



# 2016 Annual Report



**WASHINGTON TRUST BANCORP, INC.**

# Leadership

## Board of Directors

John J. Bowen, *Chancellor, President and Chief Executive Officer, Johnson & Wales University*  
Steven J. Crandall, *Vice President, Ashaway Line & Twine Mfg. Co.*  
Robert A. DiMuccio, *CPA, Chairman, President and Chief Executive Officer, Amica Mutual Insurance Company*  
Edward O. Handy III, *President and Chief Operating Officer, Washington Trust Bancorp, Inc.*  
Barry G. Hittner, *Esq., Retired Attorney*  
Katherine W. Hoxsie, *CPA, Retired Vice President, Hoxsie Buick-Pontiac-GMC Truck, Inc.*  
Joseph J. MarcAurele, *Chairman and Chief Executive Officer, Washington Trust Bancorp, Inc.*  
Kathleen E. McKeough, *Retired Senior Vice President of Human Resources, GTECH Holdings Corporation*  
Victor J. Orsinger II, *Esq., Law Office of Victor J. Orsinger II*  
H. Douglas Randall III, *Chief Executive Officer, Randall, Realtors, Kinlin Grover Real Estate, Page Taft Real Estate, Pequot Commercial and Kinlin Grover Commercial*  
Edwin J. Santos, *Chairman, Prospect CharterCARE, LLC*  
John F. Treanor, *Retired President and Chief Operating Officer, Washington Trust Bancorp, Inc.*

## Officers of the Corporation

Joseph J. MarcAurele, *Chairman and Chief Executive Officer*  
Edward O. Handy III, *President and Chief Operating Officer*  
David V. Devault, *Vice Chair, Secretary and Chief Financial Officer*  
Mark K. W. Gim, *Senior Executive Vice President, Wealth Management, and Treasurer*  
Maria N. Janes, *CPA, Executive Vice President and Controller*

## The Washington Trust Company Directors' Advisory Council

Alcino G. Almeida	Brendan P. O'Donnell
Gary P. Bennett	Joseph H. Potter
Larry J. Hirsch	Joyce Olson Resnikoff
Joseph J. Kirby	Patrick J. Shanahan Jr.
Jacques de Laporte	James P. Sullivan
Edward M. Mazze	Neil H. Thorp
James W. McCormick Jr.	John C. Warren
Thomas F. Moore	William Blunt White

## Senior Management of The Washington Trust Company

Joseph J. MarcAurele, *Chairman and Chief Executive Officer*  
Edward O. Handy III, *President and Chief Operating Officer*  
David V. Devault, *Vice Chair, Secretary and Chief Financial Officer*  
Mark K. W. Gim, *Senior Executive Vice President, Wealth Management, and Treasurer*  
Kristen L. DiSanto, *Executive Vice President, Human Resources*  
Debra A. Gormley, *Executive Vice President, Retail Banking*  
James M. Hagerty, *Executive Vice President and Chief Lending Officer*  
Maria N. Janes, *CPA, Executive Vice President and Controller*  
Mary E. Noons, *Executive Vice President, Retail Lending*  
William K. Wray Sr., *Executive Vice President and Chief Risk Officer*

Dennis L. Algieri, *Senior Vice President, Chief Compliance Officer and Director of Community Affairs*  
Colleen O. Anderson, *Senior Vice President, Wealth Management Support Services*  
Michael T. Clarkin, *Senior Vice President and Corporate Sales Manager*  
Joseph M. Confessore, *Senior Vice President and Team Leader, Commercial Banking*  
Laura L. Davis, *Senior Vice President, Lending Support Services*  
Elizabeth B. Eckel, *Senior Vice President, Marketing*  
Alfred L. Grant, *Senior Vice President, Mortgage Origination*  
Barbara K. Hart, *Senior Vice President, Credit Risk*  
Robert R. Kent Jr., *Senior Vice President and Team Leader, Commercial Banking*  
Charles R. Kineke, *Senior Vice President, Chief Technology Officer*  
Thomas H. Klump, *Senior Vice President, Bank Operations*  
James A. Mignone, *Senior Vice President, Chief Information Security Officer*  
C. Scott Ostrowski, *Senior Vice President, Internal Audit*  
Timothy M. Pickering, *Senior Vice President, Commercial Real Estate Group*  
Kathleen A. Ryan, *Esq., Senior Vice President, Client Services and Trust and Estate Services*  
L. Peter Sheehan, *Senior Vice President, Wealth Management Investments*  
Julia Anne M. Slom, *Senior Vice President and Team Leader, Commercial Real Estate Group*  
Richard T. Tjader, *Senior Vice President and Director of Project Management*

## Weston Financial Group, Inc.

John W. Filoon III, *President and Chief Operating Officer*  
Kerry P. Falco, *CPA, Managing Director and Senior Financial Counselor*  
Maria A. Staffiere, *Managing Director*  
Ronald A. Sugameli, *Esq., Managing Director and Chief Investment Officer*  
Nicole M. Tremblay, *Esq., Senior Vice President and Chief Compliance Officer*

## Halsey Associates, Inc.

James S. Zoldy Jr., *President*  
Kenneth J. Julian, *Executive Vice President*

As of publication date

# Message to Shareholders

We are proud to report that Washington Trust posted another record performance in 2016; our seventh consecutive year of increased annual earnings. Once again, it was a collective effort, as our experienced management team and our talented employees worked together and focused on achieving our corporate goals. We were successful in growing our core business lines and expanding our local and regional footprint, while maintaining a disciplined approach to pricing and expense management. All noteworthy accomplishments in a very challenging operating environment.

Our record earnings reflect the strength and diversity of our business model, as our ability to generate a consistent stream of revenues, from both interest and non-interest income sources, has been key to our success over time. In 2016 we achieved solid performances from all of our major business lines:

- Our mortgage banking area had another great year, as mortgage banking revenues were up significantly from the previous year. We had good production from throughout the region and generated a healthy mix of both purchase and refinance loans. In July we opened a mortgage production office in Wellesley, Massachusetts, an affluent suburb of Boston.
- Our wealth management division once again proved to be a key contributor to non-interest income, as wealth management revenues reached a record level in 2016.

Wealth management assets under administration also peaked to an all-time high by year-end. We continued to make investments in technology to enhance our client experience and position the division for future growth. We recently relocated our Halsey Associates headquarters to take advantage of opportunities and synergies with our mortgage banking and commercial lending efforts in the New Haven, Connecticut market.

- Our commercial lending group had good momentum and consistent growth throughout the year, however, overall growth was masked by heavy pay-offs. We generated quality commercial real estate and commercial and industrial loans, which resulted in new cash management and commercial deposit relationships.
- Our retail banking area remains a key part of our community banking model and we opened a contemporary branch on the East Side of Providence in 2016 to expand our presence in Rhode Island's capital city. Deposits surpassed the \$3 billion mark, led by growth in low-cost demand deposits and NOW accounts.

For more than 216 years, Washington Trust has served as a trusted advisor for generations of depositors, borrowers and investors. Our hallmark has been our five-star customer service. Technology continues to change our industry, providing new and different ways for us to serve our customers. In recent years we have



enhanced online, mobile, and telephone solutions to make banking easier, faster, and more secure for our customers. In 2016 we introduced several new technology-based customer conveniences, including EMV chip debit cards, online mortgage applications, wealth management portal upgrades, and Touch ID and Quick Balance mobile banking solutions. Going forward, we expect technology will bring even more changes to our industry and we will continue to evaluate and offer those solutions that provide the best security, service, and convenience for our customers.

Washington Trust has a long and successful history and our 2016 performance once again ranks us among the nation's top-performing mid-sized banks. We are pleased to have provided consistent returns and paid a healthy dividend to our shareholders. We appreciate the hard work and dedication of our management team and employees and thank our shareholders for their continued support and commitment to our Corporation.



*Joseph J. MarcAurele*

Joseph J. MarcAurele  
Chairman and Chief Executive Officer



*Edward O. Hardy III*

Edward O. Hardy III  
President and Chief Operating Officer



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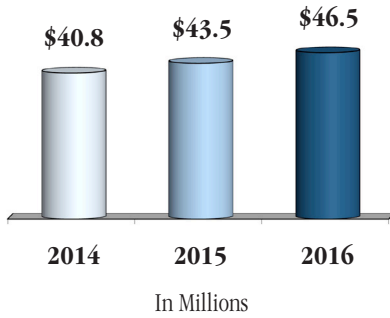


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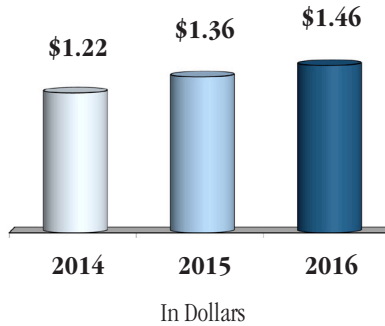


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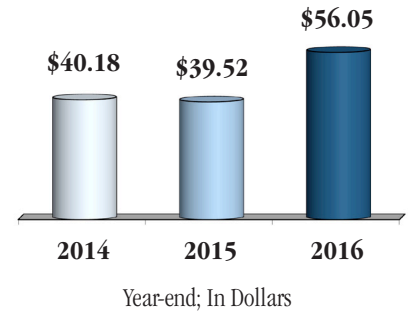
## Net Income



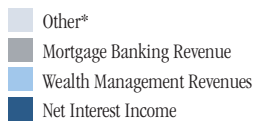
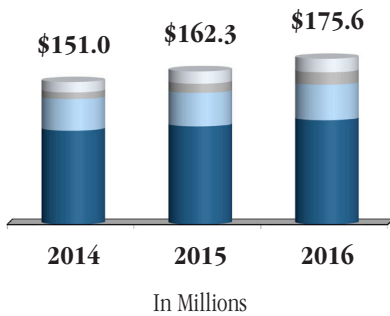
## Cash Dividends Declared Per Share



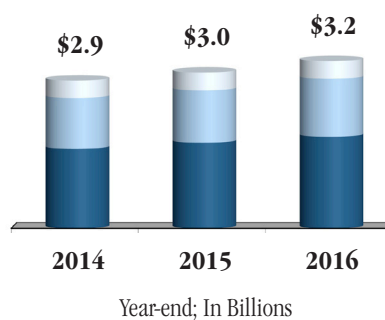
## Closing Stock Price



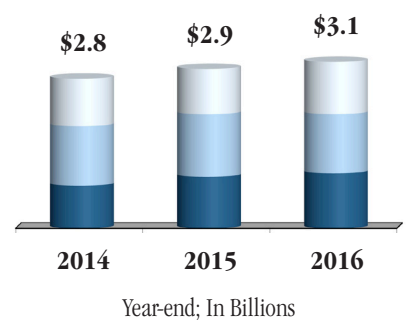
## Total Revenues\*



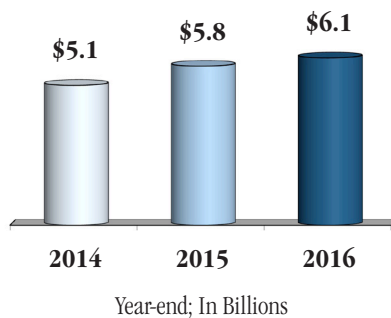
## Total Loans



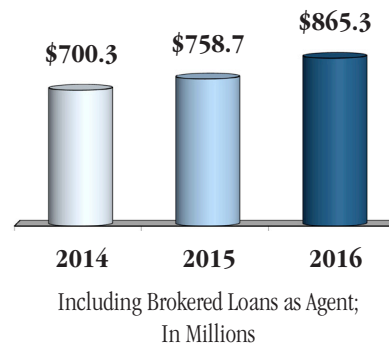
## Total Deposits



## Wealth Management Assets Under Administration



## Mortgage Originations



\*Excludes \$7.6 million of net gain on sale and pre-sale revenue from merchant processing service business line in 2014.

# Highlights

Dollars in thousands, except per share amounts	At or for the years ended December 31,				
	2016	2015	2014	2013	2012
<b>Financial Condition</b>					
Total assets	\$4,381,115	\$3,771,604	\$3,586,874	\$3,188,867	\$3,071,884
Total securities	755,545	395,067	382,884	422,808	415,879
Total loans	3,234,371	3,013,127	2,859,276	2,462,884	2,294,003
Allowance for loan losses	26,004	27,069	28,023	27,886	30,873
Total deposits	3,063,752	2,934,255	2,754,818	2,505,321	2,312,631
Total shareholders' equity	390,804	375,388	346,279	329,646	295,652
Book value per share	22.76	22.06	20.68	19.84	18.05
Total risk-based capital ratio	12.26%	12.58%	12.56%	13.29%	13.26%
Equity to assets	8.92%	9.95%	9.65%	10.34%	9.62%
<b>Operating Results</b>					
Net interest income	\$110,478	\$103,982	\$99,505	\$91,785	\$90,696
Provision for loan losses	5,650	1,050	1,850	2,400	2,700
Wealth management revenues	37,569	35,416	33,378	31,825	29,641
Mortgage banking revenues	13,183	9,901	7,152	13,293	14,148
Net income	46,481	43,465	40,824	36,153	35,074
Diluted earnings per common share	2.70	2.54	2.41	2.16	2.13
Cash dividends declared per share	1.46	1.36	1.22	1.03	0.94
Return on average assets	1.16%	1.19%	1.23%	1.17%	1.16%
Return on average equity	11.96%	12.00%	11.87%	11.65%	11.97%
Net interest margin (taxable equivalent basis)	3.02%	3.12%	3.28%	3.28%	3.29%
<b>Asset Quality</b>					
Nonperforming assets to total assets	0.53%	0.58%	0.48%	0.62%	0.83%
Total past due loans to total loans	0.76%	0.58%	0.63%	0.89%	1.22%
Allowance for loan losses to total loans	0.80%	0.90%	0.98%	1.13%	1.35%
Net loan charge-offs to average loans	0.21%	0.07%	0.07%	0.23%	0.07%

## Stock Transfer and Dividend Disbursing Agent:

American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219, 800-852-0354, [www.amstock.com](http://www.amstock.com)

The Corporation's 2017 Proxy Statement, Form 10-K and Annual Report for 2016 are available online by visiting the Corporation's website [www.washtrustbancorp.com/proxy](http://www.washtrustbancorp.com/proxy), by calling the Corporation's toll-free number 800-475-2265 extension 1566, or by email at [investor.relations@washtrust.com](mailto:investor.relations@washtrust.com).

**Auditors:** KPMG, LLP, Providence, Rhode Island

**Counsel:** Goodwin Procter LLP, Boston, Massachusetts

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, 2016, 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.

# Locations

## Branch Offices

### HEADQUARTERS

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

### BLOCK ISLAND, RI Block Island Office

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

### CHARLESTOWN, RI Charlestown Office

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

### COVENTRY, RI Coventry Office

*Opening 2017*  
732 Tiogue Avenue  
Coventry, RI 02816

### CRANSTON, RI Oaklawn Avenue Office

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

### Plainfield Pike Office

2174 Plainfield Pike  
Cranston, RI 02921  
401-383-8223

### Reservoir Avenue Office

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

### EAST PROVIDENCE, RI East Providence Office

587 Taunton Avenue  
East Providence, RI 02914  
401-383-8800

### Rumford Office

330 Newport Avenue  
Rumford, RI 02916  
401-228-6555

### JOHNSTON, RI Johnston Office

1383 Atwood Avenue  
Johnston, RI 02919  
401-654-4837

### NARRAGANSETT, RI 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, RI North Kingstown Office

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

### PROVIDENCE, RI East Side Office

229 Waterman Street  
Providence, RI 02906  
401-443-2800

### Providence Office

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

### RICHMOND, RI Richmond Office

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

### SOUTH KINGSTOWN, RI Wakefield Office

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

### WARWICK, RI 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, RI 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

### MYSTIC, CT McQuade's Marketplace

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

## Commercial Banking Offices

### PROVIDENCE, RI

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

### WARWICK, RI

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

### WESTERLY, RI

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

## Mortgage Offices

### WARWICK, RI

171 Service Avenue  
Warwick, RI 02886  
401-681-4224

### DARIEN, CT

1025 Boston Post Road  
Darien, CT 06820  
203-309-5571

### GLASTONBURY, CT\*

180 Glastonbury Boulevard, Suite 107  
Glastonbury, CT 06033  
860-430-9900

### BRAINTREE, MA\*

25 Braintree Hill Office Park, Suite 309  
Braintree, MA 02184  
781-428-7970

### BURLINGTON, MA\*

25 Mall Road, Suite 408  
Burlington, MA 01803  
781-229-2004

### SHARON, MA\*

One Merchant Street, Suite 102  
Sharon, MA 02067  
781-784-3089

### WELLESLEY, MA\*

62 Walnut Street, Suite 102  
Wellesley, MA 02481  
781-489-3175

\*Operating as Washington Trust Mortgage Company

## Wealth Management Offices

### PROVIDENCE, RI

10 Weybosset Street, Suite 200  
Providence, RI 02903  
401-654-4801

### NARRAGANSETT, RI

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

### WESTERLY, RI

23 Broad Street  
Westerly, RI 02891  
401-348-1238

### WELLESLEY, MA

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

### NEW HAVEN, CT

**Halsey Associates**  
One Century Tower  
265 Church Street, Suite 1006  
New Haven, CT 06510  
203-772-0740

## Customer Solutions Center

RI: 401-348-1200  
CT: 860-443-1508  
Toll-free: 800-475-2265

## Websites

[www.washtrustbancorp.com](http://www.washtrustbancorp.com)  
[www.washtrust.com](http://www.washtrust.com)  
[www.washtrustmortgage.com](http://www.washtrustmortgage.com)  
[www.washtrustwealth.com](http://www.washtrustwealth.com)  
[www.westonfinancial.net](http://www.westonfinancial.net)  
[www.halseyassociates.com](http://www.halseyassociates.com)

## Ticker Symbol

NASDAQ: WASH



# WASHINGTON TRUST BANCORP, INC.

*Parent Company of The Washington Trust Company*

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

1. Our Annual Peanut Butter Drive helps feed local families in need; collecting almost 120 tons of peanut butter over the past 16 years. 2. Our mortgage team helps homeowners, from throughout the southern New England region, secure home financing. 3. Our employees serve as “trusted advisors,” offering important information on financial matters and topics of interest. 4. Networking and business development activities enable us to develop relationships with new clients and key centers of influence. 5. We are recognized as one of Rhode Island’s “*Best Places to Work*,” earning the *Providence Business News* award for the sixth consecutive year. 6. Our annual Community Shred-it Day is an important fraud protection event, offering a safe and free method to dispose of confidential information. 7. Our commercial lending team provides millions of dollars in financing to businesses throughout our market area. 8. Members of executive management serve in a leadership capacity for major organizations and groups within our region and the industry.