

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
October 24, 2011

WASHINGTON TRUST BANCORP, INC.

(Exact Name of Registrant as Specified in Charter)

| | | |
|---|-----------------------------|--------------------------------------|
| Rhode Island | 001-32991 | 05-0404671 |
| ----- | ----- | ----- |
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

23 Broad Street, Westerly, Rhode Island 02891

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (401) 348-1200

Former name or address, if changed from last report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On October 24, 2011, Washington Trust Bancorp, Inc. issued a press release in which it disclosed unaudited financial information related to third quarter 2011 consolidated earnings. A copy of the press release relating to such announcement, dated October 24, 2011, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Pursuant to General Instructions B.2 of Form 8-K, this information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

| <u>Exhibit No.</u> | <u>Exhibit</u> |
|--------------------|---------------------------------------|
| 99.1 | Press Release dated October 24, 2011* |

*Filed herewith

SIGNATURES

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

Date: October 24, 2011

WASHINGTON TRUST BANCORP, INC.

By: /s/ David V. Devault

David V. Devault

Senior Executive Vice President,
Secretary and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.
99.1

Exhibit
Press Release dated October 24, 2011*

* Filed herewith



WASHINGTON TRUST BANCORP, INC.

NASDAQ: WASH

Contact: Elizabeth B. Eckel

Senior Vice President, Marketing

Telephone: (401) 348-1309

E-mail: ebeckel@washtrust.com

Date: October 24, 2011

FOR IMMEDIATE RELEASE

**Washington Trust Announces Solid Net Income for Third Quarter 2011
Diluted Earnings Per Share up 18% over Third Quarter 2010**

Westerly, Rhode Island... Washington Trust Bancorp, Inc. (NASDAQ Global Select; symbol: WASH), parent company of The Washington Trust Company, today announced third quarter 2011 net income of \$7.6 million, or 46 cents per diluted share, compared to third quarter 2010 net income of \$6.4 million, or 39 cents per diluted share. Third quarter 2011 results represent an 18% increase on a diluted per share basis over the third quarter of 2010 and were consistent with second quarter 2011 quarter results. The returns on average equity and average assets for the third quarter of 2011 were 10.67% and 1.03%, respectively, compared to 9.53% and 0.87%, respectively, for the same period in 2010.

“Washington Trust had a good third quarter performance, highlighted by net margin improvement, core deposit growth and strong mortgage banking production,” stated Joseph J. MarcAurele, Washington Trust Chairman, President, and Chief Executive Officer. “Our expansion plans continued during the quarter with the opening of a new branch on Taunton Avenue in East Providence, Rhode Island. I’m also pleased to announce that we will open our third Cranston branch on Plainfield Pike in mid-2012. And, we plan to open our first mortgage production office in Connecticut later this year in Glastonbury.”

Selected financial highlights for the third quarter and year-to-date period included:

- Year-to-date net income for the nine month period ended September 30, 2011 is up 30% compared to the same period in 2010.
- Net interest income for the third quarter of 2011 totaled \$21.5 million, up by 2% from the prior quarter and up by 7% from the third quarter of 2010.
- Mortgage banking revenues doubled from the second quarter of 2011 and the origination pipeline is strong heading into the fourth quarter.
- Wealth management revenues declined 10% on a linked quarter basis largely due to unfavorable conditions in the financial markets during the third quarter. Wealth management revenues were 5% higher than the third quarter of 2010.

-M O R E-

- Based on our analysis of trends in asset quality and credit quality indicators, the loan loss provision charged to earnings in the third quarter of 2011 was \$1.0 million, down by \$200 thousand on a linked quarter basis and down by \$500 thousand from the third quarter 2010.
- Total loans amounted to \$2.1 billion at September 30, 2011, up by \$31 million, or 1%, in the third quarter and up by \$92 million, or 5%, in the first nine months of 2011.
- Deposits grew by \$90 million, or 5%, in the third quarter and totaled \$2.1 billion at September 30, 2011. Total deposits were up by \$50 million, or 2%, in the first nine months of 2011.
- Nonperforming assets amounted to \$24.6 million, or 0.83% of total assets, at September 30, 2011, up modestly from \$24.1 million, or 0.82% of total assets, at June 30, 2011. Total past due loans declined by \$2.6 million in the third quarter to \$22.0 million, or 1.05% of total loans, at September 30, 2011.

Net Interest Income

Net interest income of \$21.5 million for the third quarter of 2011 increased by 2% from the second quarter of 2011 and by 7% from the third quarter a year ago due to the continued reduction in cost of funds, primarily Federal Home Loan Bank of Boston ("FHLBB") advances and time deposits. The net interest margin for the third quarter of 2011 was 3.22%, compared to 3.21% for the second quarter of 2011 and 3.01% for the third quarter of 2010.

Capitalizing on the recent downward movement in interest rates, we completed a restructuring of FHLBB advances early in September. Advances totaling \$94.0 million with a weighted average cost of 4.18% were restructured into longer terms with a weighted average cost of 3.05%.

Noninterest Income

Noninterest income totaled \$13.0 million for the third quarter of 2011, down by \$329 thousand, or 2%, on a linked quarter basis and down by \$483 thousand, or 4%, from the third quarter of 2010.

Third quarter 2011 noninterest income included other-than-temporary impairment ("OTTI") losses on investment securities of \$158 thousand. There were no OTTI losses recorded in the prior quarter or the third quarter of 2010.

There were no net realized gains on sales of securities recorded in the third quarter of 2011, compared to \$226 thousand in the second quarter of 2011 and \$737 thousand in the third quarter a year earlier. Second quarter 2011 noninterest income also included a \$203 thousand gain recognized on the sale of a bank property, which was classified in other income.

-M O R E-

Revenue from wealth management services is our largest source of noninterest income. It is largely dependent on the value of wealth management assets under administration and is closely tied to the performance of the financial markets. Wealth management revenues for the third quarter of 2011 decreased by \$719 thousand, or 10%, on a linked quarter basis, including a \$264 thousand decrease in tax preparation fees, which are typically concentrated in the second quarter. Wealth management revenues for the third quarter of 2011 increased by \$306 thousand, or 5%, over the third quarter a year earlier. Wealth management assets under administration totaled \$3.7 billion at September 30, 2011, down by \$420 million, from June 30, 2011, primarily due to net investment depreciation as a result of unfavorable conditions in the financial markets.

Merchant processing fees for the third quarter of 2011 increased by \$541 thousand, or 20%, on a linked quarter basis and increased by \$173 thousand, or 6%, compared to the third quarter of 2010, due primarily to increases in the volume of transactions processed for existing and new merchant customers. This increase in revenue was partially offset by a corresponding increase in merchant processing costs included in noninterest expenses.

Net gains on loan sales and commissions on loans originated for others for third quarter of 2011 increased by \$540 thousand, or 101%, from the prior quarter and increased by \$66 thousand, or 7%, from the third quarter of 2010. This revenue source is dependent on mortgage origination volume, which is sensitive to interest rates and the condition of housing markets.

Noninterest Expenses

Noninterest expenses totaled \$22.6 million for the third quarter of 2011. Second quarter 2011 and third quarter 2010 noninterest expenses included debt prepayment charges of \$221 thousand and \$752 thousand, respectively. Excluding debt prepayment charges, noninterest expenses increased by \$552 thousand, or 3%, from the second quarter of 2011 and by \$492 thousand, or 2%, from the same period a year earlier. The increase in noninterest expenses reflected increases in salaries and employee benefit costs and merchant processing costs, offset in part by lower foreclosed property costs and Federal Deposit Insurance Corp. deposit insurance costs.

Salaries and employee benefits costs increased by \$514 thousand, or 4%, on a linked quarter basis and \$845 thousand, or 7%, compared to the third quarter of 2010. This increase reflected higher staffing levels in mortgage banking including a mortgage production office opened in the first quarter of 2011, other selected staffing additions and higher incentives and commissions.

-M O R E-

Income tax expense amounted to \$3.3 million for the third quarter of 2011, compared to \$3.3 million for the second quarter of 2011 and \$2.8 million for the third quarter of 2010. The effective tax rate for the third quarter of 2011 was 30.5%, unchanged from the prior quarter and down from the effective tax rate of 30.6% for the third quarter of 2010.

Asset Quality

Nonperforming assets (nonaccrual loans, nonaccrual investment securities and property acquired through foreclosure or repossession) remain at manageable levels, amounting to \$24.6 million, or 0.83% of total assets, at September 30, 2011, compared to \$24.1 million, or 0.82% of total assets, at June 30, 2011.

At September 30, 2011, total past due loans amounted to \$22.0 million, or 1.05% of total loans, down by \$2.6 million in the third quarter of 2011. This is the second consecutive quarter of declines in total past due loans.

At September 30, 2011, loans classified as troubled debt restructurings totaled \$15.6 million, down by \$3.1 million from the balance at June 30, 2011, reflecting payoffs and declassification from troubled debt restructuring status.

The loan loss provision charged to earnings amounted to \$1.0 million for the third quarter of 2011, down by \$200 thousand from the second quarter of 2011 and down by \$500 thousand from the third quarter of 2010. Net charge-offs amounted to \$712 thousand in the third quarter of 2011, as compared to net charge-offs of \$956 thousand in the second quarter of 2011 and \$1.3 million in the third quarter of 2010.

Loans

Total loans grew by \$31 million, or 1%, in the third quarter of 2011, with an increase of \$33 million in the residential real estate portfolio. During the first nine months of 2011, total loans were up by \$92 million, or 5%, with a \$44 million increase in the commercial loan portfolio, a \$46 million increase in the residential real estate portfolio and a \$2 million increase in consumer loans.

Investment Securities

The investment securities portfolio amounted to \$582 million at September 30, 2011, down by \$10 million from the balance at June 30, 2011, primarily within mortgage-backed securities. The investment securities portfolio decreased by \$13 million from the balance at December 31, 2010.

Deposits and Borrowings

Deposits totaled \$2.1 billion at September 30, 2011, up by \$90 million, or 5%, from the balance at June 30, 2011, reflecting increases in business demand deposits and money market accounts as well as increases in savings accounts. On a year-to-date basis, total deposits increased by \$50 million, or 2%, reflecting increases in demand deposits and savings account balances, which were partially offset by decreases in time and money market deposit balances.

FHLBB advances totaled \$494 million at September 30, 2011, down by \$64 million from June 30, 2011 and \$5 million from December 31, 2010.

Capital Management

Capital levels remain firmly above the regulatory minimums to be considered well capitalized, with total risk-based capital ratio of 12.99% at September 30, 2011, compared to 12.79% at December 31, 2010. Total shareholder's equity was \$285.5 million at September 30, 2011, up by \$16.6 million from the balance at December 31, 2010.

Expansion Plans

Washington Trust has announced plans to open its third branch in Cranston, Rhode Island, located at 2174 Plainfield Pike. The branch, which is subject to local and regulatory approval, is scheduled to open in the second quarter of 2012. The Bank also plans to open its first mortgage production office in Glastonbury, Connecticut later this year.

Dividends Declared

The Board of Directors declared a quarterly dividend of 22 cents per share for the quarter ended September 30, 2011. The dividend was paid on October 14, 2011 to shareholders of record on September 30, 2011.

Conference Call

Washington Trust will host a conference call on Tuesday, October 25, 2011 at 8:30 a.m. Eastern Time to discuss third quarter results. This call is being webcast and can be accessed through the Investor Relations section of the Washington Trust web site, www.washtrust.com. Individuals may dial in to the call at 1-877-317-6789. The international dial-in number is 1-412-317-6789. A replay of the call will be posted in this same location on the web site shortly after the conclusion of the call. To listen to a replay of the conference call, dial 1-877-344-7529. For international access, dial 1-412-317-0088. The Conference Number for replay is 10004791. The replay will be available until 9:00 a.m. on November 7, 2011.

-M O R E-

Background

Washington Trust Bancorp, Inc. is the parent of The Washington Trust Company, a Rhode Island state-chartered bank founded in 1800. Washington Trust offers personal banking, business banking and wealth management services through its offices in Rhode Island, eastern Massachusetts and southeastern Connecticut. Washington Trust Bancorp, Inc.'s common stock trades on the NASDAQ Global Select Market under the symbol "WASH." Investor information is available on the Corporation's web site: www.washtrust.com.

Forward-Looking Statements

This press release contains certain statements that are "forward-looking statements". We may also make written or oral 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 the control of Washington Trust. These risks, uncertainties and other factors may cause the actual results, performance or achievements of Washington Trust to be materially different from 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 national, regional or international economic conditions or conditions affecting the banking or financial services industries or financial capital markets, volatility and disruption in national and international financial markets, government intervention in the U.S. financial system, reductions in net interest income resulting from interest rate volatility as well as changes in the balance and mix of loans and deposits, reductions in the market value of wealth management assets under administration, changes in the value of securities and other assets, reductions in loan demand, changes in loan collectibility, default and charge-off rates, changes in the size and nature of Washington Trust's competition, changes in legislation or regulation and accounting principles, policies and guidelines such as the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, 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, 2010, as filed with the Securities and Exchange Commission and as updated by our Quarterly Reports on Form 10-Q, 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 press release, and Washington Trust assumes no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Supplemental Information - Explanation of Non-GAAP Financial Measures

In addition to results presented in accordance with generally accepted accounting principles ("GAAP"), this press release contains certain non-GAAP financial measures. 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. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

Washington Trust Bancorp, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS (unaudited)

| (Dollars in thousands, except par value) | September 30, 2011 | December 31, 2010 |
|--|-----------------------|----------------------|
| Assets: | | |
| Cash and due from banks | \$ 64,312 | \$ 85,971 |
| Other short-term investments | 3,474 | 6,765 |
| Mortgage loans held for sale; amortized cost \$21,842 in 2011 | 22,670 | 13,894 |
| Securities: | | |
| Available for sale, at fair value; amortized cost \$549,352 in 2011 and \$578,897 in 2010 | 569,703 | 594,100 |
| Held to maturity, at cost; fair value \$11,843 in 2011 | 11,840 | — |
| Total Securities | 581,543 | 594,100 |
| Federal Home Loan Bank stock, at cost | 42,008 | 42,008 |
| Loans: | | |
| Commercial and other | 1,070,525 | 1,027,065 |
| Residential real estate | 691,468 | 645,020 |
| Consumer | 325,766 | 323,553 |
| Total loans | 2,087,759 | 1,995,638 |
| Less allowance for loan losses | 29,641 | 28,583 |
| Net loans | 2,058,118 | 1,967,055 |
| Premises and equipment, net | 25,478 | 26,069 |
| Investment in bank-owned life insurance | 53,291 | 51,844 |
| Goodwill | 58,114 | 58,114 |
| Identifiable intangible assets, net | 7,147 | 7,852 |
| Other assets | 53,458 | 55,853 |
| Total assets | \$ 2,969,613 | \$ 2,909,525 |
| Liabilities: | | |
| Deposits: | | |
| Demand deposits | \$ 319,203 | \$ 228,437 |
| NOW accounts | 242,372 | 241,974 |
| Money market accounts | 374,324 | 396,455 |
| Savings accounts | 239,356 | 220,888 |
| Time deposits | 910,895 | 948,576 |
| Total deposits | 2,086,150 | 2,036,330 |
| Federal Home Loan Bank advances | 494,098 | 498,722 |
| Junior subordinated debentures | 32,991 | 32,991 |
| Other borrowings | 20,958 | 23,359 |
| Other liabilities | 49,922 | 49,259 |
| Total liabilities | 2,684,119 | 2,640,661 |
| Shareholders' Equity: | | |
| Common stock of \$.0625 par value; authorized 30,000,000 shares; issued 16,279,453 shares in 2011 and 16,171,618 shares in 2010 | 1,017 | 1,011 |
| Paid-in capital | 87,467 | 84,889 |
| Retained earnings | 190,042 | 178,939 |
| Accumulated other comprehensive income | 6,968 | 4,025 |
| Total shareholders' equity | 285,494 | 268,864 |
| Total liabilities and shareholders' equity | \$ 2,969,613 | \$ 2,909,525 |

Washington Trust Bancorp, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME (unaudited)

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

| Periods ended September 30, | Three Months | | Nine Months | |
|--|-----------------|-----------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Interest income: | | | | |
| Interest and fees on loans | \$ 25,069 | \$ 25,076 | \$ 74,035 | \$ 73,224 |
| Interest on securities: | | | | |
| Taxable | 4,640 | 5,227 | 14,282 | 17,115 |
| Nontaxable | 746 | 769 | 2,273 | 2,308 |
| Dividends on corporate stock and Federal Home Loan Bank stock | 64 | 55 | 197 | 164 |
| Other interest income | 15 | 25 | 52 | 59 |
| Total interest income | 30,534 | 31,152 | 90,839 | 92,870 |
| Interest expense: | | | | |
| Deposits | 3,808 | 4,747 | 12,040 | 15,847 |
| Federal Home Loan Bank advances | 4,539 | 5,574 | 13,956 | 17,793 |
| Junior subordinated debentures | 393 | 484 | 1,175 | 1,561 |
| Other interest expense | 245 | 246 | 728 | 731 |
| Total interest expense | 8,985 | 11,051 | 27,899 | 35,932 |
| Net interest income | 21,549 | 20,101 | 62,940 | 56,938 |
| Provision for loan losses | 1,000 | 1,500 | 3,700 | 4,500 |
| Net interest income after provision for loan losses | 20,549 | 18,601 | 59,240 | 52,438 |
| Noninterest income: | | | | |
| Wealth management services: | | | | |
| Trust and investment advisory fees | 5,547 | 5,052 | 17,045 | 15,222 |
| Mutual fund fees | 1,035 | 1,084 | 3,293 | 3,299 |
| Financial planning, commissions and other service fees | 209 | 349 | 1,043 | 1,033 |
| Wealth management services | 6,791 | 6,485 | 21,381 | 19,554 |
| Service charges on deposit accounts | 821 | 904 | 2,662 | 2,666 |
| Merchant processing fees | 3,223 | 3,050 | 7,849 | 7,062 |
| Card interchange fees | 597 | 507 | 1,665 | 1,383 |
| Income from bank-owned life insurance | 488 | 486 | 1,446 | 1,399 |
| Net gains on loan sales and commissions on loans originated for others | 1,077 | 1,011 | 2,139 | 1,889 |
| Net realized gains on securities | — | 737 | 197 | 737 |
| Net losses on interest rate swap contracts | (47) | (60) | (6) | (113) |
| Equity in losses of unconsolidated subsidiaries | (144) | (95) | (433) | (197) |
| Other income | 308 | 414 | 1,229 | 1,102 |
| Noninterest income, excluding other-than-temporary impairment losses | 13,114 | 13,439 | 38,129 | 35,482 |
| Total other-than-temporary impairment losses on securities | — | — | (54) | (245) |
| Portion of loss recognized in other comprehensive income (before taxes) | (158) | — | (137) | (172) |
| Net impairment losses recognized in earnings | (158) | — | (191) | (417) |
| Total noninterest income | 12,956 | 13,439 | 37,938 | 35,065 |
| Noninterest expense: | | | | |
| Salaries and employee benefits | 12,912 | 12,067 | 37,138 | 35,294 |
| Net occupancy | 1,362 | 1,202 | 3,919 | 3,663 |
| Equipment | 1,092 | 1,037 | 3,211 | 3,048 |
| Merchant processing costs | 2,781 | 2,606 | 6,795 | 6,020 |
| Outsourced services | 863 | 769 | 2,610 | 2,464 |
| FDIC deposit insurance costs | 427 | 861 | 1,614 | 2,439 |
| Legal, audit and professional fees | 430 | 438 | 1,389 | 1,364 |
| Advertising and promotion | 561 | 467 | 1,341 | 1,250 |
| Amortization of intangibles | 230 | 273 | 705 | 854 |
| Foreclosed property costs | 45 | 203 | 549 | 326 |
| Debt prepayment penalties | — | 752 | 221 | 752 |
| Other expenses | 1,892 | 2,180 | 6,107 | 6,041 |
| Total noninterest expense | 22,595 | 22,855 | 65,599 | 63,515 |
| Income before income taxes | 10,910 | 9,185 | 31,579 | 23,988 |
| Income tax expense | 3,328 | 2,815 | 9,632 | 7,148 |
| Net income | \$ 7,582 | \$ 6,370 | \$ 21,947 | \$ 16,840 |
| Weighted average common shares outstanding - basic | | | | |
| | 16,277.8 | 16,131.4 | 16,242.5 | 16,098.2 |
| Weighted average common shares outstanding - diluted | | | | |
| | 16,293.7 | 16,136.3 | 16,269.2 | 16,103.9 |
| Per share information: | | | | |
| Basic earnings per common share | \$ 0.46 | \$ 0.39 | \$ 1.35 | \$ 1.04 |
| Diluted earnings per common share | \$ 0.46 | \$ 0.39 | \$ 1.34 | \$ 1.04 |
| Cash dividends declared per share | \$ 0.22 | \$ 0.21 | \$ 0.66 | \$ 0.63 |

Washington Trust Bancorp, Inc. and Subsidiaries
SELECTED FINANCIAL HIGHLIGHTS (unaudited)

At or for the Quarters Ended

| (Dollars and shares in thousands, except per share amounts) | Sept. 30, 2011 | June 30, 2011 | Mar. 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 |
|---|-------------------|------------------|------------------|------------------|-------------------|
| Financial Data: | | | | | |
| Total assets | \$ 2,969,613 | \$ 2,936,306 | \$ 2,892,272 | \$ 2,909,525 | \$ 2,909,003 |
| Total loans | 2,087,759 | 2,057,152 | 2,029,637 | 1,995,638 | 2,011,148 |
| Total securities | 581,543 | 591,580 | 576,158 | 594,100 | 577,161 |
| Total deposits | 2,086,150 | 1,996,043 | 2,048,846 | 2,036,330 | 2,056,754 |
| Total shareholders' equity | 285,494 | 281,425 | 273,885 | 268,864 | 267,109 |
| Net interest income | 21,549 | 21,064 | 20,327 | 20,253 | 20,101 |
| Provision for loan losses | 1,000 | 1,200 | 1,500 | 1,500 | 1,500 |
| Noninterest income, excluding OTTI losses | 13,114 | 13,285 | 11,730 | 13,408 | 13,439 |
| Net OTTI losses recognized in earnings | (158) | — | (33) | — | — |
| Noninterest expenses | 22,595 | 22,264 | 20,740 | 21,796 | 22,855 |
| Income tax expense | 3,328 | 3,320 | 2,984 | 3,154 | 2,815 |
| Net income | 7,582 | 7,565 | 6,800 | 7,211 | 6,370 |
| Share Data: | | | | | |
| Basic earnings per common share | \$ 0.46 | \$ 0.46 | \$ 0.42 | \$ 0.44 | \$ 0.39 |
| Diluted earnings per common share | \$ 0.46 | \$ 0.46 | \$ 0.42 | \$ 0.44 | \$ 0.39 |
| Dividends declared per share | \$ 0.22 | \$ 0.22 | \$ 0.22 | \$ 0.21 | \$ 0.21 |
| Book value per share | \$ 17.54 | \$ 17.30 | \$ 16.87 | \$ 16.63 | \$ 16.55 |
| Tangible book value per share - Non-GAAP ⁽¹⁾ | \$ 13.53 | \$ 13.27 | \$ 12.82 | \$ 12.55 | \$ 12.45 |
| Market value per share | \$ 19.78 | \$ 22.97 | \$ 23.74 | \$ 21.88 | \$ 19.12 |
| Shares outstanding at end of period | 16,279.5 | 16,266.5 | 16,233.6 | 16,171.6 | 16,135.4 |
| Weighted average common shares outstanding-basic | 16,277.8 | 16,251.6 | 16,197.2 | 16,160.6 | 16,131.4 |
| Weighted average common shares outstanding-diluted | 16,293.7 | 16,284.3 | 16,229.8 | 16,182.7 | 16,136.3 |
| Key Ratios: | | | | | |
| Return on average assets | 1.03% | 1.04% | 0.94% | 0.99% | 0.87% |
| Return on average tangible assets - Non-GAAP ⁽¹⁾ | 1.06% | 1.07% | 0.96% | 1.01% | 0.89% |
| Return on average equity | 10.67% | 10.83% | 10.04% | 10.70% | 9.53% |
| Return on average tangible equity - Non-GAAP ⁽¹⁾ | 13.86% | 14.16% | 13.26% | 14.17% | 12.67% |
| Capital Ratios: | | | | | |
| Tier 1 risk-based capital | 11.73% (i) | 11.72% | 11.65% | 11.53% | 11.24% |
| Total risk-based capital | 12.99% (i) | 12.98% | 12.92% | 12.79% | 12.50% |
| Tier 1 leverage ratio | 8.69% (i) | 8.61% | 8.49% | 8.25% | 8.04% |
| Equity to assets | 9.61% | 9.58% | 9.47% | 9.24% | 9.18% |
| Tangible equity to tangible assets - Non-GAAP ⁽¹⁾ | 7.58% | 7.52% | 7.36% | 7.14% | 7.07% |
| (i) - estimated | | | | | |
| Wealth Management Assets under Administration⁽²⁾: | | | | | |
| Balance at beginning of period | \$ 4,148,433 | \$ 4,119,207 | \$ 3,967,207 | \$ 3,744,632 | \$ 3,626,871 |
| Net investment (depreciation) appreciation & income | (374,961) | 1,625 | 145,563 | 227,168 | 243,141 |
| Net customer cash flows | (44,635) | 27,601 | 6,437 | (4,593) | (19,611) |
| Other ⁽³⁾ | — | — | — | — | (105,769) |
| Balance at end of period | \$ 3,728,837 | \$ 4,148,433 | \$ 4,119,207 | \$ 3,967,207 | \$ 3,744,632 |

(1) See the section labeled "Supplemental Information - Non-GAAP Financial Measures" at the end of this document.

(2) Prior period amounts have been reclassified to conform to current period presentation.

(3) Amounts prior to 2011 have been revised to reflect current reporting practices. The most significant change was related to a change in the nature of a client relationship, which reduced the scope and frequency of services provided by Washington Trust. This change occurred at the beginning of the third quarter of 2010. In 2011, management concluded that a declassification of these client assets from assets under administration was appropriate, based on its current reporting practices. Accordingly, the 2010 assets under administration have been reduced by \$106 million, beginning in the third quarter of that year. This revision to previously reported assets under administration did not result in any change to the reported amounts of wealth management revenues.

Washington Trust Bancorp, Inc. and Subsidiaries
SELECTED FINANCIAL HIGHLIGHTS (unaudited)

| | Nine Months Ended | |
|---|-------------------|-------------------|
| (Dollars and shares in thousands, except per share amounts) | Sept. 30, 2011 | Sept. 30, 2010 |
| Financial Data | | |
| Net interest income | \$ 62,940 | \$ 56,938 |
| Provision for loan losses | 3,700 | 4,500 |
| Noninterest income, excluding OTTI losses | 38,129 | 35,482 |
| Net OTTI losses recognized in earnings | (191) | (417) |
| Noninterest expenses | 65,599 | 63,515 |
| Income tax expense | 9,632 | 7,148 |
| Net income | 21,947 | 16,840 |
| Share Data | | |
| Basic earnings per common share | \$ 1.35 | \$ 1.04 |
| Diluted earnings per common share | \$ 1.34 | \$ 1.04 |
| Dividends declared per share | \$ 0.66 | \$ 0.63 |
| Weighted average common shares outstanding - basic | 16,242.5 | 16,098.2 |
| Weighted average common shares outstanding - diluted | 16,269.2 | 16,103.9 |
| Key Ratios | | |
| Return on average assets | 1.01% | 0.77% |
| Return on average tangible assets - Non-GAAP ⁽¹⁾ | 1.03% | 0.79% |
| Return on average equity | 10.52% | 8.54% |
| Return on average tangible equity - Non-GAAP ⁽¹⁾ | 13.76% | 11.43% |
| Asset Quality Data | | |
| Allowance for Loan Losses | | |
| Balance at beginning of period | \$ 28,583 | \$ 27,400 |
| Provision charged to earnings | 3,700 | 4,500 |
| Charge-offs | (2,914) | (4,006) |
| Recoveries | 272 | 271 |
| Balance at end of period | \$ 29,641 | \$ 28,165 |
| Net Loan Charge-Offs | | |
| Commercial: | | |
| Mortgages | \$ 704 | \$ 926 |
| Construction and development | — | — |
| Other | 1,335 | 2,092 |
| Residential: | | |
| Mortgages | 364 | 512 |
| Homeowner construction | — | — |
| Consumer | 239 | 205 |
| Total | \$ 2,642 | \$ 3,735 |
| Net charge-offs to average loans (annualized) | 0.17% | 0.25% |
| Wealth Management Assets Under Administration | | |
| Balance at beginning of period | \$ 3,967,207 | \$ 3,735,646 |
| Net investment (depreciation) appreciation & income | (227,773) | 91,817 |
| Net customer cash flows | (10,597) | 22,938 |
| Other ⁽²⁾ | — | (105,769) |
| Balance at end of period | \$ 3,728,837 | \$ 3,744,632 |

(1) See the section labeled "Supplemental Information - Non-GAAP Financial Measures" at the end of this document.

(2) Amounts prior to 2011 have been revised to reflect current reporting practices. The most significant change was related to a change in the nature of a client relationship, which reduced the scope and frequency of services provided by Washington Trust. This change occurred at the beginning of the third quarter of 2010. In 2011, management concluded that a declassification of these client assets from assets under administration was appropriate, based on its current reporting practices. Accordingly, the 2010 assets under administration have been reduced by \$106 million, beginning in the third quarter of that year. This revision to previously reported assets under administration did not result any change to the reported amounts of wealth management revenues.

Washington Trust Bancorp, Inc. and Subsidiaries
SELECTED FINANCIAL HIGHLIGHTS (unaudited)

For the Quarters Ended

| | Sept. 30, 2011 | June 30, 2011 | Mar. 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 |
|--|-------------------|------------------|------------------|------------------|-------------------|
| Average Yield / Rate (taxable equivalent basis): | | | | | |
| Assets: | | | | | |
| Commercial and other loans | 5.22% | 5.23% | 5.28% | 5.22% | 5.29% |
| Residential real estate loans, including mortgage loans held for sale | 4.58% | 4.72% | 4.79% | 4.76% | 4.94% |
| Consumer loans | 3.90% | 3.91% | 3.93% | 3.96% | 3.99% |
| Total loans | 4.80% | 4.86% | 4.91% | 4.87% | 4.97% |
| Cash, federal funds sold and other short-term investments | 0.20% | 0.15% | 0.22% | 0.21% | 0.20% |
| FHLBB stock | 0.26% | 0.31% | 0.31% | —% | —% |
| Taxable debt securities | 3.78% | 4.01% | 3.93% | 3.79% | 3.93% |
| Nontaxable debt securities | 5.82% | 5.88% | 5.95% | 5.76% | 5.76% |
| Corporate stocks | 7.58% | 7.50% | 8.07% | 7.42% | 7.72% |
| Total securities | 4.07% | 4.28% | 4.23% | 4.08% | 4.19% |
| Total interest-earning assets | 4.53% | 4.61% | 4.61% | 4.54% | 4.63% |
| Liabilities: | | | | | |
| NOW accounts | 0.10% | 0.10% | 0.10% | 0.12% | 0.12% |
| Money market accounts | 0.25% | 0.25% | 0.33% | 0.34% | 0.40% |
| Savings accounts | 0.12% | 0.12% | 0.14% | 0.14% | 0.14% |
| Time deposits | 1.48% | 1.57% | 1.61% | 1.65% | 1.74% |
| FHLBB advances | 3.49% | 3.80% | 4.04% | 4.13% | 4.16% |
| Junior subordinated debentures | 4.73% | 4.77% | 4.79% | 5.15% | 5.82% |
| Other | 4.50% | 4.48% | 4.23% | 4.43% | 4.59% |
| Total interest-bearing liabilities | 1.53% | 1.61% | 1.67% | 1.70% | 1.84% |
| Interest rate spread (taxable equivalent basis) | 3.00% | 3.00% | 2.94% | 2.84% | 2.79% |
| Net interest margin (taxable equivalent basis) | 3.22% | 3.21% | 3.16% | 3.05% | 3.01% |

| | At September 30, 2011 | | | |
|--|----------------------------------|---------------------|----------------------|---------------|
| | Amortized Cost ⁽¹⁾ | Unrealized Gains | Unrealized Losses | Fair Value |
| (Dollars in thousands) | | | | |
| Securities Available for Sale: | | | | |
| Obligations of U.S. government-sponsored enterprises | \$ 29,422 | \$ 3,785 | \$ — | \$ 33,207 |
| Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises | 387,519 | 21,138 | (1) | 408,656 |
| States and political subdivisions | 76,145 | 4,664 | — | 80,809 |
| Trust preferred securities: | | | | |
| Individual name issuers | 30,629 | — | (6,983) | 23,646 |
| Collateralized debt obligations | 4,256 | — | (3,460) | 796 |
| Corporate bonds | 18,868 | 960 | (62) | 19,766 |
| Common stocks | 659 | 298 | — | 957 |
| Perpetual preferred stocks | 1,854 | 12 | — | 1,866 |
| Total securities available for sale | 549,352 | 30,857 | (10,506) | 569,703 |
| Held to Maturity: | | | | |
| Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises | 11,840 | 3 | — | 11,843 |
| Total securities held to maturity | 11,840 | 3 | — | 11,843 |
| Total securities | \$ 561,192 | \$ 30,860 | \$ (10,506) | \$ 581,546 |

(1) Net of other-than-temporary impairment losses recognized in earnings.

Washington Trust Bancorp, Inc. and Subsidiaries
SELECTED FINANCIAL HIGHLIGHTS (unaudited)

Period End Balances At

| (Dollars in thousands) | | Period End Balances At | | | | |
|--------------------------|--------------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|
| | | 9/30/2011 | 6/30/2011 | 3/31/2011 | 12/31/2010 | 9/30/2010 |
| Loans: | | | | | | |
| Commercial: | Mortgages | \$ 573,355 | \$ 562,976 | \$ 551,069 | \$ 518,623 | \$ 522,355 |
| | Construction & development | 18,518 | 19,448 | 34,615 | 47,335 | 62,820 |
| | Other | 478,652 | 491,071 | 470,704 | 461,107 | 464,294 |
| | Total commercial | 1,070,525 | 1,073,495 | 1,056,388 | 1,027,065 | 1,049,469 |
| Residential real estate: | Mortgages | 674,242 | 644,210 | 636,916 | 634,739 | 622,975 |
| | Homeowner construction | 17,226 | 14,137 | 12,241 | 10,281 | 10,593 |
| | Total residential real estate | 691,468 | 658,347 | 649,157 | 645,020 | 633,568 |
| Consumer: | Home equity lines | 222,886 | 223,284 | 221,003 | 218,288 | 218,898 |
| | Home equity loans | 45,354 | 46,797 | 48,337 | 50,624 | 54,923 |
| | Other | 57,526 | 55,229 | 54,752 | 54,641 | 54,290 |
| | Total consumer | 325,766 | 325,310 | 324,092 | 323,553 | 328,111 |
| | Total loans | \$ 2,087,759 | \$ 2,057,152 | \$ 2,029,637 | \$ 1,995,638 | \$ 2,011,148 |

| (Dollars in thousands) | | At September 30, 2011 | |
|---|---|-----------------------|---------------|
| | | Balance | % of Total |
| Commercial Real Estate Loans by Property Location: | | | |
| | Rhode Island, Connecticut, Massachusetts | \$ 542,642 | 91.7% |
| | New York, New Jersey, Pennsylvania | 35,815 | 6.1% |
| | New Hampshire | 11,714 | 2.0% |
| | Other | 1,702 | 0.2% |
| | Total commercial real estate loans (1) | \$ 591,873 | 100.0% |

(1) Commercial real estate loans consist of commercial mortgages and construction and development loans. Commercial mortgages are loans secured by income producing property.

| (Dollars in thousands) | | At September 30, 2011 | |
|--|--|-----------------------|---------------|
| | | Balance | % of Total |
| Residential Mortgages by Property Location: | | | |
| | Rhode Island, Connecticut, Massachusetts | \$ 665,884 | 96.3% |
| | New York, Virginia, New Jersey, Maryland, Pennsylvania, District of Columbia | 12,025 | 1.7% |
| | Ohio | 5,961 | 0.9% |
| | California, Washington, Oregon | 1,888 | 0.3% |
| | Colorado, New Mexico, Utah | 1,497 | 0.2% |
| | Georgia | 1,122 | 0.2% |
| | New Hampshire | 2,621 | 0.4% |
| | Wyoming | 470 | —% |
| | Total residential mortgages | \$ 691,468 | 100.0% |

| (Dollars in thousands) | | Period End Balances At | | | | |
|---|----------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|
| | | 9/30/2011 | 6/30/2011 | 3/31/2011 | 12/31/2010 | 9/30/2010 |
| Deposits: | | | | | | |
| | Demand deposits | \$ 319,203 | \$ 261,016 | \$ 274,798 | \$ 228,437 | \$ 242,455 |
| | NOW accounts | 242,372 | 236,162 | 228,502 | 241,974 | 236,775 |
| | Money market accounts | 374,324 | 355,096 | 387,923 | 396,455 | 408,828 |
| | Savings accounts | 239,356 | 227,014 | 223,599 | 220,888 | 210,271 |
| | Time deposits | 910,895 | 916,755 | 934,024 | 948,576 | 958,425 |
| | Total deposits | \$ 2,086,150 | \$ 1,996,043 | \$ 2,048,846 | \$ 2,036,330 | \$ 2,056,754 |
| Out-of-market brokered certificates of deposits | | | | | | |
| | included in time deposits | \$ 85,250 | \$ 85,659 | \$ 51,778 | \$ 52,347 | \$ 69,385 |
| In-market deposits, excluding out of market | | | | | | |
| | brokered certificates of deposit | \$ 2,000,900 | \$ 1,910,384 | \$ 1,997,068 | \$ 1,983,983 | \$ 1,987,369 |

Washington Trust Bancorp, Inc. and Subsidiaries
SELECTED FINANCIAL HIGHLIGHTS (unaudited)

| (Dollars in thousands) | Period End Balances At | | | | |
|---|------------------------|------------------|------------------|------------------|-------------------|
| | Sept. 30, 2011 | June 30, 2011 | Mar. 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 |
| Nonperforming Assets: | | | | | |
| Commercial mortgages | \$ 6,367 | \$ 7,476 | \$ 6,068 | \$ 6,624 | \$ 6,426 |
| Commercial construction and development | — | — | — | — | — |
| Other commercial | 2,745 | 3,152 | 4,445 | 5,259 | 6,256 |
| Residential real estate mortgages | 11,352 | 9,570 | 8,265 | 6,414 | 6,080 |
| Consumer | 1,126 | 780 | 601 | 213 | 824 |
| Total nonaccrual loans | 21,590 | \$ 20,978 | \$ 19,379 | \$ 18,510 | \$ 19,586 |
| Nonaccrual investment securities | 796 | 934 | 752 | 806 | 841 |
| Property acquired through foreclosure or repossession | 2,201 | 2,189 | 2,163 | 3,644 | 2,612 |
| Total nonperforming assets | \$ 24,587 | \$ 24,101 | \$ 22,294 | \$ 22,960 | \$ 23,039 |
| | | | | | |
| Total past due loans to total loans | 1.05% | 1.19% | 1.34% | 1.27% | 1.24% |
| Nonperforming assets to total assets | 0.83% | 0.82% | 0.77% | 0.79% | 0.79% |
| Nonaccrual loans to total loans | 1.03% | 1.02% | 0.95% | 0.93% | 0.97% |
| Allowance for loan losses to nonaccrual loans | 137.29% | 139.92% | 150.21% | 154.42% | 143.80% |
| Allowance for loan losses to total loans | 1.42% | 1.43% | 1.43% | 1.43% | 1.40% |
| Troubled Debt Restructured Loans: | | | | | |
| Accruing troubled debt restructured loans | | | | | |
| Commercial mortgages | \$ 5,861 | \$ 6,552 | \$ 10,071 | \$ 11,736 | \$ 11,812 |
| Other commercial | 4,059 | 4,026 | 4,554 | 4,594 | 2,498 |
| Residential real estate mortgages | 1,158 | 2,279 | 2,724 | 2,863 | 2,870 |
| Consumer | 174 | 317 | 417 | 509 | 817 |
| Accruing troubled debt restructured loans | 11,252 | 13,174 | 17,766 | 19,702 | 17,997 |
| Nonaccrual troubled debt restructured loans | | | | | |
| Commercial mortgages | 1,209 | 2,555 | 826.00 | 1,302 | 1,473 |
| Other commercial | 292 | 455 | 526 | 431 | 213 |
| Residential real estate mortgages | 2,686 | 2,303 | 1,785 | 948 | 823 |
| Consumer | 129 | 131 | 199 | 41 | 43 |
| Nonaccrual troubled debt restructured loans | 4,316 | 5,444 | 3,336 | 2,722 | 2,552 |
| Total troubled debt restructured loans | \$ 15,568 | \$ 18,618 | \$ 21,102 | \$ 22,424 | \$ 20,549 |

Washington Trust Bancorp, Inc. and Subsidiaries
SELECTED FINANCIAL HIGHLIGHTS (unaudited)

Period End Balances At

| (Dollars in thousands) | Sept. 30, 2011 | June 30, 2011 | Mar. 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 |
|--|-------------------|------------------|------------------|------------------|-------------------|
| Past Due Loans: | | | | | |
| Loans 30-59 Days Past Due | | | | | |
| Commercial mortgages | \$ 874 | \$ 1,507 | \$ 3,223 | \$ 2,185 | \$ 1,685 |
| Other commercial loans | 1,629 | 1,783 | 2,474 | 1,862 | 2,632 |
| Residential real estate mortgages | 2,145 | 3,355 | 2,986 | 3,073 | 2,828 |
| Consumer loans | 1,100 | 1,979 | 1,735 | 2,005 | 2,218 |
| Loans 30-59 days past due | \$ 5,748 | \$ 8,624 | \$ 10,418 | \$ 9,125 | \$ 9,363 |
| Loans 60-89 Days Past Due | | | | | |
| Commercial mortgages | \$ 328 | \$ 1,013 | \$ 1,626 | \$ 514 | \$ — |
| Other commercial loans | 103 | 80 | 315 | 953 | 492 |
| Residential real estate mortgages | 206 | 992 | 1,345 | 1,477 | 430 |
| Consumer loans | 420 | 120 | 335 | 448 | 420 |
| Loans 60-89 days past due | \$ 1,057 | \$ 2,205 | \$ 3,621 | \$ 3,392 | \$ 1,342 |
| Loans 90 Days or more Past Due | | | | | |
| Commercial mortgages | \$ 5,510 | \$ 5,553 | \$ 5,242 | \$ 5,322 | \$ 4,952 |
| Other commercial loans | 1,209 | 1,378 | 2,524 | 3,376 | 4,240 |
| Residential real estate mortgages | 7,826 | 6,549 | 5,165 | 4,041 | 4,696 |
| Consumer loans | 649 | 245 | 317 | 11 | 277 |
| Loans 90 days or more past due | \$ 15,194 | \$ 13,725 | \$ 13,248 | \$ 12,750 | \$ 14,165 |
| Total Past Due Loans | | | | | |
| Commercial mortgages | \$ 6,712 | \$ 8,073 | \$ 10,091 | \$ 8,021 | \$ 6,637 |
| Other commercial loans | 2,941 | 3,241 | 5,313 | 6,191 | 7,364 |
| Residential real estate mortgages | 10,177 | 10,896 | 9,496 | 8,591 | 7,954 |
| Consumer loans | 2,169 | 2,344 | 2,387 | 2,464 | 2,915 |
| Total past due loans | \$ 21,999 | \$ 24,554 | \$ 27,287 | \$ 25,267 | \$ 24,870 |
| Nonaccrual loans included in past due loans | \$ 16,585 | \$ 16,705 | \$ 16,456 | \$ 14,894 | \$ 15,870 |

For the Quarters Ended

| (Dollars in thousands) | Sept. 30, 2011 | June 30, 2011 | Mar. 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 |
|---|-------------------|------------------|------------------|------------------|-------------------|
| Allowance for Loan Losses: | | | | | |
| Balance at beginning of period | \$ 29,353 | \$ 29,109 | \$ 28,583 | \$ 28,165 | \$ 27,985 |
| Provision charged to earnings | 1,000 | 1,200 | 1,500 | 1,500 | 1,500 |
| Charge-offs | (818) | (1,044) | (1,052) | (1,396) | (1,468) |
| Recoveries | 106 | 88 | 78 | 314 | 148 |
| Balance at end of period | \$ 29,641 | \$ 29,353 | \$ 29,109 | \$ 28,583 | \$ 28,165 |
| Net Loan Charge-Offs (Recoveries): | | | | | |
| Commercial mortgages | \$ 249 | \$ 122 | \$ 333 | \$ 226 | \$ (96) |
| Other commercial | 286 | 541 | 508 | 695 | 1,026 |
| Residential real estate mortgages | 100 | 146 | 118 | (99) | 301 |
| Consumer | 77 | 147 | 15 | 260 | 89 |
| Total | \$ 712 | \$ 956 | \$ 974 | \$ 1,082 | \$ 1,320 |

The following tables present average balance and interest rate information. Tax-exempt income is converted to a fully taxable equivalent basis using the statutory federal income tax rate adjusted for applicable state income taxes, net of the related federal tax benefit. For dividends on corporate stocks, the 70% federal dividends received deduction is also used in the calculation of tax equivalency. Unrealized gains (losses) on available for sale securities are excluded from the average balance and yield calculations. Nonaccrual and renegotiated loans, as well as interest earned on these loans (to the extent recognized in the Consolidated Statements of Income) are included in amounts presented for loans.

Washington Trust Bancorp, Inc. and Subsidiaries
CONSOLIDATED AVERAGE BALANCE SHEETS (unaudited)

| Three months ended September 30, | 2011 | | | 2010 | | |
|--|--------------------|-----------|----------------|--------------------|-----------|----------------|
| (Dollars in thousands) | Average Balance | Interest | Yield/ Rate | Average Balance | Interest | Yield/ Rate |
| Assets: | | | | | | |
| Commercial and other loans | \$ 1,066,916 | \$ 14,027 | 5.22% | \$ 1,038,146 | \$ 13,834 | 5.29% |
| Residential real estate loans, including mortgage loans held for sale | 688,856 | 7,950 | 4.58% | 642,829 | 8,009 | 4.94% |
| Consumer loans | 323,744 | 3,184 | 3.90% | 327,554 | 3,295 | 3.99% |
| Total loans | 2,079,516 | 25,161 | 4.80% | 2,008,529 | 25,138 | 4.97% |
| Cash, federal funds sold and other short-term investments | 29,123 | 15 | 0.20% | 49,578 | 25 | 0.20% |
| FHLBB stock | 42,008 | 28 | 0.26% | 42,008 | — | —% |
| Taxable debt securities | 487,172 | 4,640 | 3.78% | 528,196 | 5,227 | 3.93% |
| Nontaxable debt securities | 77,333 | 1,134 | 5.82% | 79,462 | 1,154 | 5.76% |
| Corporate stocks | 2,513 | 48 | 7.58% | 3,852 | 75 | 7.72% |
| Total securities | 567,018 | 5,822 | 4.07% | 611,510 | 6,456 | 4.19% |
| Total interest-earning assets | 2,717,665 | 31,026 | 4.53% | 2,711,625 | 31,619 | 4.63% |
| Non interest-earning assets | 217,481 | | | 220,191 | | |
| Total assets | \$ 2,935,146 | | | \$ 2,931,816 | | |
| Liabilities and Shareholders' Equity: | | | | | | |
| NOW accounts | \$ 232,023 | \$ 61 | 0.10% | \$ 229,468 | \$ 68 | 0.12% |
| Money market accounts | 372,279 | 234 | 0.25% | 397,634 | 397 | 0.40% |
| Savings accounts | 232,432 | 72 | 0.12% | 208,892 | 75 | 0.14% |
| Time deposits | 921,056 | 3,441 | 1.48% | 960,521 | 4,207 | 1.74% |
| FHLBB advances | 515,607 | 4,539 | 3.49% | 532,053 | 5,574 | 4.16% |
| Junior subordinated debentures | 32,991 | 393 | 4.73% | 32,991 | 484 | 5.82% |
| Other | 21,608 | 245 | 4.50% | 21,250 | 246 | 4.59% |
| Total interest-bearing liabilities | 2,327,996 | 8,985 | 1.53% | 2,382,809 | 11,051 | 1.84% |
| Demand deposits | 280,453 | | | 238,212 | | |
| Other liabilities | 42,453 | | | 43,364 | | |
| Shareholders' equity | 284,244 | | | 267,431 | | |
| Total liabilities and shareholders' equity | \$ 2,935,146 | | | \$ 2,931,816 | | |
| Net interest income (FTE) | | \$ 22,041 | | | \$ 20,568 | |
| Interest rate spread | | | 3.00% | | | 2.79% |
| Net interest margin | | | 3.22% | | | 3.01% |

Interest income amounts presented in the preceding table include the following adjustments for taxable equivalency:

| Three months ended September 30, | 2011 | 2010 |
|----------------------------------|--------|--------|
| Commercial and other loans | \$ 92 | \$ 62 |
| Nontaxable debt securities | 388 | 385 |
| Corporate stocks | 12 | 20 |
| Total | \$ 492 | \$ 467 |

Washington Trust Bancorp, Inc. and Subsidiaries
CONSOLIDATED AVERAGE BALANCE SHEETS (unaudited)

| Nine months ended September 30, | 2011 | | | 2010 | | |
|--|--------------------|-----------|----------------|--------------------|-----------|----------------|
| (Dollars in thousands) | Average Balance | Interest | Yield/ Rate | Average Balance | Interest | Yield/ Rate |
| Assets: | | | | | | |
| Commercial and other loans | \$ 1,056,746 | \$ 41,433 | 5.24% | \$ 1,010,893 | \$ 39,887 | 5.28% |
| Residential real estate loans, including mortgage loans held for sale | 665,705 | 23,382 | 4.70% | 625,848 | 23,673 | 5.06% |
| Consumer loans | 324,226 | 9,494 | 3.91% | 328,803 | 9,823 | 3.99% |
| Total loans | 2,046,677 | 74,309 | 4.85% | 1,965,544 | 73,383 | 4.99% |
| Cash, federal funds sold and other short-term investments | 35,690 | 52 | 0.19% | 38,720 | 59 | 0.20% |
| FHLBB stock | 42,008 | 92 | 0.29% | 42,008 | — | —% |
| Taxable debt securities | 488,745 | 14,282 | 3.91% | 574,037 | 17,115 | 3.99% |
| Nontaxable debt securities | 78,403 | 3,450 | 5.88% | 79,503 | 3,464 | 5.83% |
| Corporate stocks | 2,513 | 143 | 7.61% | 3,959 | 227 | 7.63% |
| Total securities | 569,661 | 17,875 | 4.20% | 657,499 | 20,806 | 4.23% |
| Total interest-earning assets | 2,694,036 | 92,328 | 4.58% | 2,703,771 | 94,248 | 4.66% |
| Non interest-earning assets | 214,099 | | | 212,629 | | |
| Total assets | \$ 2,908,135 | | | \$ 2,916,400 | | |
| Liabilities and Shareholders' Equity: | | | | | | |
| NOW accounts | \$ 228,941 | \$ 179 | 0.10% | \$ 212,456 | \$ 195 | 0.12% |
| Money market accounts | 388,413 | 806 | 0.28% | 399,804 | 1,561 | 0.52% |
| Savings accounts | 225,835 | 216 | 0.13% | 203,829 | 245 | 0.16% |
| Time deposits | 934,340 | 10,839 | 1.55% | 956,461 | 13,846 | 1.94% |
| FHLBB advances | 495,469 | 13,956 | 3.77% | 570,982 | 17,793 | 4.17% |
| Junior subordinated debentures | 32,991 | 1,175 | 4.76% | 32,991 | 1,561 | 6.33% |
| Other | 22,126 | 728 | 4.40% | 21,104 | 731 | 4.63% |
| Total interest-bearing liabilities | 2,328,115 | 27,899 | 1.60% | 2,397,627 | 35,932 | 2.00% |
| Demand deposits | 260,627 | | | 215,368 | | |
| Other liabilities | 41,173 | | | 40,356 | | |
| Shareholders' equity | 278,220 | | | 263,049 | | |
| Total liabilities and shareholders' equity | \$ 2,908,135 | | | \$ 2,916,400 | | |
| Net interest income (FTE) | | \$ 64,429 | | | \$ 58,316 | |
| Interest rate spread | | | 2.98% | | | 2.66% |
| Net interest margin | | | 3.20% | | | 2.88% |

Interest income amounts presented in the preceding table include the following adjustments for taxable equivalency:

(Dollars in thousands)

| Nine months ended September 30, | 2011 | 2010 |
|---------------------------------|----------|----------|
| Commercial and other loans | \$ 274 | \$ 159 |
| Nontaxable debt securities | 1,177 | 1,156 |
| Corporate stocks | 38 | 63 |
| Total | \$ 1,489 | \$ 1,378 |

Washington Trust Bancorp, Inc. and Subsidiaries
SUPPLEMENTAL INFORMATION - Non-GAAP Financial Measures (unaudited)

At or for the Quarters Ended

| (Dollars in thousands, except per share amounts) | Sept. 30, 2011 | June 30, 2011 | Mar. 31, 2011 | Dec. 31, 2010 | Sept. 30, 2010 |
|---|-------------------|------------------|------------------|------------------|-------------------|
| Calculation of Tangible Book Value per Share: | | | | | |
| Total shareholders' equity at end of period | \$ 285,494 | \$ 281,425 | \$ 273,885 | \$ 268,864 | \$ 267,109 |
| Less: | | | | | |
| Goodwill | 58,114 | 58,114 | 58,114 | 58,114 | 58,114 |
| Identifiable intangible assets, net | 7,147 | 7,377 | 7,614 | 7,852 | 8,089 |
| Total tangible shareholders' equity at end of period | \$ 220,233 | \$ 215,934 | \$ 208,157 | \$ 202,898 | \$ 200,906 |
| Shares outstanding at end of period | 16,279.5 | 16,266.5 | 16,233.6 | 16,171.6 | 16,135.4 |
| Book value per share - GAAP | \$ 17.54 | \$ 17.30 | \$ 16.87 | \$ 16.63 | \$ 16.55 |
| Tangible book value per share - Non-GAAP | \$ 13.53 | \$ 13.27 | \$ 12.82 | \$ 12.55 | \$ 12.45 |
| Calculation of Tangible Equity to Tangible Assets: | | | | | |
| Total tangible shareholders' equity at end of period | \$ 220,233 | \$ 215,934 | \$ 208,157 | \$ 202,898 | \$ 200,906 |
| Total assets at end of period | \$ 2,969,613 | \$ 2,936,306 | \$ 2,892,272 | \$ 2,909,525 | \$ 2,909,003 |
| Less: | | | | | |
| Goodwill | 58,114 | 58,114 | 58,114 | 58,114 | 58,114 |
| Identifiable intangible assets, net | 7,147 | 7,377 | 7,614 | 7,852 | 8,089 |
| Total tangible assets at end of period | \$ 2,904,352 | \$ 2,870,815 | \$ 2,826,544 | \$ 2,843,559 | \$ 2,842,800 |
| Equity to assets - GAAP | 9.61% | 9.58% | 9.47% | 9.24% | 9.18% |
| Tangible equity to tangible assets - Non-GAAP | 7.58% | 7.52% | 7.36% | 7.14% | 7.07% |
| Calculation of Return on Average Tangible Assets: | | | | | |
| Net income | \$ 7,582 | \$ 7,564 | \$ 6,800 | \$ 7,211 | \$ 6,370 |
| Total average assets | \$ 2,935,146 | \$ 2,904,086 | \$ 2,884,618 | \$ 2,912,770 | \$ 2,931,816 |
| Less: | | | | | |
| Average goodwill | 58,114 | 58,114 | 58,114 | 58,114 | 58,114 |
| Average identifiable intangible assets, net | 7,257 | 7,493 | 7,730 | 7,967 | 8,216 |
| Total average tangible assets | \$ 2,869,775 | \$ 2,838,479 | \$ 2,818,774 | \$ 2,846,689 | \$ 2,865,486 |
| Return on average assets - GAAP | 1.03% | 1.04% | 0.94% | 0.99% | 0.87% |
| Return on average tangible assets - Non-GAAP | 1.06% | 1.07% | 0.96% | 1.01% | 0.89% |
| Calculation of Return on Average Tangible Equity: | | | | | |
| Net income | \$ 7,582 | \$ 7,564 | \$ 6,800 | \$ 7,211 | \$ 6,370 |
| Total average shareholders' equity | \$ 284,244 | \$ 279,281 | \$ 270,991 | \$ 269,570 | \$ 267,431 |
| Less: | | | | | |
| Average goodwill | 58,114 | 58,114 | 58,114 | 58,114 | 58,114 |
| Average identifiable intangible assets, net | 7,257 | 7,493 | 7,730 | 7,967 | 8,216 |
| Total average tangible shareholders' equity | \$ 218,873 | \$ 213,674 | \$ 205,147 | \$ 203,489 | \$ 201,101 |
| Return on average shareholders' equity - GAAP | 10.67% | 10.83% | 10.04% | 10.7% | 9.53% |
| Return on average tangible shareholders' equity - Non-GAAP | 13.86% | 14.16% | 13.26% | 14.17% | 12.67% |

Washington Trust Bancorp, Inc. and Subsidiaries
SUPPLEMENTAL INFORMATION - Non-GAAP Financial Measures (unaudited)

| (Dollars in thousands) | Nine Months Ended | |
|--|-------------------|-------------------|
| | Sept. 30, 2011 | Sept. 30, 2010 |
| Calculation of return on average tangible assets: | | |
| Net income | \$ 21,947 | \$ 16,840 |
| Total average assets | \$ 2,908,135 | \$ 2,916,400 |
| Less: | | |
| Average goodwill | 58,114 | 58,114 |
| Average identifiable intangible assets, net | 7,492 | 8,503 |
| Total average tangible assets | \$ 2,842,529 | \$ 2,849,783 |
| Return on average assets - GAAP | 1.01% | 0.77% |
| Return on average tangible assets - Non-GAAP | 1.03% | 0.79% |
| Calculation of return on average tangible equity: | | |
| Net income | \$ 21,947 | \$ 16,840 |
| Total average shareholders' equity | \$ 278,220 | \$ 263,049 |
| Less: | | |
| Average goodwill | 58,114 | 58,114 |
| Average identifiable intangible assets, net | 7,492 | 8,503 |
| Total average tangible shareholders' equity | \$ 212,614 | \$ 196,432 |
| Return on average shareholders' equity - GAAP | 10.52% | 8.54% |
| Return on average tangible shareholders' equity - Non-GAAP | 13.76% | 11.43% |