




Washington Trust Bancorp, Inc.
2010 Annual Report

Trusted Advisors Since 1800



Washington Trust is the largest independent bank in Rhode Island and one of the premier financial institutions in the region, offering comprehensive personal banking, commercial banking, and wealth management services. We are a company rich in history – the oldest community bank in the nation and one of the oldest public companies listed on the stock market.

The last decade has been a period of significant growth for Washington Trust. Strategic acquisitions have bolstered our capabilities and increased our competitive advantage. And we have capitalized on opportunities in the marketplace – in challenging economic times, we have been a source of stability for depositors, borrowers, and investors, as we have been for more than two centuries.



We are poised for future success and growth, thanks to our financial strength, outstanding talent, comprehensive product offerings, and exceptional personalized service, which truly differentiates us from the competition. We are committed to our vision of being the best bank and trust company in New England.

Shareholder Information

Washington Trust Profile

Washington Trust Bancorp, Inc. is the publicly-owned holding company of The Washington Trust Company (the Bank), a Rhode Island chartered commercial bank founded in 1800. Through the Bank and its other subsidiaries, Washington Trust offers a broad range of financial services, including wealth management, through its offices in Rhode Island, eastern Massachusetts and southeastern Connecticut.

Annual Meeting of Shareholders

Tuesday, April 26, 2011, 11:00 a.m.

Westerly Public Library, 44 Broad Street, Westerly, Rhode Island 02891

Vote Your Proxy Online Or By Phone

For your convenience, you can vote your shares online or by phone. Please have your proxy card available. INTERNET – Access www.voteproxy.com and follow the on-screen instructions. TELEPHONE – Call toll-free 800-PROXIES (800-776-9437) from any touch-tone telephone and follow the instructions.

Stock Transfer and Dividend Disbursing Agent

American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219 800-852-0354 www.amstock.com

The Corporation's 2011 Proxy Statement, Form 10-K and Annual Report for 2010 are available online by visiting the Corporation's website www.washtrust.com under Investor Relations – SEC Filings, or by calling the Corporation's toll-free number 800-475-2265 extension 1566, or by email at investor.relations@washtrust.com.

Auditors

KPMG LLP, Providence, Rhode Island

Counsel

Goodwin Procter LLP, Boston, Massachusetts

Stock Prices and Dividend Information

Washington Trust's common stock trades on the NASDAQ Global Select® Market under the symbol WASH. As of December 31, 2010, there were 1,921 shareholders of record.

| 2010 Quarters | 1 | 2 | 3 | 4 |
|-------------------|---------|---------|---------|---------|
| Stock prices: | | | | |
| High | \$20.09 | \$20.44 | \$20.48 | \$22.71 |
| Low | 14.50 | 16.84 | 16.70 | 18.53 |
| Close | 18.64 | 17.04 | 19.12 | 21.88 |
| Dividend declared | .21 | .21 | .21 | .21 |
| 2009 Quarters | 1 | 2 | 3 | 4 |
| Stock prices: | | | | |
| High | \$20.62 | \$20.75 | \$19.61 | \$17.95 |
| Low | 11.50 | 15.67 | 16.16 | 13.97 |
| Close | 16.25 | 17.83 | 17.52 | 15.58 |
| Dividend declared | .21 | .21 | .21 | .21 |

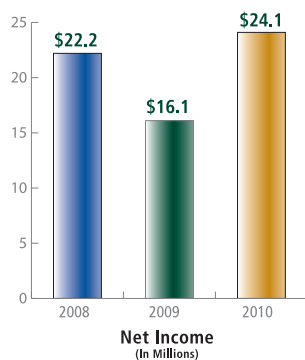
Financial Highlights

| At or for the years ended December 31, (Dollars in thousands, except per share amounts) | 2010 | 2009 | 2008 |
|--|-------------|-------------|-------------|
| Financial Condition | | | |
| Total assets | \$2,909,525 | \$2,884,473 | \$2,965,466 |
| Total loans | 1,995,638 | 1,919,668 | 1,839,154 |
| Allowance for loan losses | 28,583 | 27,400 | 23,725 |
| Total securities | 594,100 | 691,484 | 866,219 |
| Total deposits | 2,036,330 | 1,923,010 | 1,790,868 |
| Total shareholders' equity | 268,864 | 254,946 | 235,111 |
| Financial Results | | | |
| Net interest income | \$77,191 | \$65,892 | \$65,513 |
| Provision for loan losses | 6,000 | 8,500 | 4,800 |
| Noninterest income, excluding other-than-temporary impairment losses | 48,890 | 45,790 | 46,774 |
| Net impairment losses recognized in earnings | (417) | (3,137) | (5,937) |
| Noninterest expense | 85,311 | 77,603 | 72,059 |
| Net income | 24,051 | 16,096 | 22,172 |
| Per Share Information | | | |
| Diluted earnings per share | \$1.49 | \$1.00 | \$1.57 |
| Cash dividends declared | 0.84 | 0.84 | 0.83 |
| Book value per share | 16.63 | 15.89 | 14.75 |
| Market value per share | 21.88 | 15.58 | 19.75 |
| Selected Ratios | | | |
| Return on average assets | 0.82% | 0.55% | 0.82% |
| Return on average equity | 9.09 | 6.56 | 11.12 |
| Net interest margin (taxable equivalent basis) | 2.93 | 2.48 | 2.64 |
| Total risk based capital | 12.79 | 12.40 | 12.54 |
| Equity to assets | 9.24 | 8.84 | 7.93 |
| Asset Quality Data | | | |
| Nonperforming assets to total assets | 0.79% | 1.06% | 0.30% |
| Allowance for loan losses to total loans | 1.43 | 1.43 | 1.29 |
| Net charge-offs to average loans | 0.24 | 0.25 | 0.08 |
| Other Selected Data | | | |
| Wealth management assets under administration | \$4,123,011 | \$3,770,193 | \$3,147,649 |
| Number of employees (full-time equivalents) | 489 | 473 | 447 |
| Number of full-service banking offices | 17 | 18 | 17 |
| Number of ATMs | 138 | 136 | 134 |

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. Actual results, performance or achievements of Washington Trust may differ materially from those discussed in these forward-looking statements, as a result of, among other factors, the factors described under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as filed with the Securities and Exchange Commission and updated by our Quarterly Reports on Form 10-Q. You should carefully review all of these factors, and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans and estimates at the date of this report, and Washington Trust assumes no obligation to update forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

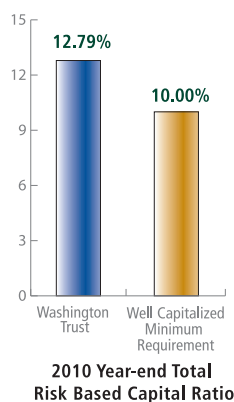
Letter to Shareholders

2010 was an outstanding year for our Corporation. As the flight to quality continued in all aspects of the economy, Washington Trust emerged as the bank of choice for depositors, borrowers, and investors who were seeking big-bank solutions and local, personalized service.

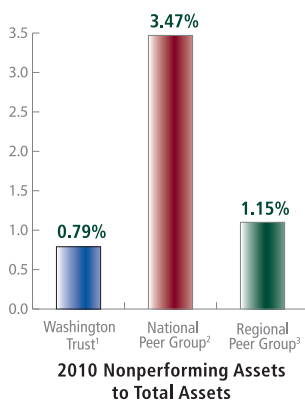


We continued to play to our strengths: we have a great team of talented professionals who provide individualized solutions and exemplary customer service. And in 2010, everyone was on their game.

We generated \$24.1 million in net income, or \$1.49 per share, up substantially from 2009. Return on average equity (ROE) was 9.09%, compared to 6.56% for 2009. Of particular note was our performance in the fourth quarter when we recorded net income of \$7.2 million, the highest quarterly earnings in our Corporation's 210-year history.



While these results would be impressive in any year, they are especially noteworthy given the financial climate of 2010. Not only were we operating in a slow-growth economy; Rhode Island was faced with record unemployment, consumers were cautious about borrowing and spending, and the business community struggled. With these factors all in play, our performance in 2010 was remarkable and points to a larger story: our company is on the move, and we look to the future with purpose and excitement.



Washington Trust stands out among our local, regional, and national peers as measured by the industry's fundamental yardsticks: our capital ratios are strong, our asset quality remains solid, and our liquidity is excellent. In 2010, we controlled discretionary expenses and retooled our balance sheet to strengthen our margin. We also decreased our investment securities holdings and reduced our Federal Home Loan Bank (FHLB) borrowings. All of this contributed to a substantial increase in shareholder value as our stock price closed out the year at \$21.88 per share, up from \$15.58 at its 2009 close.

(1): At December 31, 2010

(2): Bank holding companies with assets between \$1 billion - \$3 billion at 9/30/10; Source: Federal Reserve

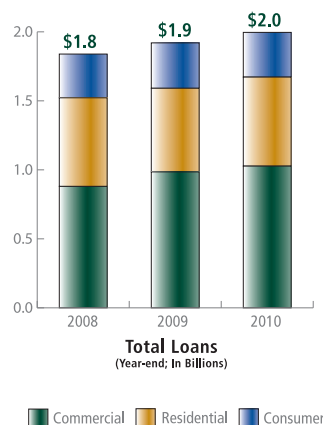
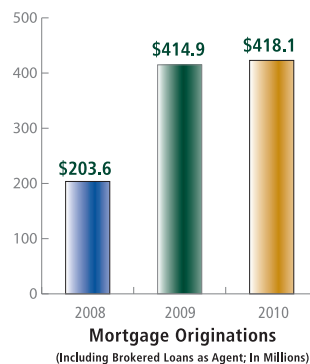
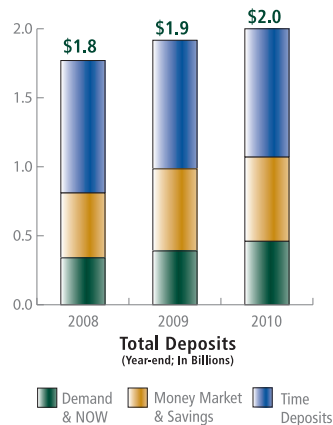
(3): Major exchange-traded banks & thrifts headquartered in Northeast at 9/30/10; Source: SNL Financial

All of our lines of business performed well in 2010. We generated a record level of \$2 billion in deposits. We now rank third among Rhode Island-based banks for deposit market share.* Deposit balances grew, reflecting the confidence that people have in securing their savings with Washington Trust.

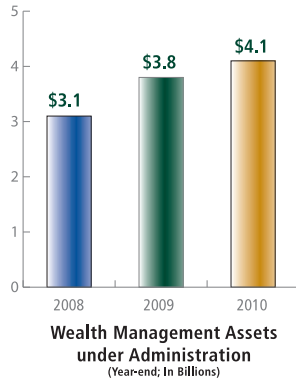
We continue to expand our retail footprint in Rhode Island. In November 2009, we opened our second branch in Warwick, Rhode Island, and it has been an unqualified success, attracting a solid base of both deposits and loans. In 2011, we look forward to the opening of our 18th branch, which will be located in East Providence, Rhode Island. We are committed to opening new branches in communities where we do not have a presence to continue to make it more convenient for customers to do business with us.

Our robust mortgage production resulted in significant sales gains for the company. While historically low interest rates brought borrowers to our doors to refinance, it was our service that set us apart from the big banks. One of the keys to our record mortgage volume was the business generated through our Home Loan Center in Sharon, Massachusetts. In its first full year of operations, the Sharon office contributed more than one-quarter of our 2010 mortgage volume, showing us unequivocally that our mortgage banking model works beyond our Rhode Island borders. We will build on this success in 2011 with the opening of our second Home Loan Center in Burlington, Massachusetts, just north of Boston.

Commercial lending production was good in 2010. As in recent years, we attracted quality credits from the big banks. We continue to expand our commercial lending presence in Rhode Island, and our market share in the Providence area is growing. While the market in general has softened, we believe there will be good opportunities to be involved in on a selective basis moving forward.



*Deposits as of 6/30/10; most recent data available. Source: SNL Financial



Our wealth management business experienced solid growth in 2010, contributing nicely to our noninterest income. Wealth management assets under administration rose in the fourth quarter to the highest level ever and totaled \$4.1 billion at December 31st, and revenue growth returned to pre-recession levels.

Beyond the numbers, at the heart of our success in 2010 were the same values that have guided our company since we opened our doors more than two centuries ago: trustworthiness, sound judgment, a commitment to excellence, and a willingness to help. We continued to invest in technology, as it plays an essential role in how we deliver outstanding service. Most of all, we remained true to our principles and never lost our focus on our customers.

It is important to note that, while we achieved great success in 2010, we continue to conduct business in a difficult economic environment. 2011 will be another challenging year, but we are ready and cautiously optimistic.

Every day, the outstanding efforts and contributions of our employees drive the success of our Corporation. We are grateful to work with such dedicated professionals. Our customers display remarkable loyalty to Washington Trust; we sincerely appreciate their business and confidence. We are also thankful for the steady support of our shareholders. It is a privilege to lead your company, and we look forward to continuing our efforts on your behalf.

Joseph J. MarcAurele
Chairman, President and Chief Executive Officer

A Conversation with Joe MarcAurele



After joining Washington Trust in September 2009, Joseph J. MarcAurele was appointed Chairman, President and CEO in April 2010. Following are his thoughts and observations on Washington Trust, the economic climate, and the financial services industry in general.

What were the top stories for Washington Trust in 2010?

Overall, although we were doing business in a difficult economic environment, we were able to drive very good results. The highlights were record deposits, record residential mortgage volume, and a return to the profitability levels that our wealth management business has delivered historically. In addition, we experienced very solid commercial loan growth in a market that was challenged.

What were the keys to success?

Our ability to manage the balance sheet was essential to our success in 2010. We de-leveraged by paying down a lot of our borrowings. We controlled our deposit costs. We managed our investment portfolio strategically to add to our profitability. And we controlled our discretionary expenses very well. Of course, all of our lines of business performed well.



How would you characterize the economic environment?

We are operating in a very challenging economic environment. There were niches in the economy that were vibrant, such as opportunities in mortgage refinancing, which led to significant mortgage volume in 2010. But overall, the economy is still slow. Most recoveries have been led by increased consumer confidence and consumer spending. However, right now there is an enormous amount of caution on the part of the consumer in regard to spending. The other issue is unemployment. We are at record levels of unemployment statewide and nationwide. Until our unemployment numbers improve, we won't see a significant upward movement in the economy.

"If five years ago our goal was to get on people's list when they were looking for financial services, today we are not only on that list, but have a very good track record of winning their business."

How is Washington Trust positioned competitively?

We will always be playing in a competitive marketplace. What we have to do is make sure that we can differentiate ourselves from our competitors. Banking to a large degree is a commoditized business. I think the only true competitive advantage you can have is to offer better customer service. That is the only real differentiator. I also believe it is an absolute core strength of Washington Trust.

If five years ago our goal was to get on people's list when they were looking for financial services, today we are not only on that list, but have a very good track record of winning their business. Washington Trust is a player statewide. Every day, we compete head-on with major financial institutions – and with significant success.

What are your thoughts about the state of the banking industry today?

The first thing the industry has to do is re-establish people's confidence in financial institutions. There has been a crisis of confidence in recent years, and to earn that confidence back, financial institutions have to be totally direct, straightforward, and honest with people.

Banking will continue to be a very competitive industry, with a lot of different players. I believe Washington Trust is very well positioned from a size standpoint: we are big enough to deliver big-bank services and small enough to deliver local, personalized service. We have a diversified revenue stream that protects us from downturns in certain segments of the market. You can't be totally dependent on one source of income; this is not a business that works well if you are a one-trick pony.



Can you comment on the regulatory environment?

The regulatory environment is challenging. I am not against thoughtful regulation of what financial institutions do, and I think that a reasonable level of regulation is necessary. That said, our relationship with regulators is very good. The way Washington Trust is run and has been run in the past gives our regulators comfort. We don't feel as though we are disadvantaged at all by the regulatory environment as it exists today.

What are the opportunities that you see for Washington Trust?

There continues to be disruption in the market. That won't be the case forever, but in the near-term, we will continue to see opportunities to take share, particularly from larger competitors who currently don't have the ability to service customers in a way that is helpful to them.

We will also make sure that our balance sheet and our expense structure are correctly situated to take advantage of when the economy gets better. Right now, we are not weighed down by bad assets. We do not have an outsized nonperforming loan book. Because of that, we're open for business and ready to help. Our strategy is to generate as much new business as we can right now, and then grow with those customers when the economy gets better.

What are your thoughts on Washington Trust's growth plans in the years ahead?

I think the key to our success will be our ability to grow all of our business lines organically – by taking market share in markets where we compete. Of course, we will do this in a way that does not jeopardize the safety and soundness of the institution. Our risk management capability is solid, and we will always weigh our growth expectations against our risk tolerance. Based on that philosophy, our goal is to grow in a measured way that is achievable given our geography and capital structure.

Can you comment on Washington Trust's branch network expansion?

We offer our customers excellent convenience in much of the southern Rhode Island market, where we enjoy a dominant position. Our opportunity is to go north to communities that will be natural extensions of the markets that we are in today. We have made some significant commitments to expanding our Providence office, and we will continue to grow our wealth management capabilities there. We

“Washington Trust is very well positioned from a size standpoint: we are big enough to deliver big-bank services and small enough to deliver local, personalized service.”



are also opening a new branch in East Providence in fall 2011, which brings our network to 18 branches. We will continue to look for new branch locations that will be advantageous to our growth plans. Even with the technological advances that the banking industry has made available, the reality is that people prefer to conduct their most significant transactions – large deposits, residential mortgages, etc. – face to face in a branch with a bank representative.

Washington Trust continues to attract top talent to its ranks. What's the appeal?

I believe Washington Trust is an employer of choice in Rhode Island, not just in the financial services industry, but among all employers in the state. People know they can make a difference here – for their customers, their community, and their company. They also are attracted by the fact that Washington Trust is a great place for people to grow in their careers. There are opportunities throughout our organization for talented people.

How does Washington Trust's 210-year history benefit the company and its shareholders?

Washington Trust's reputation and stability resonate with people. This was especially true in recent years when customers, companies, and investors all wanted to do business with someone they can count on. There's nothing more important than that. Washington Trust people are trusted advisors. One of the key strengths of our company is the universal dedication to service that you find here. That dedication, which dates back to our founding in 1800, continues to distinguish our company today.

Corporate Directory, Washington Trust Bancorp, Inc.



Front row, left to right: John C. Warren, Katherine W. Hoxsie, CPA, Gary P. Bennett, Joseph J. MarcAurele, Edward M. Mazze, Ph.D., Kathleen E. McKeough, Robert A. DiMuccio, CPA; back row, left to right: Barry G. Hittner, Esq., H. Douglas Randall III, Victor J. Orsinger II, Esq., John F. Treanor, Steven J. Crandall, Patrick J. Shanahan Jr.

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.*

Robert A. DiMuccio, CPA, *Chairman, President and Chief Executive Officer, Amica Mutual Insurance Company*

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

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

Joseph J. MarcAurele, *Chairman, President and Chief Executive Officer, Washington Trust Bancorp, Inc.*

Edward M. Mazze, Ph.D., *Distinguished University Professor of Business Administration, University of Rhode Island*

Kathleen E. McKeough, *Retired Senior Vice President of Human Resources, GTECH Holdings Corporation*

Victor J. Orsinger II, Esq., *Partner, Orsinger & Nardone Law Offices*

H. Douglas Randall III, *President, Randall, Realtors and Kinlin Grover Real Estate*

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

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

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

Officers of the Corporation

Joseph J. MarcAurele, *Chairman, President and Chief Executive Officer*

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

Galan G. Daukas, *Executive Vice President, Wealth Management*

Mark K. W. Gim, *Executive Vice President and Treasurer*

The Washington Trust Company Directors' Advisory Council

Alcino G. Almeida, Charles C. Buffum, Richard A. Grills, Larry J. Hirsch, Joseph J. Kirby, Jacques de Laporte,

James W. McCormick Jr., Thomas F. Moore, Brendan P. O'Donnell, Joseph H. Potter, Joyce Olson Resnikoff,

Anthony J. Rose Jr., James P. Sullivan, Neil H. Thorp, William Blunt White

As of 12/31/10

Corporate Directory, The Washington Trust Company



Senior Management

Joseph J. MarcAurele, *Chairman, President and Chief Executive Officer*

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

Stephen M. Bessette, *Executive Vice President, Retail Lending*

Galan G. Daukas, *Executive Vice President, Wealth Management*

Mark K. W. Gim, *Executive Vice President and Treasurer*

Barbara J. Perino, CPA, *Executive Vice President, Operations and Technology*

James M. Vesey, *Executive Vice President and Chief Credit Officer*

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

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

Michael T. Clarkin, *Senior Vice President and Corporate Sales Manager*

Kristen L. DiSanto, *Senior Vice President, Human Resources*

Elizabeth B. Eckel, *Senior Vice President, Marketing*

Philip L. Friend, *Senior Vice President, Retail Lending*

Debra A. Gormley, *Senior Vice President, Sales, Service and Delivery*

Russell W. Hahn, *Senior Vice President, Commercial Lending Group*

Maria N. Janes, CPA, *Senior Vice President and Controller*

Rogean B. Makowski, *Senior Vice President, Wealth Management Client Services*

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

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

Brenda H. Senak, *Senior Vice President, Risk Management*

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

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

Weston Financial Group, Inc.

Galan G. Daukas, *Executive Managing Director*

Kerry P. Falco, *Managing Director*

Wayne M. Grzecki, *Managing Director*

Maria A. Staffiere, *Managing Director*

Ronald A. Sugameli, *Managing Director*

As of 12/31/10

Washington Trust Locations

Rhode Island Offices

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

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

CRANSTON
Oaklawn Avenue Office
1203 Oaklawn Avenue
Cranston, RI 02920
401-732-0049

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

EAST PROVIDENCE
Opening 2011
587 Taunton Avenue
East Providence, RI 02914

NARRAGANSETT
Bonnet Shores Office
885 Boston Neck Road
Narragansett, RI 02882
401-782-4800

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

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

PROVIDENCE
Providence Office
156 Westminster Street
Providence, RI 02903
401-421-3600

Providence Commercial
Lending Office
10 Weybosset Street, Suite 100
Providence, RI 02903
401-331-5090

RICHMOND
Richmond Office
1200 Main Street
Wyoming, RI 02898
401-539-2427

SOUTH KINGSTOWN
Wakefield Office
730 Kingstown Road
Wakefield, RI 02879
401-782-4200

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

Governor Francis Office
1473 Warwick Avenue
Warwick, RI 02888
401-921-2500

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

Connecticut Offices

MYSTIC
McQuade's Marketplace
14 Clara Drive
Mystic, CT 06355
860-572-2058

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

Massachusetts Mortgage Offices

BURLINGTON
Washington Trust Home Loan Center
25 Mall Road, Suite 408
Burlington, MA 01803
781-229-2004

SHARON
Washington Trust Home Loan Center
One Merchant Street, Suite 102
Sharon, MA 02067
781-784-3089

Wealth Management Offices

PROVIDENCE, RI
66, 68, 70 South Main Street
Providence, RI 02903
401-348-1308

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

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

WELLESLEY, MA
Weston Financial Group
Wellesley Office Park
100 William Street, Suite 200
Wellesley, MA 02481
781-235-7055

Account Information Center

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

Website

www.washtrust.com

*The Corporation has an Affirmative
Action Plan and is an Equal
Opportunity Employer. Washington
Trust is also a member of the FDIC
and an Equal Housing Lender.*



Washington Trust Bancorp, Inc.
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www.washtrust.com



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