



A
Winning
Team

Washington
Trust
Bancorp,
Inc.

2003
Annual
Report

Corporate Profile

Washington Trust Bancorp, Inc. (Washington Trust or the Bancorp) is the publicly-owned holding company of The Washington Trust Company (the Bank), a Rhode Island-chartered bank founded in 1800. The Bank offers a broad range of services, including trust and investment management, through its branch offices in Rhode Island and southeastern Connecticut. Unless the context otherwise requires, the word "Corporation" herein refers to the Bancorp and the Bank.

At December 31, 2003, the Bank had 449 employees. The Bank has adopted an Affirmative Action Plan and is an Equal Opportunity Employer. The Bank is also a member of the FDIC and an Equal Housing Lender.

Stock Transfer and Dividend Disbursing Agent

Mellon Investor Services (Mellon), our stock transfer and dividend disbursing agent, is responsible for our shareholder records, issuance of stock certificates, distribution of dividend checks, and IRS Form 1099. Mellon is also responsible for the Corporation's Dividend Reinvestment (DRIP) and Stock Purchase Plan, which enables shareholders to reinvest their quarterly dividends in Washington Trust shares. Plan members may also make optional cash purchases of common stock up to \$10,000 per quarter.

For information, contact Mellon on the toll-free Shareholder Information Line, (800) 852-0354, via the secure Mellon Investor Direct website, <https://vault.melloninvestor.com/isd>, or by writing to: Mellon Investor Direct Services Corporate Office, 85 Challenger Road, Ridgefield Park, NJ 07660.

Market and Dividend Information

Washington Trust's common stock trades on the Nasdaq National Market tier of the Nasdaq Stock Market® under the symbol WASH. As of December 31, 2003, there were 2,212 shareholders of record.

2003 Quarters	1	2	3	4
Stock prices:				
High	\$20.61	\$24.17	\$28.49	\$29.42
Low	19.36	19.80	22.60	23.94
Close	20.21	23.02	24.01	26.20
Dividend declared	.15	.15	.16	.16
2002 Quarters	1	2	3	4
Stock prices:				
High	\$19.72	\$24.11	\$23.83	\$21.20
Low	18.00	19.05	19.12	19.10
Close	19.42	23.69	19.74	19.53
Dividend declared	.14	.14	.14	.14

This report contains certain statements that may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Corporation's actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result, among other factors, of changes in general national or regional economic conditions, changes in interest rates, reductions in the market value of trust and investment assets under management, reductions in loan demand, reductions in deposit levels necessitating increased borrowing to fund loans and investments, changes in loan default and charge-off rates, changes in the size and nature of the Corporation's competition, changes in legislation or regulation and accounting principles, policies and guidelines and changes in the assumptions used in making such forward-looking statements.

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On the cover (L-R): Peter J. Miniati, Trust & Investment Services; Cathleen A. Studley, Retail Banking; Gina R. Mead, Mortgage Origination; Patricia M. Hartford, Business Services; Scott D. Lajoie, Commercial Lending; and Holly M. Knott, Merchant Services, were all recognized in 2003 as star performers in their respective areas.

Annual Meeting of Shareholders:

Tuesday, April 27, 2004, 11:00 a.m.,
Westerly Public Library, 44 Broad Street,
Westerly, Rhode Island 02891

Vote Your Proxy Online

For your convenience, you can vote your shares online. Have your proxy card ready and go to the website <http://www.eproxy.com/wash>. You will be prompted to enter your control number located on your card. Then, follow the instructions to create and submit an electronic ballot.

Investor Information

Copies of our most recent annual and quarterly reports and a copy of our 2003 Annual Report on Form 10-K are available at no charge by contacting Elizabeth B. Eckel, Senior Vice President, Marketing, at 401-348-1309 or 1-800-475-2265. You may write to Ms. Eckel at the Washington Trust Corporate Office, 23 Broad Street, Westerly, RI 02891. The annual report is also available on our website, www.washtrust.com.

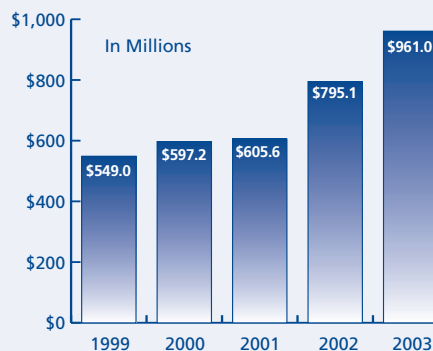
Auditors: KPMG LLP, Providence, Rhode Island
Counsel: Goodwin Procter LLP, Boston, Massachusetts

Financial Highlights

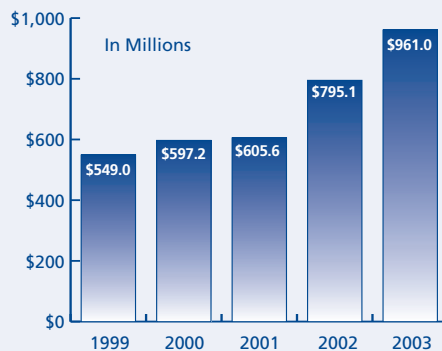
(Dollars in millions, except per share amounts)

Results as of or for the years ended December 31,	2003	2002	2001	2000	1999
Financial Results					
Net interest income	\$ 48.8	\$ 44.3	\$ 39.4	\$ 37.9	\$ 35.6
Provision for loan losses	.5	.4	.6	1.2	1.8
Net realized gains on securities	.6	.7	.3	.8	.7
Noninterest income, excluding securities gains	26.1	22.6	21.1	19.0	18.1
Noninterest expense	47.6	43.0	41.7	37.5	35.3
Net income	18.9	16.8	13.1	13.2	12.5
Per Share Information					
Diluted earnings per share	\$ 1.41	\$ 1.30	\$ 1.07	\$ 1.09	\$ 1.03
Cash dividends declared	.62	.56	.52	.48	.44
Book value	10.46	9.87	8.15	7.43	6.55
Tangible book value	8.60	7.93	8.10	7.36	6.48
Closing stock price	26.20	19.53	19.00	14.00	17.75
Financial Condition					
Securities	\$ 839.4	\$ 795.8	\$ 629.1	\$ 511.5	\$ 446.8
Loans:					
Commercial	408.5	382.1	260.6	239.8	232.4
Residential real estate	389.9	280.9	235.4	251.0	225.7
Consumer	162.6	132.1	109.6	106.4	90.9
Total loans	961.0	795.1	605.6	597.2	549.0
Allowance for loan losses	15.9	15.5	13.6	13.1	12.3
Total assets	1,973.8	1,745.7	1,362.2	1,218.1	1,105.6
Deposits	1,206.1	1,110.5	816.9	735.7	660.8
Federal Home Loan Bank advances	607.1	480.1	431.5	377.4	352.5
Shareholders' equity	138.1	128.7	97.9	89.2	78.2
Ratios (%)					
Return on average assets	1.03	1.07	1.01	1.14	1.19
Return on average equity	14.15	14.25	13.86	16.14	15.73
Net interest margin (taxable equivalent basis)	2.89	3.10	3.30	3.55	3.71
Nonperforming assets to total assets	.14	.24	.28	.28	.35
Nonaccrual loans to total loans	.29	.53	.63	.58	.69
Allowance for loan losses to total loans	1.66	1.95	2.24	2.20	2.25
Earnings and Ratios Excluding Special Items (Non-GAAP Financial Information)					
Net income	\$ 19.6	\$ 17.2	\$ 15.6	\$ 13.9	\$ 12.8
Diluted earnings per share	\$ 1.46	\$ 1.33	\$ 1.28	\$ 1.15	\$ 1.06
Return on average assets (%)	1.06	1.09	1.20	1.20	1.21
Return on average equity (%)	14.64	14.60	16.54	16.98	16.04

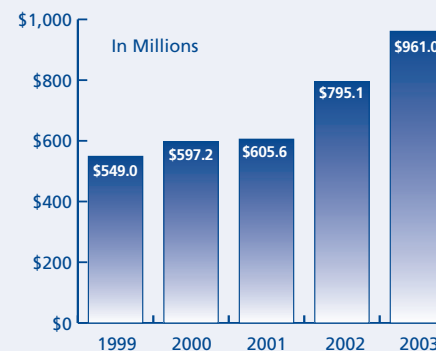
Total Assets



Total Loans



Nonperforming Assets to Total Assets



(Dollars in millions, except per share amounts)

Results as of or for the years ended December 31,	2003	2002	2001	2000	1999
Reconciliation Table – Non-GAAP Financial Information					
Net income, including special items	\$ 18.9	\$ 16.8	\$ 13.1	\$ 13.2	\$ 12.5
Add back (deduct) special items, net of tax:					
Debt prepayment penalties	.7	–	–	–	–
Acquisition related	–	.4	–	.7	.6
Litigation settlement, net of insurance recovery	–	–	2.5	–	–
Net gain on sale of credit card portfolio	–	–	–	–	(.3)
Net income, excluding special items	\$ 19.6	\$ 17.2	\$ 15.6	\$ 13.9	\$ 12.8
Diluted earnings per share	\$ 1.41	\$ 1.30	\$ 1.07	\$ 1.09	\$ 1.03
Effect of special items, net of tax	.05	.03	.21	.06	.03
Diluted earnings per share, excluding special items	\$ 1.46	\$ 1.33	\$ 1.28	\$ 1.15	\$ 1.06
Ratios (%)					
Return on average assets	1.03	1.07	1.01	1.14	1.19
Effect of special items, net of tax	.03	.02	.19	.06	.02
Return on average assets, excluding special items	1.06	1.09	1.20	1.20	1.21
Return on average equity	14.15	14.25	13.86	16.14	15.73
Effect of special items, net of tax	.49	.35	2.68	.84	.31
Return on average equity, excluding special items	14.64	14.60	16.54	16.98	16.04

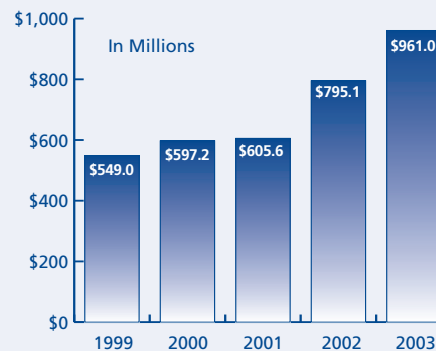
Non-GAAP Financial Information Disclosure:

This annual report contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Corporation's management uses these non-GAAP measures in its analysis of the Corporation's performance. These measures typically adjust GAAP performance measures to exclude the effects of charges and expenses related to the consummation of acquisitions and costs related to the integration of merged entities. These non-GAAP measures also may exclude other significant gains or losses that are unusual in nature. Because these items and their impact on the Corporation's performance are difficult to predict, management believes that presentations of financial measures excluding the impact of these items provide useful supplemental information that is essential to a proper understanding of the operating results of the Corporation's core businesses. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other corporations. A quantitative reconciliation of the differences between the non-GAAP financial information discussed herein and the most directly comparable financial information calculated and presented in accordance with GAAP is presented above.

Diluted Earnings Per Share



Cash Dividends Declared



Letter to Shareholders

Dear Shareholders,

The theme of this year's Annual Report is teamwork and never has this concept been more important than in 2003. Faced with a volatile economy, record low interest rates, and aggressive competition, your Corporation performed exceptionally well, with net income of \$18.9 million, up 13% for the year. We posted solid returns for our shareholders and saw the market value of our common stock increase 34% in 2003, closing at \$26.20 at December 31st. During the year we declared cash dividends totaling 62 cents per share, including two separate increases in the quarterly dividend rate. This marked our eleventh consecutive year of dividend increases.

In early 2003, interest rates reached their lowest levels in some 45 years, fueling a refinancing boom your Corporation had not seen in our 203-year history. Our entire mortgage team, from the front lines to the back offices, worked tirelessly to process a record number of applications and ensure fast closings for our customers. The result was that mortgage activity reached an all-time high with residential mortgage closings totaling a record \$308 million.

At the same time, total consumer loans were up 23% for the year, led primarily by increases in home equity lines of credit. Aggressive marketing, employee cross-selling and competitive pricing have helped this portfolio grow significantly over the past three to four years. We expect growth to remain strong in 2004.

Our commercial lending team made great progress in 2003. Our marketing campaign encouraged businesses to "put us on their list," and many did just that, as we financed new SBA loans, commercial real estate deals, and million dollar credits. We remain committed to maintaining excellent asset quality and were successful in doing so in a very challenging economic environment.

Our trust and investment management area performed well in 2003. This service continues to provide a key source of noninterest income for the Corporation, with revenues totaling \$10.8 million for the year 2003. Our business development team successfully attracted an excellent base of new clients. Assets under management increased by 14% for the year, to \$1.74 billion. We are encouraged by signs of a strong stock market and by the fact that clients are recognizing the quality of our asset management expertise.

In 2003, Washington Trust was honored with several prestigious awards, including the "Greatest Place to Work Award", the "Outstanding Philanthropic Corporation" Award, and the Encore Award for Support of the Arts. These and many of the other awards received this year are special to us and reflect our success in being a good corporate citizen, employer and neighbor.



Over the past year, there has been much media and regulatory spotlight on corporate governance issues. You can be assured that we take corporate governance seriously and that your board and management operate under the highest possible level of integrity.

In October, we welcomed two new directors, Barry G. Hittner, Of Counsel with Cameron & Mittleman, LLP, and Kathleen McKeough, Senior Vice President, Human Resources for GTECH Holdings Corporation. Barry and Kathy bring a wealth of talent and professional experience to our board and we are pleased to have them on our team. They fill positions left by the April 2003 retirements of Alcino G. Almeida and Richard A. Grills. We are grateful for the contributions Al and Richard made to our board and welcome them to our Directors' Advisory Council.

Looking forward in 2004, we are excited about the challenges ahead for your Corporation. We are encouraged by signs of improvement in the economy and recoveries in the stock market. We are well positioned to take advantage of any opportunities presented by the recently announced Fleet/Bank of America merger and other recent industry consolidations in our region. And, as always, we remain committed to our vision to be "The Best Community Bank and Trust Company in New England."

Sincerely,

John C. Warren
Chairman and Chief Executive Officer

John F. Treanor
President and Chief Operating Officer



Longtime client Michael Integlia & Company came to build The Gardens Office Park, a pair of state-of-the-art



“Wherever we are, we want to be viewed as the best — the best employees, the best customer experience.”

— John C. Warren,
Chairman and CEO

Washington Trust 2003: The Year in Highlights

By all marks, 2003 was a terrific year for Washington Trust: outstanding earnings, record mortgage production, and successful business development growth were all critical to its achievements. Yet, one of the key factors in the Bank’s success is something that cannot be measured and does not appear in its financial statements: the Washington Trust



Washington Trust in 2003 for \$7 million in long-term financing office buildings located in West Warwick, R.I.



Greater Providence Team

L-R: Joseph A. Carnevale, Commercial Lending; Geoffrey J. Wagner, Commercial Lending; James J. Vetelino, Merchant Services; Peter J. Miniati, Trust & Investment Services; Russell W. Hahn, Commercial Lending; Frank B. Geary, Commercial Lending; Paula Fahlman, Business Services; Scott D. Lajoie, Commercial Lending; Harvey C. Perry, II, Office for Non-Profit Resources; Robert D. McCormick, Commercial Lending.

spirit of teamwork. As John F. Treanor, President and Chief Operating Officer, says, "There's a real 'esprit de corps' here – people working together."

Perhaps more than anything else, it was a bank-wide commitment to teamwork that defined Washington Trust in 2003. Throughout the year, front-line employees and the sales staff focused on cross-training, cross-selling, and providing excellent customer service. Meanwhile, their colleagues behind the scenes, from marketing to operations, human resources to technology, worked

diligently to supply them with superior tools and resources so they could provide the very best customer experience.

"The Power of Teamwork"

To help business development efforts, the Bank developed cross-functional sales teams to cover each of its market areas in Rhode Island and southeastern Connecticut. These teams, comprised of experienced professionals from business banking, retail banking and trust and investment services, called on existing clients and prospects. As a result of



Peter Delis received an SBA loan from Washington Trust in 2003 to open his new restaurant, Toti's Pizza Palace in Seekonk, Mass., a busy suburb of Providence, R.I.



Opened in May 2003, the Warwick branch is strategically market. By year-end, the branch had surpassed projections



*“Washington Trust offers
a sincere approach
to service.”*

– Daniel J. Dubeau,
Vice President and Market Manager

their efforts, new business was generated and existing relationships were retained and expanded. The team approach enabled members to achieve, and in many cases surpass, their sales goals, while providing an even higher level of customer service for the Bank’s clients.

“By formalizing the team selling concept, we were able to give our customers and prospects better access to all of Washington Trust’s products and services,” says B. Michael Rauh, Senior Vice President of Corporate



located between the greater Providence, R.I. market and the Bank's traditional South County, R.I. for deposits, mortgages and consumer loans.



West Bay Team

L-R: Dickson G. Boenning, Trust & Investment Services; Cathleen A. Studley, Retail Banking; Stephen E. Russell, Commercial Lending; Daniel J. Dubeau, Retail Banking; Gina R. Mead, Mortgage Origination; Patricia M. Hartford, Business Services; Norman D. Meyers, Merchant Services; Vincent F. Moretti, Retail Banking.

Sales, Planning and Delivery. "Our teams were trained to recognize clients' needs and to bring in the right expert on the team to help. Our customers really appreciate this approach."

To better support the focus on sales and customer service, four key officers on the retail banking team were elevated to the positions of Market Area Manager, covering the Bank's geographic regions in Rhode Island and southeastern Connecticut. These individuals are responsible for overseeing sales and customer service for the branches located in their respective regions. In addition,

a fifth retail banking officer was promoted to the position of Sales Manager. She is responsible for coordinating the branch training, product knowledge, cross-sales and referral programs, as well as overseeing the "mystery shopper" program that ensures that customers consistently receive the level of superior customer service that is Washington Trust's hallmark.

"Nailing Down the Best Rates"

Not since the Eisenhower Administration had mortgage rates dipped as low as they



B&S Machine Services, Inc., a supplier of replacement parts for metal cutting machinery, received an SBA loan from Washington Trust to help fund a management buyout.



Cathy Buchanan and Jason Dittleman, owners of Crestar have been Washington Trust business banking customers



*“Each of our customers
knows that we have
a whole team of professionals
backing us up.”*

– Cynthia Valenti Smith,
Vice President, Mortgage Origination

did in 2003. Thanks to these favorable market conditions and a strong team of lending professionals, Washington Trust more than doubled its projected mortgage volume for the year.

“The mortgage market, especially refinancing, was ‘red hot’ in 2003,” says Stephen M. Bessette, Senior Vice President, Retail Lending. To ensure swift and accurate service, the mortgage group relied on strong teamwork within the department, plus some extra help from other areas of the Bank. “To help us get



Mfg. The Frame Factory, winners of the Décor Top 100 Award for Retail Excellence, since starting their business in 1998.



Narragansett Bay Team

L-R: Charles P. Roberts, Trust & Investment Services; Catherine Fusco, Commercial Lending; Lauren E. Dufficy, Retail Banking; Joseph E. LaPlume, Commercial Lending; John Mitchell, Jr., Mortgage Origination; Holly M. Knott, Merchant Services; Lori Fuka, Trust & Investment Services; John W. Kennedy, Commercial Lending.

through the busiest parts of our season, some of our part-timers volunteered to temporarily switch to full-time schedules. And, we were able to 'borrow' employees from some of the other departments to help out," Bessette adds. "Everyone really pitched in to make certain that we provided the best possible customer experience."

Consumer Lending also outpaced expectations for the year, led by strong home equity financing. Aggressive marketing and smart product design helped generate a steady demand for the products throughout the year.

"Put Us On The List"

In 2003, the Commercial Lending area benefited from the support of a multi-media marketing campaign entitled "For Business Banking, Put Us On The List." The campaign highlighted the Bank's key business products, including multi-million dollar commercial loans and commercial real estate loans, international banking and cash management services.

"Washington Trust has always had an outstanding reputation as a top commercial lender," says Elizabeth B. Eckel, Senior Vice President of Marketing. "This campaign



Ryan's Market has served the people of Wickford, R.I. for more than 120 years and established a relationship with Washington Trust in 1997, using products ranging from deposit accounts to leasing.



The owners of The Chanler at Cliffwalk came to used to transform the historic mansion into an elegant



*“Great service means
that the customer
leaves happier than they were
when they came in.”*

– Mike Urgo,
Branch Manager, Westerly McQuade’s

communicated our capabilities to business owners, as well as accountants, attorneys and others who advise clients on business banking matters.”

The Commercial Lending area had a solid year in 2003, originating a record number of quality credits. “We really made our mark as a statewide commercial lender,” says James M. Vesey, Senior Vice President, Commercial Lending. “The marketing campaign generated awareness and energized our sales teams. We received positive feedback from



Washington Trust in 2003 for a commercial real estate loan, which was oceanfront hotel and restaurant.



Greater Westerly Team

L-R: Christopher J. Sheehan, Retail Banking; Rogean B. Makowski, Trust & Investment Services; David C. Kmetz, Commercial Lending; Nina L. Luchka, Merchant Services; John J. Breen, Mortgage Origination; Sharon L. Snyder, Trust & Investment Services; Louis J. Luzzi, Commercial Lending.

new and existing clients.” The Commercial Lending area also benefited from referrals generated through the new cross-functional teams. Says Vesey, “I can’t say enough about the team sales calling approach – it was very positive for us.”

In 2003, the Bank formed a very successful Commercial Real Estate Group. This arm of the Commercial Lending area helps the Bank expand its reach by bringing multi-million-dollar loan products to new clients located farther into New England.

Working in tandem with their counterparts in Commercial Lending and branch management, Washington Trust’s Business Services professionals helped to bring in new clients and service the cash management needs of existing ones. By meeting with clients one-on-one at their place of business, they were able to assess their needs and make recommendations that were best suited to each. From business deposits and overnight sweep investments to business online banking, they made sure that customers received the right products and services.



Since 1943 the Gencarelli family, owners of Westerly, RI-based Ginger’s Oil, has relied on Washington Trust for services such as personal and business deposits, trust planning and business financing.



The Thanksgiving Day football game between Westerly the nation. Annually, Washington Trust presents a Team



“We have a commitment from the top down to do whatever it takes to make sure our products are superior to anyone else’s.”

– David C. Kmetz,
Vice President, Commercial Lending

Also during the year, the Bank increased its sales and service outreach to municipal and state governments. To help grow this area, the product line for municipal services was enhanced and experienced sales staff was added to the Washington Trust team.

“Running With the Bulls”

Trust and investment assets under administration grew to \$1.7 billion in 2003, benefiting from successful business development efforts throughout the year, and improvements in the equity markets late in the year. Clients seeking



High School and Stonington High School is the oldest high school football rivalry in Leadership Award to one player on each team.



Eastern Connecticut and Block Island Team

L-R: Julia Anne M. Slom, Commercial Real Estate Group; Paul D. Nunes, Trust & Investment Services; Cynthia Valenti Smith, Mortgage Origination; Joseph M. Confessore, Commercial Lending; Joseph J. Iacoi, Business Services; Amy U. Arruda, Retail Banking.

personal attention and disciplined management style turned to Washington Trust for consistent, reliable performance. In order to accommodate for this growth, the Bank dedicated a variety of new resources to the trust and asset management areas, including the addition of a number of skilled professionals.

Phoenix Investment Management added a substantial number of new clients in 2003. Managing Director Gerald J. Fogarty says, "Our customers were pleased with our ability to preserve their wealth during the bear market years and referred their friends and

associates to us, because they are confident that we always put their needs first."

Phoenix Managing Director Marie J. Langlois adds, "Our investment professionals have extensive experience in high net worth portfolio management, investment research, and investment policy and strategy formation. The team's investment performance puts us in the top quartile of money managers for the previous three-, five-, and ten-year periods." That level of expertise shows, as Phoenix ended the year with substantial growth in assets under management.



Joe and Nancy Rustici, owners of Elmridge Golf Course in Pawcatuck, Conn., came to Washington Trust in 2003 to refinance their 36-hole course.



*Washington Trust Senior Vice President and Chief
"Morning Business Report with Frank Coletta," a popular*



*“Great service means
giving a little more
than the client expects.”*

– Peter Miniati,
Vice President and Trust Officer

In 2003, the Trust and Investment Services area developed a line of credit tied to investment assets for high net worth clients, a market that Washington Trust has identified as a key growth area. To better serve this market, a private banking service will be introduced in 2004.

“Trust and Investment Services has been providing our clients with highly personal service for more than 100 years,” says Rogean B. Makowski, Senior Vice President and Trust Officer. “Our 2004 initiative will create a more comprehensive private banking



Investment Officer Mary M. McGoldrick regularly presents her economic outlook on the business news segment on Providence TV station NBC 10 WJAR.



Phoenix Investment Management Team

L-R: Carl Y. Chern, Deborah L. Picozzi, Joanne M. Mollica, Linda A. Kelly, Gerald J. Fogarty, Jr., Gary J. Friedmann, Marie J. Langlois, Barbara S. Williams.

service with dedicated bankers providing all facets of their personal, business and trust service needs. This strategy will help us grow this important niche market."

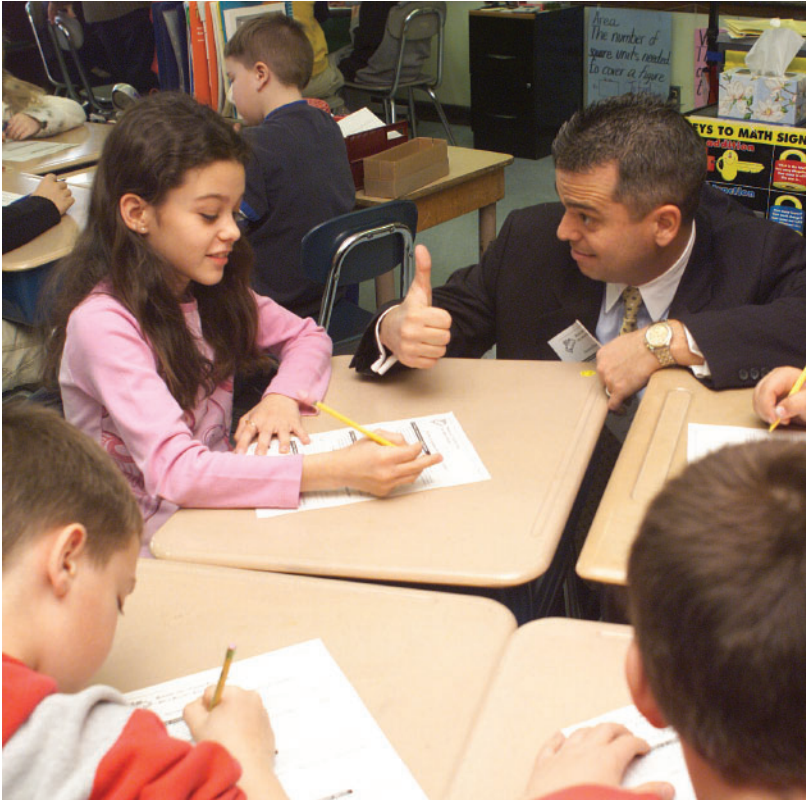
"People Matter"

Washington Trust is committed to serving people: customers, employees, shareholders, and neighbors. This philosophy means providing the best products and services to customers and the highest value to shareholders, while ensuring that the needs of employees and the local communities are being met as well.

Adding a new dimension to the Bank's community service programming in 2003 was the formation of the Office for Non-Profit Resources, which provides non-profit organizations with assistance in finding resources for professional services. "The health and well-being of our cities and towns rests, in part, on the vitality of our local non-profit organizations," says Harvey C. Perry, II, Senior Vice President and Director, Office for Non-Profit Resources. "This new initiative strengthens our long-standing reputation for helping the non-profit community."



Children's Friend and Service of Rhode Island serves the state's most vulnerable children by providing a variety of services. They trust their endowments to the professionals of Phoenix Investment Management.



Dan Dubeau, Vice President and Branch Manager helps fourth graders at Robertson Elementary in Warwick,



“The thing that makes us different is the way we deliver our products to the customer... and that’s all about people.”

– John F. Treanor,
President and COO

Community volunteerism is a tradition at Washington Trust, and in 2003, the teamwork ethic that helped the Bank succeed in business carried over into the community service realm as well. Throughout the year, hundreds of Washington Trust employees banded together to raise tens of thousands of dollars for the American Cancer Society and the American Heart Association, to collect thousands of dollars to benefit the victims and families of the Station Fire Relief Fund, and to contribute countless jars of peanut butter, Thanksgiving



of the Bank's Warwick Office,
R.I., learn the importance of saving money.



Mortgage Team

Employees in the Bank's consumer credit, loan operations underwriting and secondary market departments helped the mortgage department originate and close a record number of loans in 2003.

food items and toys to help local families in need.

Also during the year, teams of Washington Trust bankers went "back to school" to teach hundreds of elementary school children about the importance of saving money, and show hundreds more high school students how to use credit wisely. These programs, developed by the American Banker's Association, allowed employees to use their knowledge to educate local children and helped the Bank fulfill its pledge to actively participate in the "America's Promise" initiative.

"At the very heart of Washington Trust's corporate philosophy is our strong belief that people matter," says John C. Warren, Chairman and CEO. "We are committed to this belief because we know that when our employees are happy, they make our customers and our neighbors in the community happy. When we take care of our employees, customers and neighbors, Washington Trust succeeds. And when Washington Trust succeeds, our shareholders are the ultimate benefactors of our success."



One of the many awards won by the Bank in 2003 was the Greatest Place to Work Award, presented by the Providence Business News. The judges cited the Bank's "high morale, strong ethics, and fun work environment" as their reasons for choosing Washington Trust.

Financial Statements

Washington Trust Bancorp, Inc. and Subsidiary Consolidated Balance Sheets

December 31, (Dollars in thousands)	2003	2002
Assets:		
Cash and due from banks	\$ 40,710	\$ 39,298
Federal funds sold and other short-term investments	20,400	11,750
Mortgage loans held for sale	2,486	4,566
Securities:		
Available for sale, at fair value; amortized cost \$663,529 in 2003 and \$539,109 in 2002	673,845	553,556
Held to maturity, at cost; fair value \$169,401 in 2003 and \$250,446 in 2002	165,576	242,277
Total securities	839,421	795,833
Federal Home Loan Bank stock, at cost	31,464	24,582
Loans	960,981	795,126
Less allowance for loan losses	15,914	15,487
Net loans	945,067	779,639
Premises and equipment, net	24,941	24,415
Accrued interest receivable	7,911	7,773
Goodwill	22,591	22,588
Identifiable intangible assets	1,953	2,672
Other assets	36,863	32,545
Total assets	\$1,973,807	\$1,745,661
Liabilities:		
Deposits:		
Demand	\$194,144	\$157,539
Savings	493,878	471,354
Time	518,119	481,600
Total deposits	1,206,141	1,110,493
Dividends payable	2,113	1,825
Federal Home Loan Bank advances	607,104	480,080
Other borrowings	2,311	9,183
Accrued expenses and other liabilities	18,083	15,359
Total liabilities	1,835,752	1,616,940
Commitments and contingencies		
Shareholders' Equity:		
Common stock of \$.0625 par value; authorized 30 million shares in 2003 and 2002; issued 13,204,024 shares in 2003 and 13,086,795 in 2002	825	818
Paid-in capital	29,868	28,767
Retained earnings	101,492	90,717
Unamortized employee restricted stock	(22)	(24)
Accumulated other comprehensive income	6,101	9,294
Treasury stock, at cost; 9,463 shares in 2003 and 44,361 shares in 2002	(209)	(851)
Total shareholders' equity	138,055	128,721
Total liabilities and shareholders' equity	\$1,973,807	\$1,745,661

Refer to Washington Trust Bancorp, Inc.'s 2003 Annual Report on Form 10-K for a complete set of consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiary
Consolidated Statements of Income

Years ended December 31, (Dollars in thousands, except per share amounts)	2003	2002	2001
Interest income:			
Interest and fees on loans	\$51,603	\$49,576	\$50,618
Interest on securities	32,430	35,571	33,988
Dividends on corporate stock and Federal Home Loan Bank stock	2,081	1,973	2,327
Interest on federal funds sold and other short-term investments	131	219	594
Total interest income	86,245	87,339	87,527
Interest expense:			
Savings deposits	3,221	5,598	5,127
Time deposits	15,333	16,776	18,866
Federal Home Loan Bank advances	18,819	20,596	24,068
Other	73	87	99
Total interest expense	37,446	43,057	48,160
Net interest income	48,799	44,282	39,367
Provision for loan losses	460	400	550
Net interest income after provision for loan losses	48,339	43,882	38,817
Noninterest income:			
Trust and investment management fees	10,769	10,171	10,408
Service charges on deposit accounts	4,920	3,787	3,514
Net gains on loan sales	4,690	2,884	2,058
Merchant processing fees	3,410	3,002	2,642
Income from bank-owned life insurance	1,161	1,155	1,134
Net realized gains on securities	630	678	348
Other income	1,155	1,581	1,381
Total noninterest income	26,735	23,258	21,485
Noninterest expense:			
Salaries and employee benefits	26,945	23,793	20,845
Net occupancy	2,979	2,694	2,632
Equipment	3,380	3,333	3,375
Merchant processing costs	2,716	2,391	2,124
Legal, audit and professional fees	1,242	1,893	1,336
Advertising and promotion	1,440	1,180	1,237
Outsourced services	1,333	1,077	975
Debt prepayment penalties	941	-	-
Amortization of intangibles	719	651	129
Acquisition related expenses	-	605	-
Litigation settlement cost, net of recovery	-	-	3,625
Other	5,937	5,373	5,375
Total noninterest expense	47,632	42,990	41,653
Income before income taxes	27,442	24,150	18,649
Income tax expense	8,519	7,393	5,541
Net income	\$18,923	\$16,757	\$13,108
Weighted average shares outstanding – basic	13,114.1	12,737.3	12,039.2
Weighted average shares outstanding – diluted	13,393.6	12,932.4	12,202.5
Per share information:			
Basic earnings per share	\$1.44	\$1.32	\$1.09
Diluted earnings per share	\$1.41	\$1.30	\$1.07
Cash dividends declared per share	\$.62	\$.56	\$.52

Refer to Washington Trust Bancorp, Inc.'s 2003 Annual Report on Form 10-K for a complete set of consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiary Consolidated Statements of Changes in Shareholders' Equity

(Dollars in thousands)	Common Stock	Paid-in Capital	Retained Earnings	Unamortized Employee Restricted Stock	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at January 1, 2001	\$750	\$10,144	\$74,265	\$ –	\$4,027	\$ –	\$89,186
Net income			13,108				13,108
Cumulative effect of change in accounting principle, net of tax					(391)		(391)
Unrealized gains on securities, net of \$1,499 income tax expense					3,000		3,000
Reclassification adjustments, net of tax					(220)		(220)
Comprehensive income							15,497
Cash dividends declared			(6,259)				(6,259)
Shares issued	4	552				17	573
Shares repurchased						(1,060)	(1,060)
Balance at December 31, 2001	\$754	\$10,696	\$81,114	\$ –	\$6,416	\$(1,043)	\$97,937
Net income			16,757				16,757
Unrealized gains on securities, net of \$1,629 income tax expense					3,310		3,310
Reclassification adjustments, net of tax					(432)		(432)
Comprehensive income							19,635
Cash dividends declared			(7,154)				(7,154)
Amortization of employee restricted stock, net of shares issued		1		(24)		24	1
Shares issued		(185)				704	519
Shares issued for acquisition	64	18,255					18,319
Shares repurchased						(536)	(536)
Balance at December 31, 2002	\$818	\$28,767	\$90,717	\$(24)	\$9,294	\$(851)	\$128,721
Net income			18,923				18,923
Unrealized losses on securities, net of \$1,002 income tax benefit					(2,499)		(2,499)
Reclassification adjustments, net of tax					(410)		(410)
Minimum pension liability adjustment, net of \$153 income tax benefit					(284)		(284)
Comprehensive income							15,730
Cash dividends declared			(8,148)				(8,148)
Amortization of employee restricted stock, net of shares issued		29		2			31
Shares issued	7	1,072				851	1,930
Shares repurchased						(209)	(209)
Balance at December 31, 2003	\$825	\$29,868	\$101,492	\$(22)	\$6,101	\$(209)	\$138,055

Disclosure of Reclassification Amount:

Years ended December 31,	2003	2002	2001
Reclassification adjustment for net gains included in net income	\$(630)	\$ (678)	\$(348)
Income tax effect on net gains	220	237	122
Reclassification adjustment for amortization of unrealized loss on interest rate floor contract included in net income	–	13	10
Income tax effect on interest rate floor contract amortization	–	(4)	(4)
Net reclassification adjustments	\$(410)	\$(432)	\$(220)

Refer to Washington Trust Bancorp, Inc.'s 2003 Annual Report on Form 10-K for a complete set of consolidated financial statements.



Independent Auditors' Report

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Washington Trust Bancorp, Inc. and subsidiary as of December 31, 2003 and 2002 and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003 (not presented herein); and in our report dated February 27, 2004, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

Providence, Rhode Island
February 27, 2004

Management's Responsibility for Financial Statements

Scope of Responsibility – Management prepares the accompanying consolidated financial statements and related information and is responsible for their integrity and objectivity. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements include amounts that are based on management's estimates and judgments. We believe that these consolidated financial statements present fairly the Corporation's financial position and results of operations and that the other information contained in the annual report is consistent with the consolidated financial statements.

Internal Controls – We maintain and rely on systems of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. Our internal audit department also independently reviews and evaluates these controls. We recognize the inherent limitations in all internal control systems and believe that our systems provide an appropriate balance between the costs and benefits desired. We believe our systems of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the consolidated financial statements are prevented or detected in the normal course of business.

Independent Auditors – Our independent auditors, KPMG LLP, have audited the consolidated financial statements. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America, which includes the consideration of our internal controls to the extent necessary to form an independent opinion on the consolidated financial statements prepared by management.

Audit Committee – The audit committee of the board of directors, composed solely of independent outside directors, assists the board of directors in overseeing management's discharge of its financial reporting responsibilities. The committee meets with management, our director of internal audit and representatives of KPMG LLP to discuss significant changes to financial reporting principles and policies and internal controls and procedures proposed or contemplated by management, our internal auditors or KPMG LLP. Additionally, the committee is responsible for the selection, evaluation and, if applicable, replacement of our independent auditors; and the evaluation of the independence of the independent auditors. Both internal audit and KPMG LLP have access to the audit committee without management's presence.

Code of Ethics – We recognize our responsibility for maintaining a strong ethical climate. This responsibility is addressed in the Corporation's written code of ethics.

John C. Warren
Chairman and Chief Executive Officer

David V. Devault
Executive Vice President, Treasurer and Chief Financial Officer

Washington Trust Bancorp, Inc.

Board of Directors

Gary P. Bennett, Retired Chairman and Chief Executive Officer, Analysis and Technology, Inc.

Steven J. Crandall, Vice President, Ashaway Line & Twine Mfg. Co.

Larry J. Hirsch, Esq., Retired President, Westerly Jewelry Co.

Barry G. Hittner, Esq., Of Counsel Cameron & Mittleman, LLP

Katherine W. Hoxsie, Vice President, Hoxsie Buick-Pontiac-GMC Truck, Inc.

Mary E. Kennard, Esq., Vice President and University Counsel, The American University

Edward M. Mazze, Ph.D., Dean, College of Business Administration, University of Rhode Island

Kathleen McKeough, Senior Vice President of Human Resources, GTECH Holdings Corporation

Victor J. Orsinger, II, Esq., Partner, Orsinger and Nardone, Attorneys at Law

H. Douglas Randall, III, President, H.D. Randall, Realtors

Joyce Olson Resnikoff, Chief Executive Officer, Olde Mistick Village

Patrick J. Shanahan, Jr., Retired Chairman, President and Chief Executive Officer, First Financial Corp.

James P. Sullivan, CPA, Retired Finance Officer, Roman Catholic Diocese of Providence

Neil H. Thorp, President, Thorp & Trainer, Inc.

John F. Treanor, President and Chief Operating Officer, Washington Trust Bancorp, Inc.

John C. Warren, Chairman and Chief Executive Officer, Washington Trust Bancorp, Inc.

Officers of the Corporation

John C. Warren, Chairman and Chief Executive Officer

John F. Treanor, President and Chief Operating Officer

David V. Devault, Executive Vice President, Treasurer and Chief Financial Officer

Harvey C. Perry, II, Senior Vice President and Secretary

The Washington Trust Company Directors' Advisory Council

Alcino G. Almeida, William Atherton, Charles M. Baker, Jr., Charles C. Buffum, David Curtis, Richard A. Grills, Joseph J. Kirby, Jacques de Laporte, James W. McCormick, Jr., Thomas F. Moore, Brendan P. O'Donnell, Arthur Perry, Joseph H. Potter, Joseph E. Pucci, Anthony J. Rose, Jr., James D. Thornton, William Blunt White

The Washington Trust Company

Executive Officers

John C. Warren, Chairman and Chief Executive Officer

John F. Treanor, President and Chief Operating Officer

David V. Devault, Executive Vice President, Secretary, Treasurer and Chief Financial Officer

Senior Management

Dennis L. Algieri, Senior Vice President, Chief Compliance Officer & Director of Community Affairs

Carl M. Amaral, Senior Vice President, Branch Sales and Service

Stephen M. Bessette, Senior Vice President, Retail Lending

Vernon F. Bliven, Senior Vice President, Human Resources

Elizabeth B. Eckel, Senior Vice President, Marketing

Gerald J. Fogarty, Jr., Managing Director, Phoenix Investment Management

Philip L. Friend, Senior Vice President, Retail Lending

William D. Gibson, Senior Vice President, Credit Administration

Mark K.W. Gim, Senior Vice President, Financial Planning and Asset Liability Management

Russell W. Hahn, Senior Vice President, Commercial Lending

Marie J. Langlois, Managing Director, Phoenix Investment Management

Joseph E. LaPlume, Senior Vice President, Commercial Lending

Louis J. Luzzi, Senior Vice President, Commercial Lending

Rogean B. Makowski, Senior Vice President, Trust Officer

Mary M. McGoldrick, Senior Vice President and Chief Investment Officer

Barbara J. Perino, CPA, Senior Vice President, Operations and Technology

Harvey C. Perry, II, Senior Vice President, Director of Office for Non-Profit Resources

B. Michael Rauh, Jr., Senior Vice President, Corporate Sales, Planning and Delivery

Julia Anne M. Slom, Senior Vice President, Commercial Real Estate Group

James M. Vesey, Senior Vice President and Chief Credit Officer

James J. Walther, Senior Vice President, Director of Internal Audit

Washington Trust Locations

Rhode Island Offices

WESTERLY

Main Office

23 Broad Street
Westerly, RI 02891
401-348-1200

Franklin Street Office

126 Franklin Street
Westerly, RI 02891
401-348-1367

McQuade's Marketplace

106 Main Street
Westerly, RI 02891
401-348-1201

RICHMOND

Richmond Office

1200 Main Street
Wyoming, RI 02898
401-539-2427

BLOCK ISLAND

Block Island Office

Ocean Avenue
Block Island, RI 02807
401-466-7710

CHARLESTOWN

Charlestown Office

4137 Old Post Road
Charlestown, RI 02813
401-364-4000

NARRAGANSETT

Sweet Meadows Office

20 Point Judith Road
Narragansett, RI 02882
401-782-1000

Bonnet Shores Office

885 Boston Neck Road
Narragansett, RI 02882
401-782-4800

SOUTH KINGSTOWN

Wakefield Office

730 Kingstown Road
Wakefield, RI 02879
401-782-4200

NORTH KINGSTOWN

North Kingstown Office

7625 Post Road
North Kingstown, RI 02852
401-295-4700

PROVIDENCE

Providence Office

180 Washington Street
Providence, RI 02903
401-421-3600

Providence Trust and Investment Services Office

66 South Main Street
Providence, RI 02903
401-861-8440

Phoenix Investment Management

68 South Main Street
Providence, RI 02903
401-331-6650

CRANSTON

Cranston Office

645 Reservoir Avenue
Cranston, RI 02910
401-946-1004

WARWICK

Warwick Office

236 Centerville Road
Warwick, RI 02886
401-739-2353

Connecticut Offices

MYSTIC

Mystic Office

Olde Mistick Village
Mystic, CT 06355
860-536-1200

A&P Super Foodmart

179 Stonington Road
Mystic, CT 06355
860-572-7100

McQuade's Marketplace

14 Clara Drive
Mystic, CT 06355
860-572-2058

Account

Information Center

To speak with a customer service representative, call 401-348-1200 or toll-free 1-800-475-2265. In Connecticut, call 860-443-1508.

Online Banking

Bank and pay bills via the Internet 24 hours a day, 7 days a week at www.washtrust.com.

XPress Banking

Automated banking by phone 24 hours a day, 7 days a week at 401-348-1399 or toll-free 1-800-226-5877.

Website

Current company and shareholder information available at www.washtrust.com.



23 Broad Street
Westerly, RI 02891
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