | | | |
| Goodwill | 63,909 | 63,909 | 63,909 | 63,909 |
| Identifiable intangible assets, net | 4,342 | 4,554 | 5,414 | 6,305 |
| Total tangible assets at end of period | $6,790,931 | $6,591,588 | $5,781,804 | $5,642,955 |
| Equity to assets - GAAP | 6.78% | 6.81% | 9.65% | 9.35% |
| Tangible equity to tangible assets – Non-GAAP | 5.84% | 5.84% | 8.57% | 8.22% |

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.