REFINITIV

DELTA REPORT

10-Q

WASH - WASHINGTON TRUST BANCORP

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1403
CHANGES	438
DELETIONS	626
ADDITIONS	339

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended

June September 30, 2024 or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ______ to ______.

Commission file number: 001-32991

WASHINGTON TRUST BANCORP, INC.

(Exact name of registrant as specified in its charter)

Rhode Island	**05-0404671**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
23 Broad Street	
Westerly, Rhode Island	**02891**
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
COMMON STOCK, $.0625 PAR VALUE PER SHARE	**WASH**	**The NASDAQ Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

The number of shares of common stock of the registrant outstanding as of July 31, 2024 October 31, 2024 was 17,058,411. 17,064,855.

FORM 10-Q

WASHINGTON TRUST BANCORP, INC. AND SUBSIDIARIES

For the Quarter Ended June 30, 2024 September 30, 2024

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Glossary of Acronyms and Terms

The following is a list of acronyms and terms that are used throughout this Quarterly Report on Form 10-Q:

2023 Repurchase Program	Washington Trust Bancorp, Inc.'s Stock Repurchase Program commencing January 1, 2023
2024 Repurchase Program	Washington Trust Bancorp, Inc.'s Stock Repurchase Program commencing January 1, 2024
ACL	Allowance for credit losses
ALCO	Asset/Liability Committee
AOCL	Accumulated other comprehensive loss
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated teller machine
AUA	Assets under administration
Bancorp	Washington Trust Bancorp, Inc.
Bank	The Washington Trust Company, of Westerly
BOLI	Bank-owned life insurance
C&I	Commercial and industrial
CDARS	Certificate of Deposit Account Registry Service
Corporation	The Bancorp and its subsidiaries
CRE	Commercial real estate
DCF	Discounted cash flow
DDM	Demand Deposit Marketplace
EPS	Earnings per common share
ERM	Enterprise risk management
Exchange Act	Securities Exchange Act of 1934, as amended
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
FHLB	Federal Home Loan Bank of Boston
FRBB	Federal Reserve Bank of Boston
FTE	Fully taxable equivalent
GAAP	Accounting principles generally accepted in the United States of America
ICS	Insured Cash Sweep
LTV	Loan to value
NIM	Net interest margin
OREO	Property acquired through foreclosure or repossession
S&P	Standard and Poors, Inc.
SBA	Small Business Administration
SEC	U.S. Securities and Exchange Commission
TLM	Troubled loan modification
Washington Trust	The Bancorp and its subsidiaries

PART I. Financial Information
Item 1. Financial Statements

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Balance Sheets (unaudited)

(Dollars in thousands, except par value)

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023

Assets:		
Cash and due from banks		
Cash and due from banks		
Cash and due from banks		
Short-term investments		
Mortgage loans held for sale, at fair value		
Available for sale debt securities, at fair value (amortized cost of $1,117,819, net of allowance for credit losses on securities of $0 at June 30, 2024; and amortized cost of $1,152,629; net of allowance for credit losses on securities of $0 at December 31, 2023)		
Available for sale debt securities, at fair value (amortized cost of $1,117,819, net of allowance for credit losses on securities of $0 at June 30, 2024; and amortized cost of $1,152,629; net of allowance for credit losses on securities of $0 at December 31, 2023)		
Available for sale debt securities, at fair value (amortized cost of $1,117,819, net of allowance for credit losses on securities of $0 at June 30, 2024; and amortized cost of $1,152,629; net of allowance for credit losses on securities of $0 at December 31, 2023)		
Available for sale debt securities, at fair value (amortized cost of $1,098,649, net of allowance for credit losses on securities of $0 at September 30, 2024; and amortized cost of $1,152,629; net of allowance for credit losses on securities of $0 at December 31, 2023)		
Available for sale debt securities, at fair value (amortized cost of $1,098,649, net of allowance for credit losses on securities of $0 at September 30, 2024; and amortized cost of $1,152,629; net of allowance for credit losses on securities of $0 at December 31, 2023)		
Available for sale debt securities, at fair value (amortized cost of $1,098,649, net of allowance for credit losses on securities of $0 at September 30, 2024; and amortized cost of $1,152,629; net of allowance for credit losses on securities of $0 at December 31, 2023)		
Federal Home Loan Bank stock, at cost		
Federal Home Loan Bank stock, at cost		
Federal Home Loan Bank stock, at cost		
Loans:		
Total loans		
Total loans		
Total loans		
Less: allowance for credit losses on loans		
Net loans		
Premises and equipment, net		
Operating lease right-of-use assets		
Investment in bank-owned life insurance		
Goodwill		
Identifiable intangible assets, net		
Other assets		
Total assets		
Liabilities:		
Deposits:		
Deposits:		
Deposits:		
Noninterest-bearing deposits		
Noninterest-bearing deposits		
Noninterest-bearing deposits		
Interest-bearing deposits		
Total deposits		
Federal Home Loan Bank advances		
Junior subordinated debentures		
Junior subordinated debentures		
Junior subordinated debentures		
Operating lease liabilities		
Other liabilities		
Total liabilities		
Commitments and contingencies (Note 16)	Commitments and contingencies (Note 16)	Commitments and contingencies (Note 16)
Shareholders' Equity:		

Common stock of $.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,058,411 shares outstanding at June 30, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023	
Common stock of $.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,058,411 shares outstanding at June 30, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023	
Common stock of $.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,058,411 shares outstanding at June 30, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023	
Common stock of $.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,058,413 shares outstanding at September 30, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023	
Common stock of $.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,058,413 shares outstanding at September 30, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023	
Common stock of $.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,058,413 shares outstanding at September 30, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023	
Paid-in capital	
Retained earnings	
Accumulated other comprehensive loss	
Treasury stock, at cost; 305,046 shares at June 30, 2024 and 332,470 shares at December 31, 2023	
Treasury stock, at cost, 305,044 shares at September 30, 2024 and 332,470 shares at December 31, 2023	
Total shareholders’ equity	
Total liabilities and shareholders’ equity	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Statements of Income (unaudited)

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

	Three Months		Three Months / Six Months	
	Three Months		Nine Months	
Periods ended June 30,				
Periods ended June 30,				
Periods ended June 30,	2024	2023	2024	2023
Periods ended September 30,				
Periods ended September 30,				
Periods ended September 30,	2024	2023	2024	2023
Interest income:				
Interest and fees on loans				
Interest and fees on loans				
Interest and fees on loans				
Interest on mortgage loans held for sale				
Taxable interest on debt securities				
Dividends on Federal Home Loan Bank stock				
Dividends on Federal Home Loan Bank stock				
Dividends on Federal Home Loan Bank stock				
Other interest income				
Total interest and dividend income				
Interest expense:				
Deposits				
Deposits				
Deposits				
Federal Home Loan Bank advances				
Junior subordinated debentures				
Total interest expense				
Total interest expense				

Total interest expense
Net interest income
Provision for credit losses
Net interest income after provision for credit losses
Noninterest income:
Wealth management revenues
Wealth management revenues
Wealth management revenues
Mortgage banking revenues
Card interchange fees
Service charges on deposit accounts
Loan related derivative income
Income from bank-owned life insurance
Other income
Other income
Other income
Total noninterest income
Noninterest expense:
Salaries and employee benefits
Salaries and employee benefits
Salaries and employee benefits
Outsourced services
Net occupancy
Equipment
Legal, audit, and professional fees
FDIC deposit insurance costs
Advertising and promotion
Amortization of intangibles
Other expenses
Other expenses
Other expenses
Total noninterest expense
Income before income taxes
Income tax expense
Net income
Net income available to common shareholders
Net income available to common shareholders
Net income available to common shareholders
Net income available to common shareholders
Net income available to common shareholders
Net income available to common shareholders
Weighted average common shares outstanding - basic
Weighted average common shares outstanding - diluted
Per share information:

Diluted earnings per common share

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (unaudited)

(Dollars in thousands)

	Three Months		Three Months		Six Months	Three Months	Nine Months
Periods ended June 30,	2024	2023	2024		2023		
Periods ended September 30,	2024	2023	2024	2023			
Net income							
Other comprehensive income (loss), net of tax:							
Net change in fair value of available for sale debt securities							
Net change in fair value of available for sale debt securities							
Net change in fair value of available for sale debt securities							
Net change in fair value of cash flow hedges							
Net change in defined benefit plan obligations							
Total other comprehensive income (loss), net of tax							
Total comprehensive income							
Total comprehensive income (loss)							

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

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

For the three months ended June 30, 2024	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at March 31, 2024							
For the three months ended September 30, 2024	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at June 30, 2024							
Net income							
Total other comprehensive income, net of tax							
Cash dividends declared ($0.56 per share)							
Share-based compensation							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Balance at June 30, 2024							
Balance at June 30, 2024							
Balance at June 30, 2024							
Balance at September 30, 2024							
Balance at September 30, 2024							
Balance at September 30, 2024							
For the six months ended June 30, 2024							

For the six months ended June 30, 2024							
For the six months ended June 30, 2024	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
For the nine months ended September 30, 2024							
For the nine months ended September 30, 2024							
For the nine months ended September 30, 2024	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2023							
Net income							
Net income							
Net income							
Total other comprehensive loss, net of tax							
Cash dividends declared ($1.12 per share)							
Total other comprehensive income, net of tax							
Cash dividends declared ($1.68 per share)							
Share-based compensation							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Balance at June 30, 2024							
Balance at June 30, 2024							
Balance at June 30, 2024							
Balance at September 30, 2024							
Balance at September 30, 2024							
Balance at September 30, 2024							

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

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

For the three months ended June 30, 2023	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at March 31, 2023							
For the three months ended September 30, 2023	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at June 30, 2023							
Net income							
Net income							
Net income							
Total other comprehensive loss, net of tax							
Cash dividends declared ($0.56 per share)							

Share-based compensation							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Balance at June 30, 2023							
Balance at June 30, 2023							
Balance at June 30, 2023							
Balance at September 30, 2023							
Balance at September 30, 2023							
Balance at September 30, 2023							

For the six months ended June 30, 2023

For the six months ended June 30, 2023

For the six months ended June 30, 2023	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total

For the nine months ended September 30, 2023

For the nine months ended September 30, 2023

For the nine months ended September 30, 2023	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2022							
Net income							
Net income							
Net income							
Total other comprehensive income, net of tax							
Cash dividends declared ($1.12 per share)							
Total other comprehensive loss, net of tax							
Cash dividends declared ($1.68 per share)							
Share-based compensation							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered							
Treasury stock purchased under 2023 Repurchase Program							
Balance at June 30, 2023							
Balance at September 30, 2023							

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (unaudited)

(Dollars in thousands)

Six months ended June 30,	2024	2023
Nine months ended September 30,	2024	2023
Cash flows from operating activities:		
Net income		
Net income		
Net income		

Adjustments to reconcile net income to net cash provided by operating activities:
Provision for credit losses
Provision for credit losses
Provision for credit losses
Net gain on sale of bank-owned property
Depreciation of premises and equipment
Net amortization of premiums and discounts on debt securities and loans
Net amortization of premiums and discounts on debt securities and loans
Net amortization of premiums and discounts on debt securities and loans
Amortization of intangibles
Share-based compensation
Share-based compensation
Share-based compensation
Tax expense from stock option exercises and other equity awards
Income from bank-owned life insurance
Income from bank-owned life insurance
Income from bank-owned life insurance
Net gains on loan sales, including changes in fair value
Net gains on loan sales, including changes in fair value
Net gains on loan sales, including changes in fair value
Proceeds from sales of loans, net
Proceeds from sales of loans, net
Proceeds from sales of loans, net
Loans originated for sale
Decrease (increase) in operating lease right-of-use assets
Decrease (increase) in operating lease right-of-use assets
Decrease (increase) in operating lease right-of-use assets
(Decrease) increase in operating lease liabilities
Increase in other assets
Decrease in other liabilities
Net cash provided by (used in) operating activities
Decrease (increase) in other assets
(Decrease) increase in other liabilities
Net cash provided by operating activities

Cash flows from investing activities:

Purchases of:
Purchases of:
Purchases of:
Available for sale debt securities: Other
Maturities, calls, and principal payments of:
Maturities, calls, and principal payments of:
Maturities, calls, and principal payments of:
Available for sale debt securities: Other
Net purchases of Federal Home Loan Bank stock
Net purchases of Federal Home Loan Bank stock
Net purchases of Federal Home Loan Bank stock
Net decrease (increase) in loans
Net decrease (increase) in loans
Net decrease (increase) in loans
Purchases of loans
Purchases of loans
Purchases of loans
Purchases of premises and equipment
Purchases of premises and equipment
Proceeds from the sale of property acquired through foreclosure or repossession

Purchases of premises and equipment
Net proceeds from the sale of bank-owned property
Net proceeds from the sale of bank-owned property
Net proceeds from the sale of bank-owned property
Proceeds from bank-owned life insurance
Equity investments in real estate limited partnerships
Purchases of other equity investments
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Net cash provided by (used in) investing activities
Cash flows from financing activities:
Net (decrease) increase in deposits
Net (decrease) increase in deposits
Net (decrease) increase in deposits
Proceeds from Federal Home Loan Bank advances
Proceeds from Federal Home Loan Bank advances
Proceeds from Federal Home Loan Bank advances
Repayments of Federal Home Loan Bank advances
Treasury stock purchased
Treasury stock purchased
Treasury stock purchased
Net proceeds from stock option exercises and issuance of other equity awards, net of awards surrendered
Net proceeds from stock option exercises and issuance of other equity awards, net of awards surrendered
Net proceeds from stock option exercises and issuance of other equity awards, net of awards surrendered
Cash dividends paid
Net cash (used in) provided by financing activities
Net cash (used in) provided by financing activities
Net cash (used in) provided by financing activities
Net increase in cash and cash equivalents
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period
Noncash Activities:
Noncash Activities:
Noncash Activities:
Loans charged-off
Loans charged-off
Loans charged-off
Loans transferred to property acquired through foreclosure or repossession
Commitment for equity investments in real estate limited partnerships
Supplemental Disclosures:
Interest payments
Interest payments
Interest payments
Income tax payments

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Condensed Notes to Unaudited Consolidated Financial Statements

Note 1 - Basis of Presentation

Nature of Operations

The Bancorp is a publicly-owned registered bank holding company that has elected to be a financial holding company. The Bancorp's principal subsidiary is the Bank, a Rhode Island chartered financial institution founded in 1800. The Bank is the oldest community bank in the nation and the largest state-chartered bank headquartered in Rhode Island.

Washington Trust offers a full range of financial services, including commercial, residential, and consumer lending, retail and commercial deposit products, and wealth management and trust services through its offices in Rhode Island, Massachusetts, and Connecticut.

Basis of Presentation

The accounting and reporting policies of the Washington Trust conform to GAAP and to general practices of the banking industry.

The Corporation's Unaudited Consolidated Financial Statements include the accounts of the Bancorp and its wholly-owned subsidiaries, except subsidiaries that are not deemed necessary to be consolidated. Through consolidation, intercompany balances and transactions have been eliminated.

The Unaudited Consolidated Financial Statements of the Corporation presented herein have been prepared pursuant to the rules of the SEC for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) and disclosures considered necessary for the fair presentation of the accompanying Unaudited Consolidated Financial Statements have been included. Interim results are not necessarily indicative of the results of the entire year. The accompanying Unaudited Consolidated Financial Statements should be read in conjunction with the Audited Consolidated Financial Statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates. Management considers the ACL on loans to be a material estimate that is particularly susceptible to change.

Note 2 - Recently Issued Accounting Pronouncements

Accounting Standards Pending Adoption

Segment Reporting - Topic 280

Accounting Standards Update No. 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), was issued in November 2023 to enhance and provide additional transparency on segment disclosures, including disclosure of significant segment expense provided to the chief operating decision maker ("CODM"), as well as disclosing the title and position of the CODM and how they use reported results in assessing segment performance and allocation of resources. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The provisions under ASU 2023-07 should be applied on a retrospective basis. ASU 2023-07 is not expected to have a material impact on the Corporation's financial statements.

Income Taxes - Topic 740

Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures" ("ASU 2023-09"), was issued in December 2023 to enhance and provide additional transparency on income tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The provisions under ASU 2023-09 should be applied on a prospective basis; however, retrospective application is also permitted. ASU 2023-09 is not expected to have a material impact on the Corporation's financial statements.

Note 3 - Securities

Available for Sale Debt Securities

The following tables present the amortized cost, gross unrealized holding gains, gross unrealized holding losses, ACL on securities, and fair value of securities by major security type and class of security:

(Dollars in thousands)

June 30, 2024
June 30, 2024
June 30, 2024
June 30, 2024
June 30, 2024
June 30, 2024
June 30, 2024
June 30, 2024
June 30, 2024

June 30, 2024					
June 30, 2024					
June 30, 2024					
June 30, 2024					
June 30, 2024					
June 30, 2024	Amortized Cost	Unrealized Gains	Unrealized Losses	ACL	Fair Value
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024					
September 30, 2024	Amortized Cost	Unrealized Gains	Unrealized Losses	ACL	Fair Value
Available for Sale Debt Securities:					
Obligations of U.S. government-sponsored enterprises					
Obligations of U.S. government-sponsored enterprises					
Obligations of U.S. government-sponsored enterprises					
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises					
Obligations of states and political subdivisions					
Individual name issuer trust preferred debt securities					
Individual name issuer trust preferred debt securities					
Individual name issuer trust preferred debt securities					
Corporate bonds					
Corporate bonds					
Corporate bonds					
Total available for sale debt securities					

(Dollars in thousands)

December 31, 2023	Amortized Cost	Unrealized Gains	Unrealized Losses	ACL	Fair Value
Available for Sale Debt Securities:					
Obligations of U.S. government-sponsored enterprises	$250,450	$15	($24,723)	$—	$225,742
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	879,597	246	(125,887)	—	753,956
Individual name issuer trust preferred debt securities	9,400	—	(607)	—	8,793
Corporate bonds	13,182	—	(1,293)	—	11,889
Total available for sale debt securities	$1,152,629	$261	($152,510)	$—	$1,000,380

Available for sale debt securities balances exclude accrued interest receivable of $3.6 $2.9 million and $3.7 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023.

At June 30, 2024 September 30, 2024 and December 31, 2023, securities with a fair value of $298.9 $302.3 million and $311.9 million, respectively, were pledged as collateral for FHLB borrowings, potential borrowings with the FRBB, certain public deposits, and for other purposes. See Note 9 for additional disclosure on FHLB borrowings.

The schedule of maturities of available for sale debt securities is presented below. Mortgage-backed securities are included based on weighted average maturities, adjusted for anticipated prepayments. All other debt securities are included based on contractual maturities. Actual maturities may differ from amounts presented because certain issuers have the right to call or prepay obligations with or without call or prepayment penalties.

(Dollars in thousands)

(Dollars in thousands)	
(Dollars in thousands)	
June 30, 2024	
June 30, 2024	
June 30, 2024	
June 30, 2024	
June 30, 2024	
June 30, 2024	
September 30, 2024	
September 30, 2024	
September 30, 2024	
September 30, 2024	
September 30, 2024	
September 30, 2024	
Due in one year or less	
Due in one year or less	
Due in one year or less	
Due after one year to five years	
Due after one year to five years	
Due after one year to five years	
Due after five years to ten years	
Due after five years to ten years	
Due after five years to ten years	
Due after ten years	
Due after ten years	
Due after ten years	
Total debt securities	
Total debt securities	
Total debt securities	

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Included in the above table are debt securities with an amortized cost balance of $252.9 million $253.6 million and a fair value of $226.7 $234.3 million at June 30, 2024 September 30, 2024 that are callable at the discretion of the issuers. Final maturities of the callable securities range from 1 year 10 months to 13 20 years, with call features ranging from 1 month to 5 months. 9 years.

Assessment of Available for Sale Debt Securities for Impairment

Management assesses the decline in fair value of investment securities on a regular basis. Unrealized losses on debt securities may occur from current market conditions, increases in interest rates since the time of purchase, a structural change in an investment, volatility of earnings of a specific issuer, or deterioration in credit quality of the issuer. Management evaluates both qualitative and quantitative factors to assess whether an impairment exists.

The following tables summarize available for sale debt securities in an unrealized loss position, for which an ACL on securities has not been recorded, segregated by length of time that the securities have been in a continuous unrealized loss position:

(Dollars in thousands)	(Dollars in thousands)	Less than 12 Months			12 Months or Longer			Total	(Dollars in thousands)	Less than 12 Months	12 Months or Longer	Total
June 30, 2024		#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses		
September 30, 2024		#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses		

Obligations of U.S. government-sponsored enterprises
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises
Individual name issuer trust preferred debt securities
Corporate bonds
Total

(Dollars in thousands)	Less than 12 Months			12 Months or Longer			Total		
December 31, 2023	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses	#	Fair Value	Unrealized Losses
Obligations of U.S. government-sponsored enterprises	1	$19,824	($176)	20	$195,903	($24,547)	21	$215,727	($24,723)
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	8	43,887	(262)	154	698,115	(125,625)	162	742,002	(125,887)
Individual name issuer trust preferred debt securities	—	—	—	3	8,793	(607)	3	8,793	(607)
Corporate bonds	—	—	—	4	11,889	(1,293)	4	11,889	(1,293)
Total	9	$63,711	($438)	181	$914,700	($152,072)	190	$978,411	($152,510)

There were no debt securities on nonaccrual status at June 30, 2024 September 30, 2024 and 2023 and, therefore there was no accrued interest related to debt securities reversed against interest income for the three and six nine months ended June 30, 2024 September 30, 2024 and 2023.

As of June 30, 2024 September 30, 2024, the Corporation does not intend to sell the debt securities in an unrealized loss position and has determined that it is more-likely-than-not that the Corporation will not be required to sell each security before the recovery of its amortized cost basis. In addition, management does not believe that any of the securities are impaired due to reasons of credit quality. As further described below, management believes the unrealized losses on these debt securities are primarily attributable to changes in the investment spreads and interest rates. Therefore, no ACL was recorded at both June 30, 2024 September 30, 2024 and December 31, 2023.

Obligations of U.S. Government Agency and U.S. Government-Sponsored Enterprise Securities, including Mortgage-Backed Securities
The contractual cash flows for these securities are either explicitly or implicitly guaranteed by the U.S. government, are

highly rated by major credit rating agencies, and have a long history of no credit losses. The issuers of these securities

continue to make timely principal and interest payments, and none of these securities were past due at June 30, 2024 September 30, 2024. Additionally, the Corporation utilizes a zero credit loss estimate for these securities.

Individual Name Issuer Trust Preferred Debt Securities
These securities in an unrealized loss position at June 30, 2024 September 30, 2024 included three trust preferred securities issued by three individual companies in the banking sector. Management reviewed the collectability of these securities taking into consideration such factors as the financial condition of the issuers, reported regulatory capital ratios of the issuers, credit ratings, including ratings in effect as of the reporting period date, as well as credit rating changes between the reporting period date and the filing date of this report, and other information. As of June 30, 2024 September 30, 2024, there was one individual name issuer trust preferred debt security with an amortized cost of $2.0 million and unrealized losses of $176 $140 thousand that was rated below investment grade by S&P. We noted no downgrades to below investment grade between June 30, 2024 September 30, 2024 and the filing date of this report. Based on the information available through the filing date of this report, all individual name issuer trust preferred debt securities continue to accrue interest and make payments as expected with no payment deferrals or defaults on the part of the issuers.

Corporate Bonds
These securities in an unrealized loss position at June 30, 2024 September 30, 2024 included four corporate bond holdings issued by three individual companies in the financial services industry. Management reviewed the collectability of these securities taking into consideration such factors as the financial condition of the issuers, reported regulatory capital ratios of the issuers, credit ratings, including ratings in effect as of the reporting period date, as well as credit rating changes between the reporting period date and the filing date of this report, and other information. As of June 30, 2024 September 30, 2024, there was one corporate bond debt security with an amortized cost of $2.0 million and unrealized

losses of $35 $25 thousand that was rated below investment grade by S&P. We noted no downgrades to below investment grade between June 30, 2024 September 30, 2024 and the filing date of this report. Based on the information available through the filing date of this report, all corporate bond debt securities continue to accrue interest and make payments as expected with no payment deferrals or defaults on the part of the issuers.

Note 4 - Loans

The following table presents a summary the carrying value of loans, segregated by class of loans:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024	December 31, 2023	(Dollars in thousands)	September 30, 2024	December 31, 2023
Commercial:						
Commercial real estate (1)						
Commercial real estate (1)						
Commercial real estate (1)						
Commercial & industrial (2)						
Total commercial						
Residential Real Estate:						
Residential real estate (3)						
Residential real estate (3)						
Residential real estate (3)						
Consumer:						
Home equity						
Home equity						
Home equity						
Other (4)						
Total consumer						
Total loans (5)						

(1) CRE consists of commercial mortgages primarily secured by non-owner occupied income-producing property, as well as construction and development loans. Construction and development loans are made to businesses for land development or the on-site construction of industrial, commercial, or residential buildings.

(2) C&I consists of loans to businesses and individuals, a portion of which are fully or partially collateralized by owner occupied real estate.

(3) Residential real estate consists of mortgage and homeowner construction loans secured by one- to four-family residential properties. Also, includes a $19 thousand negative basis adjustment associated with fair value hedges at September 30, 2024. See Note 6 for additional disclosure.

(4) Other consists of loans to individuals secured by general aviation aircraft and other personal installment loans.

(5) Includes net unamortized loan origination costs of $13.3 million $13.4 million and $13.0 million, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023 and net unamortized premiums on loans purchased from and serviced by other financial institutions of $262 $249 thousand and $286 thousand, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023.

Loan balances exclude The carrying value of loans excludes accrued interest receivable of $23.5 $22.6 million and $22.9 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023.

As of June 30, 2024 September 30, 2024 and December 31, 2023, loans amounting to $3.6 billion $3.3 billion and $3.4 billion, respectively, were pledged as collateral to the FHLB under a blanket pledge agreement and to the FRBB for the discount window. See Note 9 for additional disclosure regarding borrowings.

Concentrations of Credit Risk

A significant portion of our loan portfolio is concentrated among borrowers in southern New England, and a substantial portion of the portfolio is collateralized by real estate in this area. The ability of single family residential and consumer borrowers to honor their repayment commitments is generally dependent on the level of overall economic activity within the market area and real estate values. The ability of commercial borrowers to honor their repayment commitments is dependent on the general economy, as well as the health of the real estate economic sector in the Corporation's market area.

Past Due Loans

Past due status is based on the contractual payment terms of the loan. The following tables present an aging analysis of past due loans, segregated by class of loans:

(Dollars in thousands)

June 30, 2024						
June 30, 2024						
June 30, 2024	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
September 30, 2024						
September 30, 2024						
September 30, 2024	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
Commercial:						
Commercial real estate						
Commercial real estate						
Commercial real estate						
Commercial & industrial						
Total commercial						
Residential Real Estate:						
Residential real estate						
Residential real estate						
Residential real estate						
Consumer:						
Home equity						
Home equity						
Home equity						
Other						
Total consumer						
Total loans						

(Dollars in thousands)		Days Past Due				
December 31, 2023	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
Commercial:						
Commercial real estate	$2,106,359	$—	$—	$—	$—	$2,106,359
Commercial & industrial	605,062	10	—	—	10	605,072
Total commercial	2,711,421	10	—	—	10	2,711,431
Residential Real Estate:						
Residential real estate	2,596,362	4,369	1,738	2,009	8,116	2,604,478
Consumer:						
Home equity	309,398	2,349	112	735	3,196	312,594
Other	19,180	20	3	—	23	19,203
Total consumer	328,578	2,369	115	735	3,219	331,797
Total loans	$5,636,361	$6,748	$1,853	$2,744	$11,345	$5,647,706

Included in past due loans as of June 30, 2024September 30, 2024 and December 31, 2023, were nonaccrual loans of $8.4$18.1 million and $6.9 million, respectively. In addition, all loans 90 days or more past due at June 30, 2024September 30, 2024 and December 31, 2023 were classified as nonaccrual.

Nonaccrual Loans

Loans, with the exception of certain well-secured loans that are in the process of collection, are placed on nonaccrual status and interest recognition is suspended when such loans are 90 days or more overdue with respect to principal and/or interest, or sooner if considered appropriate by management. Well-secured loans are permitted to remain on accrual status provided that full collection of principal and interest is assured and the loan is in the process of collection. Loans are also placed on nonaccrual status when, in the opinion of management, full collection of principal and interest is doubtful. When loans are placed on nonaccrual status, interest previously accrued but not collected is reversed against current period income. Subsequent interest payments received on nonaccrual loans are applied to the outstanding principal balance of the loan or recognized as interest income depending on management's assessment of the ultimate collectability of the loan. Loans are removed from nonaccrual status when they have been current as to principal and interest (generally for six months), the borrower has demonstrated an ability to comply with repayment terms, and when, in management's opinion, the loans are considered to be fully collectible.

The following table is a summary of nonaccrual loans, segregated by class of loans:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024		December 31, 2023			(Dollars in thousands)	September 30, 2024		December 31, 2023		
	Nonaccrual Loans											
	With an ACL	With an ACL	Without an ACL	Total	With an ACL	Without an ACL	Total	With an ACL	Without an ACL	Total	With an ACL	Without an ACL	Total
Commercial:												
Commercial real estate												
Commercial real estate												
Commercial real estate												
Commercial & industrial												
Total commercial												
Residential Real Estate:												
Residential real estate												
Residential real estate												
Residential real estate												
Consumer:												
Home equity												
Home equity												
Home equity												
Other												
Total consumer												
Total nonaccrual loans												
Accruing loans 90 days or more past due												

Nonaccrual loans of $22.1 million $13.0 million and $37.7 million, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023 were current as to the payment of principal and interest.

As of June 30, 2024 September 30, 2024 and December 31, 2023, nonaccrual loans secured by one- to four-family residential property amounting to $3.7 million $2.4 million and $960 thousand, respectively, were in process of foreclosure.

There were no significant commitments to lend additional funds to borrowers whose loans were on nonaccrual status at June 30, 2024 September 30, 2024.

The following table presents interest income recognized on nonaccrual loans:

(Dollars in thousands)	(Dollars in thousands)	Three Months		Six Months		(Dollars in thousands)	Three Months		Nine Months	
Periods ended June 30,										
Periods ended June 30,										
Periods ended June 30,		2024	2023	2024	2023					
Periods ended September 30,										
Periods ended September 30,										
Periods ended September 30,		2024	2023	2024	2023					
Commercial:										
Commercial real estate										
Commercial real estate										

Commercial real estate				
Commercial & industrial				
Total commercial				
Residential Real Estate:				
Residential real estate				
Residential real estate				
Residential real estate				
Consumer:				
Home equity				
Home equity				
Home equity				
Other				
Total consumer				
Total				

Troubled Loan Modifications

In the course of resolving problem loans, the Corporation may choose to modify the contractual terms of certain loans. A loan that has been modified is considered a TLM when the modification is made to a borrower experiencing financial difficulty and the modification has a direct impact to the contractual cash flows. The decision to modify a loan, versus aggressively enforcing the collection of the loan, may benefit the Corporation by increasing the ultimate probability of collection.

Modifications to borrowers experiencing financial difficulty may include modified contractual terms that have a direct impact to contractual cash flows, including principal forgiveness, interest rate reductions, maturity extensions, other-than-insignificant payment delays, or any combination thereof.

Nonaccrual loans that become TLMs generally remain on nonaccrual status for six months, subsequent to being modified, before management considers their return to accrual status. If a TLM is on accrual status prior to being modified, it is reviewed to determine if the modified loan should remain on accrual status.

TLMs are reported as such for at least one year from the date of the modification. If the TLM performs in accordance with successfully meets all repayment terms according to the modified contractual terms modification documents for that a specified period of time (generally 12 months) and the borrower is no longer experiencing financial difficulty, it would be removed declassified from this classification. TLM status. In addition, if a TLM is subsequently modified and the borrower is no longer experiencing financial difficulty, it would be declassified from TLM status.

During the three months ended September 30, 2024, there were no loans modified as a TLM.

The following tables present table presents the carrying value at June 30, 2024, of TLMs made during the periods indicated, nine months ended September 30, 2024, segregated by class of loans and type of concession granted:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

Three months ended June 30, 2024				
Three months ended June 30, 2024				
Three months ended June 30, 2024	Other-than-Insignificant Payment Delay	Total	% of Loan Class (1)	
Residential Real Estate:				
Residential Real Estate:				
	Maturity Extension			
	Maturity Extension			
	Maturity Extension	Other-than-Insignificant Payment Delay	Total	% of Loan Class (1)
Commercial:				
Commercial real estate				
Commercial real estate				
Commercial real estate	$—	$—	$—	— %
Commercial & industrial				
Total commercial				
Residential Real Estate:				
Residential real estate				
Residential real estate				
Residential real estate				
Total				

Total							
Total	$267	$267	— %	$616	$265	$881	— %

(1) Percentage of TLMs to the total loans outstanding within the respective loan class.

(Dollars in thousands) Six months ended June 30, 2024	Maturity Extension	Other-than-Insignificant Payment Delay	Total	% of Loan Class (1)
Commercial:				
Commercial real estate	$—	$—	$—	— %
Commercial & industrial	642	—	642	—
Total commercial	642	—	642	—
Residential Real Estate:				
Residential real estate	—	267	267	—
Total	$642	$267	$909	— %

The following table presents the carrying value of TLMs made during the three and nine months ended September 30, 2023, segregated by class of loans and type of concession granted:

(Dollars in thousands)	Maturity Extension	Total	% of Loan Class (1)
Commercial:			
Commercial real estate	$13,963	$13,963	1 %
Commercial & industrial	—	—	—
Total commercial	13,963	13,963	1
Total	$13,963	$13,963	— %

(1) Percentage of TLMs to the total loans outstanding within the respective loan class.

During the three and six months ended June 30, 2023, there were no TLMs.

The following tables describe table describes the financial effect of TLMs made during the periods indicated, nine months ended September 30, 2024, segregated by class of loans:

Three Nine months ended June 30, 2024	Financial Effect
Other-than-Insignificant Payment Delay:	
Residential real estate	Provided payment delay for a weighted average period of 6 months

Six months ended June 30, 2024 September 30, 2024	Financial Effect
Maturity Extension:	
Commercial & industrial	Extended maturity by a weighted average of 120 months
Other-than-Insignificant Payment Delay:	
Residential real estate	Provided payment delay for a weighted average period of 6 months

The following table describes the financial effect of TLMs made during the three and nine months ended September 30, 2023, segregated by class of loans:

	Financial Effect
Maturity Extension:	
Commercial real estate	Extended maturity by a weighted average period of 9 months

Management closely monitors the performance of TLMs to understand the effectiveness of the modifications. The following table presents an aging analysis, as of the date indicated, of TLMs that have been modified in the past 12 months:

(Dollars in thousands)

June 30, 2024						
June 30, 2024						
June 30, 2024	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
September 30, 2024						
September 30, 2024						
September 30, 2024	Current	30-59	60-89	90 or More	Total Past Due	Total Loans
Commercial:						
Commercial real estate						
Commercial real estate						
Commercial real estate						
Commercial & industrial						
Total commercial						
Residential Real Estate:						
Residential real estate						
Residential real estate						
Residential real estate						
Total loans						
Total loans						
Total loans						

There were no TLMs made in the previous 12 months for which there was a subsequent payment default.

There were no significant commitments to lend additional funds to borrowers experiencing financial difficulty whose loans were TLMs at June 30, 2024 September 30, 2024.

Individually Analyzed Loans

Individually analyzed loans are individually assessed for credit impairment and include nonaccrual commercial loans, TLMs, as well as certain other loans based on the underlying risk characteristics and the discretion of management to individuallyanalyze such loans.

analyze such loans.

As of June 30, 2024 September 30, 2024 and December 31, 2023, individually analyzed loans amounted to $20.4 $19.9 million and $34.6 million, respectively, all of which were considered collateral dependent. For collateral dependent loans where management has determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and repayment of the loan is to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the loan as of the measurement date. See Note 7 for additional disclosure regarding fair value of individually analyzed collateral dependent loans.

The following table presents the carrying value of collateral dependent individually analyzed loans:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024		December 31, 2023	(Dollars in thousands)	September 30, 2024		December 31, 2023	
	Carrying Value	Carrying Value	Related Allowance	Carrying Value	Related Allowance	Carrying Value	Related Allowance	Carrying Value	Related Allowance
Commercial:									

Commercial real estate (1)
Commercial real estate (1)
Commercial real estate (1)
Commercial & industrial (2)
Total commercial
Residential Real Estate:
Residential real estate (3)
Residential real estate (3)
Residential real estate (3)
Total
Total
Total

(1) Secured by income-producing property.
(2) Secured by business assets.
(3) Secured by one- to four-family residential properties.

Credit Quality Indicators

Commercial

The Corporation utilizes an internal rating system to assign a risk to each of its commercial loans. Loans are rated on a scale of 1 to 10. This scale can be assigned to three broad categories including "pass" for ratings 1 through 6, "special mention" for 7-rated loans, and "classified" for loans rated 8, 9 or 10. The loan risk rating system takes into consideration parameters including the borrower's financial condition, the borrower's performance with respect to loan terms, the adequacy of collateral, the adequacy of guarantees, and other credit quality characteristics. The Corporation takes the risk rating into consideration along with other credit attributes in the establishment of an appropriate ACL on loans. See Note 5 for additional information.

A description of the commercial loan categories is as follows:

Pass - Loans with acceptable credit quality, defined as ranging from superior or very strong to a status of lesser stature. Superior or very strong credit quality is characterized by a high degree of cash collateralization or strong balance sheet liquidity. Lesser stature loans have an acceptable level of credit quality, but may exhibit some weakness in various credit metrics such as collateral adequacy, cash flow, performance or may be in an industry or of a loan type known to have a higher degree of risk. These weaknesses may be mitigated by secondary sources of repayment, including SBA guarantees.

Special Mention - Loans with potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Bank's position as creditor at some future date. Special Mention assets are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification. Examples of these conditions include but are not limited to outdated or poor quality financial data, strains on liquidity and leverage, losses or negative trends in operating results, marginal cash flow, weaknesses in occupancy rates or trends in the case of commercial real estate, and frequent delinquencies.

Classified - Loans identified as "substandard," "doubtful" or "loss" based on criteria consistent with guidelines provided by banking regulators. A "substandard" loan has defined weaknesses which make payment default or principal exposure likely, but not yet certain. Such loans are apt to be dependent upon collateral liquidation, a secondary source of repayment or an event outside of the normal course of business. The loans are closely watched and are either already on nonaccrual status or may be placed on nonaccrual status when management determines there is uncertainty of collectability. A "doubtful" loan is

placed on nonaccrual status and has a high probability of loss, but the extent of the loss is difficult to quantify due to dependency upon collateral having a value that is difficult to determine or upon some near-term event which lacks certainty. A loan in the “loss” category is considered generally uncollectible or the timing or amount of payments cannot be determined. “Loss” is not intended to imply that the loan has no recovery value, but rather, it is not practical or desirable to continue to carry the asset.

The Corporation’s procedures call for loan risk ratings and classifications to be revised whenever information becomes available that indicates a change is warranted. On a quarterly basis, management reviews a watched asset list, which generally consists of commercial loans that are risk-rated 6 or worse, highly leveraged transaction loans, high-volatility commercial real estate, and other selected loans. Management’s review focuses on the current status of the loans, the appropriateness of risk ratings and strategies to improve the credit.

An annual credit review program is conducted by a third party to provide an independent evaluation of the creditworthiness of the commercial loan portfolio, the quality of the underwriting and credit risk management practices, and the appropriateness of the risk rating classifications. This review is supplemented with selected targeted internal reviews of the commercial loan portfolio.

Residential and Consumer

Management monitors the relatively homogeneous residential real estate and consumer loan portfolios on an ongoing basis using delinquency information by loan type.

In addition, other techniques are utilized to monitor indicators of credit deterioration in the residential real estate loans and home equity consumer loans. Among these techniques is the periodic tracking of loans with an updated Fair Isaac Corporation (commonly known as “FICO”) score and an updated estimated LTV ratio. LTV is estimated based on such factors as geographic location, the original appraised value, and changes in median home prices, and takes into consideration the age of the loan. The results of these analyses and other credit review procedures, including selected targeted internal reviews, are taken into account in the determination of qualitative loss factors for residential real estate and home equity consumer credits.

The following table includes information on credit quality indicators and gross charge-offs for the Corporation’s loan portfolio, segregated by class of loans as of June 30, 2024 September 30, 2024:

(Dollars in thousands)																	
	2024																
	2024																
	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	Total	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	Total
Commercial:																	
CRE:																	
CRE:																	
CRE:																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Special mention																	
Classified																	
Total CRE																	
Gross charge-offs																	
C&I:																	
C&I:																	
C&I:																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Special mention																	
Classified																	
Total C&I																	
Gross charge-offs																	

Gross charge-offs
Gross charge-offs
Residential Real Estate:
Residential Real Estate:
Residential Real Estate:
Residential real estate:
Residential real estate:
Residential real estate:
Current (1)
Current (1)
Current (1)
Past Due
Past due
Total residential real estate
Gross charge-offs
Consumer:
Consumer:
Consumer:
Home equity:
Home equity:
Home equity:
Current
Current
Current
Past Due
Past due
Total home equity
Gross charge-offs
Other:
Other:
Other:
Current
Current
Current
Past Due
Past due
Total other
Gross charge-offs
Gross charge-offs
Gross charge-offs
Total loans
Total loans
Total loans
Total loans, amortized cost
Total loans, amortized cost

Total loans, amortized cost	
Total gross charge-offs	

(1) Excludes a $19 thousand negative basis adjustment associated with fair value hedges. See Note 6 for additional disclosure.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

The following table includes information on credit quality indicators and gross charge-offs for the Corporation’s loan portfolio, segregated by class of loans as of December 31, 2023:

(Dollars in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	Total	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost	Revolving Loans Converted to Term Loans	Total
	2023																
	2023																
Commercial:																	
CRE:																	
CRE:																	
CRE:																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Special mention																	
Classified																	
Total CRE																	
Gross charge-offs																	
C&I:																	
C&I:																	
C&I:																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Special mention																	
Classified																	
Total C&I																	
Gross charge-offs																	
Residential Real Estate:																	
Residential Real Estate:																	
Residential Real Estate:																	
Residential real estate:																	
Residential real estate:																	
Residential real estate:																	
Current																	

Current
Current
Past Due
Past due
Total residential real estate
Gross charge-offs
Consumer:
Consumer:
Consumer:
Home equity:
Home equity:
Home equity:
Current
Current
Current
Past Due
Past due
Total home equity
Gross charge-offs
Other:
Other:
Other:
Current
Current
Current
Past Due
Past due
Total other
Gross charge-offs
Total Loans
Total loans, amortized cost
Total Loans
Total loans, amortized cost
Total Loans
Total loans, amortized cost
Total gross charge-offs

Washington Trust may renew commercial loans at or immediately prior to their maturity. In the tables above, renewals subject to full credit evaluation before being granted are reported as originations in the period renewed. In addition, loans with extensions of maturity dates of more than three months are reported as originations in the period extended.

Note 5 - Allowance for Credit Losses on Loans

The ACL on loans is management's estimate of expected lifetime credit losses on loans carried at amortized cost. The level of the ACL on loans is based on management's ongoing review of all relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The following table presents the activity in the ACL on loans for the three months ended June 30, 2024 September 30, 2024:

(Dollars in thousands)

CRE

CRE

	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance															
Charge-offs															
Charge-offs															
Charge-offs															
Recoveries															
Provision															
Ending Balance															

The following table presents the activity in the ACL on loans for the six nine months ended June 30, 2024 September 30, 2024:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

CRE

CRE

	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance															
Charge-offs															
Charge-offs															
Charge-offs															
Recoveries															
Provision															
Ending Balance															

The following table presents the activity in the ACL on loans for the three months ended June 30, 2023 September 30, 2023:

(Dollars in thousands)

CRE

CRE

	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance															
Charge-offs															
Charge-offs															
Charge-offs															
Recoveries															
Provision															
Ending Balance															

The following table presents the activity in the ACL on loans for the six nine months ended June 30, 2023 September 30, 2023:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

CRE

CRE

(Dollars in thousands)	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance															
Charge-offs															
Charge-offs															
Charge-offs															
Recoveries															
Provision															
Ending Balance															

Note 6 - Derivative Financial Instruments

The Corporation's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Corporation's known or expected cash receipts and its known or expected cash payments, principally to manage the Corporation's interest rate risk. Additionally, the Corporation enters into interest rate derivatives to accommodate the business requirements of its customers. All derivatives are recognized as either assets or liabilities on the balance sheet and are measured at fair value. Derivative assets are included in other assets. and derivative liabilities are included in other liabilities in the Unaudited Consolidated Balance Sheets. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and resulting designation.

Interest Rate Risk Management Agreements

Interest rate risk management agreements, such as swaps, caps, floors, and collars, are used from time to time as part of the Corporation's interest rate risk management strategy. Interest rate swaps are agreements in which the Corporation and another party agree to exchange interest payments (e.g., fixed-rate for variable-rate payments or variable-rate for fixed-rate payments) computed on a notional principal amount. Interest rate caps and floors represent options purchased by the Corporation to manage the interest rate paid throughout the term of the option contract. An interest rate collar is a derivative instrument that represents simultaneously buying an interest rate cap and selling an interest rate floor. The credit risk associated with these transactions is the risk of default by the counterparty. To minimize this risk, the Corporation enters into interest rate agreements only with highly rated counterparties that management believes to be creditworthy. The notional amounts of these agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the potential loss exposure.

Cash Flow Hedging Instruments

As of June 30, 2024 September 30, 2024 and December 31, 2023, the Corporation had interest rate swap contracts that were designated as cash flow hedges. In addition, at June 30, 2024 September 30, 2024, the Corporation had an interest rate collar that was designated as a cash flow hedge. These cash flow hedges were executed to hedge the interest rate risk associated with short-term borrowings. See Note 9 for additional disclosure on borrowings.

The On March 31, 2023, the Corporation also had terminated an interest rate swap contract that was designated as a cash flow hedge to hedge the interest rate risk associated with a pool of variable rate commercial loans. On March 31, 2023, the Corporation terminated this interest rate swap contract, and termination date, the derivative liability was derecognized. The loss on this interest rate swap included in the AOCL component of shareholders' equity was updated to its termination date fair value of $26.5 million, or $20.1 million after tax. This loss is being amortized into earnings as a reduction of interest income on a straight-line basis over the remaining life of the original interest rate swap term, or through May 1, 2026. At June 30, 2024 September 30, 2024, the remaining unamortized balance of the loss included in the AOCL component of shareholders' equity was $15.8 $13.6 million, or $11.7 $10.1 million after tax.

The changes in fair value of derivatives designated as cash flow hedges are recorded in other comprehensive income (loss) and subsequently reclassified to earnings when gains or losses are realized.

Fair Value Hedging Instruments

As of September 30, 2024, the Corporation had interest rate swap contracts that were designated as fair value hedges. The fair value hedges were executed to hedge the interest rate risk associated with a closed-pool of fixed-rate residential real estate loans (the "hedged item"). See Note 4 for additional disclosure on residential real estate loans.

The hedged item is measured at fair value through a basis adjustment recognized on the balance sheet. The changes in fair value of derivatives designated as fair value hedges, as well as the offsetting changes in fair value of the hedged item are recognized in earnings.

Loan Related Derivative Contracts

Interest Rate Derivative Contracts with Customers

The Corporation enters into interest rate swap and interest rate cap contracts to help commercial loan borrowers manage their interest rate risk. These interest rate swap contracts allow borrowers to convert variable-rate loan payments to fixed-rate loan payments, while interest rate cap contracts allow borrowers to limit their interest rate exposure in a rising rate environment. When the Corporation enters into an interest rate derivative contract with a commercial loan borrower, it simultaneously enters into a “mirror” interest rate contract with a third party. For interest rate swaps, the third party

exchanges the client’s fixed-rate loan payments for variable-rate loan payments. The Corporation’s credit policies with respect to interest rate contracts with commercial borrowers are similar to those used for loans. The Corporation retains the risk that is associated with the potential failure of counterparties and the risk inherent in originating loans. The interest rate contracts with counterparties are generally subject to bilateral collateralization terms. These derivatives are not designated as hedges and therefore, changes in fair value are recognized in earnings.

Risk Participation Agreements

The Corporation has entered into risk participation agreements with other banks in commercial loan arrangements. Participating banks guarantee the performance on borrower-related interest rate swap contracts. These derivatives are not designated as hedges and therefore, changes in fair value are recognized in earnings.

Under a risk participation-out agreement, a derivative asset, the Corporation participates out a portion of the credit risk associated with the interest rate swap position executed with the commercial borrower for a fee paid to the participating bank. Under a risk participation-in agreement, a derivative liability, the Corporation assumes, or participates in, a portion of the credit risk associated with the interest rate swap position with the commercial borrower for a fee received from the other bank.

Mortgage Loan Commitments

Interest rate lock commitments are extended to borrowers and relate to the origination of mortgage loans held for sale. To mitigate the interest rate risk and pricing risk associated with rate locks and mortgage loans held for sale, the Corporation enters into forward sale commitments. Forward sale commitments are contracts for delayed delivery or net settlement of the underlying instrument, such as a residential real estate mortgage loan, where the seller agrees to deliver on a specified future date, either a specified instrument at a specified price or yield or the net cash equivalent of an underlying instrument. Both interest rate lock commitments and forward sale commitments are derivative financial instruments, but do not meet criteria for hedge accounting and therefore, the changes in fair value of these commitments are recognized in earnings.

The following table presents the notional amounts and fair values of derivative instruments in the Unaudited Consolidated Balance Sheets:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024			December 31, 2023	(Dollars in thousands)	September 30, 2024				December 31, 2023		
									Fair Value				
	Notional Amounts	Notional Amounts	Derivative Assets	Derivative Liabilities	Notional Amounts	Derivative Assets	Derivative Liabilities	Notional Amounts	Derivative Assets	Derivative Liabilities	Notional Amounts	Derivative Assets	Derivative Liabilities
Derivatives Designated as Cash Flow Hedging Instruments:													
Interest rate risk management contracts:													
Interest rate risk management contracts:													
Interest rate risk management contracts:													
Interest rate swaps (1)													

Interest rate swaps (1)
Interest rate swaps (1)
Interest rate collar
Derivatives not Designated as Hedging Instruments:
Derivatives not Designated as Hedging Instruments:
Derivatives Designated as Fair Value Hedging Instruments:
Derivatives Designated as Fair Value Hedging Instruments:
Derivatives Designated as Fair Value Hedging Instruments:
Interest rate risk management contracts:
Interest rate risk management contracts:
Interest rate risk management contracts:
Interest rate swaps
Interest rate swaps
Interest rate swaps
Derivatives not Designated as Hedging Instruments:
Loan related derivative contracts:
Loan related derivative contracts:
Loan related derivative contracts:
Interest rate contracts with customers
Interest rate contracts with customers
Interest rate contracts with customers
Mirror contracts with counterparties
Risk participation agreements
Mortgage loan commitments:
Mortgage loan commitments:
Mortgage loan commitments:
Interest rate lock commitments
Interest rate lock commitments
Interest rate lock commitments
Forward sale commitments
Gross amounts
Less: amounts offset (2)
Derivative balances, net of offset
Less: collateral pledged (3)
Net amounts

(1) The fair value of derivative assets includes accrued interest receivable of $232 $218 thousand and $239 thousand, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023. There was no accrued interest payable included in the fair value of derivative liabilities at June 30, 2024 September 30, 2024 or at December 31, 2023.

(2) Interest rate risk management contracts and loan related derivative contracts with counterparties are subject to master netting arrangements.

(3) Collateral contractually required to be pledged to derivative counterparties is in the form of cash. Washington Trust may need to post additional collateral in the future in proportion to potential increases in unrealized loss positions.

The following table presents the effect of derivative instruments in the Unaudited Consolidated Statements of Changes in Shareholders' Equity:

(Dollars in thousands)	Amounts Recognized in Other Comprehensive Income (Loss), Net of Tax			
	Three Months		Six Months	
Periods ended June 30,	2024	2023	2024	2023
Derivatives Designated as Cash Flow Hedging Instruments:				
Interest rate risk management contracts:				
Interest rate swaps	$1,846	$2,715	$5,051	$5,512
Interest rate collar	(31)	—	(31)	—

Total	$1,815	$2,715	$5,020	$5,512

For derivatives designated as cash flow hedging instruments, see Note 14 for additional disclosure pertaining to the amounts and location of reclassifications from AOCL into earnings.

(Dollars in thousands)	Amounts Recognized in Other Comprehensive Income (Loss), Net of Tax			
	Three Months		Nine Months	
Periods ended September 30,	2024	2023	2024	2023
Derivatives Designated as Cash Flow Hedging Instruments:				
Interest rate risk management contracts:				
Interest rate swaps	($992)	$2,833	$4,059	$8,345
Interest rate collar	(116)	—	(147)	—
Total	($1,108)	$2,833	$3,912	$8,345

The following table presents the effect of derivative instruments in the Unaudited Consolidated Statements of Income:

(Dollars in thousands)	(Dollars in thousands)			Amount of Gain (Loss) Recognized in Noninterest Income	(Dollars in thousands)		Amount of Gain (Loss) Recognized in the Unaudited Consolidated Statements of Income	
		Three Months			Three Months	Six Months	Three Months	Nine Months
Periods ended June 30,	Statement of Income Location	2024	2023	2024	2023			
Periods ended September 30,	Statement of Income Location	2024	2023	2024	2023			
Derivatives Designated as Cash Flow Hedging Instruments:								
Interest rate risk management contracts:								
Interest rate risk management contracts:								
Interest rate risk management contracts:								
Interest rate swaps								
Interest rate swaps								
Interest rate swaps								
Interest rate swaps								
Derivatives Designated as Fair Value Hedging Instruments:								
Derivatives Designated as Fair Value Hedging Instruments:								
Derivatives Designated as Fair Value Hedging Instruments:								
Interest rate risk management contracts:								
Interest rate risk management contracts:								
Interest rate risk management contracts:								
Interest rate swaps								
Interest rate swaps								
Interest rate swaps								
Hedged item								
Derivatives not Designated as Hedging Instruments:								
Loan related derivative contracts:								

Loan related derivative contracts:
Loan related derivative contracts:
Interest rate contracts with customers
Interest rate contracts with customers
Interest rate contracts with customers
Mirror interest rate contracts with counterparties
Risk participation agreements
Mortgage loan commitments:
Mortgage loan commitments:
Mortgage loan commitments:
Interest rate lock commitments
Interest rate lock commitments
Interest rate lock commitments
Forward sale commitments
Total

For derivatives designated as cash flow hedging instruments in the table above, the amounts represent the pre-tax reclassifications from AOCL into earnings.

Note 7 - Fair Value Measurements

The Corporation uses fair value measurements to record fair value adjustments on certain assets and liabilities and to determine fair value disclosures. Items recorded at fair value on a recurring basis include securities available for sale, mortgage loans held for sale, and derivatives. Additionally, from time to time, we may be required to record other assets at fair value on a nonrecurring basis, such as collateral dependent individually analyzed loans.

Fair value is a market-based measurement, not an entity-specific measurement. Fair value measurements are determined based on the assumptions the market participants would use in pricing the asset or liability. In addition, GAAP specifies a hierarchy of valuation techniques based on whether the types of valuation information, or “inputs”, are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Corporation’s market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices for *identical* assets or liabilities in active markets.
- Level 2 – Quoted prices for *similar* assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable* in the markets and which reflect the Corporation’s market assumptions.

Fair Value Option Election

GAAP allows for the irrevocable option to elect fair value accounting for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Corporation has elected the fair value option for mortgage loans held for sale to better match changes in fair value of the loans with changes in the fair value of the forward sale commitment contracts used to economically hedge them.

The following table presents a summary of mortgage loans held for sale accounted for under the fair value option:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024	December 31, 2023	(Dollars in thousands)	September 30, 2024	December 31, 2023
Aggregate fair value						
Aggregate principal balance						
Difference between fair value and principal balance						

Changes in fair value of mortgage loans held for sale accounted for under the fair value option election are included in mortgage banking revenues in the Unaudited Consolidated Statements of Income. Changes in fair value amounted to decreases in mortgage banking revenues of $22 $31 thousand and $91 $122 thousand, respectively, for the three and six nine months ended June 30, 2024 September 30, 2024. This compared to a decrease decreases in mortgage banking revenues of $6 $39 thousand and $21 thousand, respectively, for the three months ended

June 30, 2023 and an increase of $18 thousand for the six nine months ended June 30, 2023 September 30, 2023.

There were no mortgage loans held for sale 90 days or more past due as of June 30, 2024 September 30, 2024 and December 31, 2023.

Valuation Techniques

Debt Securities

Available for sale debt securities are recorded at fair value on a recurring basis. When available, the Corporation uses quoted market prices to determine the fair value of debt securities; such items are classified as Level 1. There were no Level 1 debt securities held at June 30, 2024 September 30, 2024 and December 31, 2023.

Level 2 debt securities are traded less frequently than exchange-traded instruments. The fair value of these securities is determined using matrix pricing with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category includes obligations of U.S. government-sponsored enterprises, including mortgage-backed securities, individual name issuer trust preferred debt securities, and corporate bonds.

Debt securities not actively traded whose fair value is determined through the use of cash flows utilizing inputs that are unobservable are classified as Level 3. There were no Level 3 debt securities held at June 30, 2024 September 30, 2024 and December 31, 2023.

Mortgage Loans Held for Sale

The Corporation has elected the fair value option for mortgage loans held for sale. The fair value is estimated based on current market prices for similar loans in the secondary market and therefore are classified as Level 2 assets.

Collateral Dependent Individually Analyzed Loans

Collateral dependent individually analyzed loans are valued based upon the lower of amortized cost or fair value. Fair value is determined based on the appraised value of the underlying collateral. Such collateral primarily consists of real estate and, to a lesser extent, other business assets. For collateral dependent loans that are expected to be repaid substantially through the sale of the collateral, management adjusts the fair value for estimated costs to sell. Management may also adjust appraised values to reflect estimated market value declines or apply other discounts to appraised values resulting from its knowledge of the collateral. Internal valuations may be utilized to determine the fair value of other business assets. Collateral dependent individually analyzed loans are categorized as Level 3.

Loan Servicing Rights

Loans sold with the retention of servicing result in the recognition of loan servicing rights. Loan servicing rights are included in other assets in the Unaudited Consolidated Balance Sheets and are amortized as an offset to mortgage banking revenues over the estimated period of servicing. Loan servicing rights are evaluated quarterly for impairment based on their fair value. Impairment exists if the carrying value exceeds the estimated fair value. Impairment is measured on an aggregated basis by stratifying the loan servicing rights based on homogeneous characteristics such as note rate and loan type. The fair value is estimated using an independent valuation model that estimates the present value of expected cash flows, incorporating assumptions for discount rates and prepayment rates. Any impairment is recognized through a valuation allowance and as a reduction to mortgage banking revenues. Loan servicing rights are categorized as Level 3.

Derivatives

Interest rate derivative contracts are traded in over-the-counter markets where quoted market prices are not readily available. Fair value measurements are determined using independent valuation software, which utilizes the present value of future cash flows discounted using market observable inputs such as forward rate assumptions. The Corporation evaluates the credit risk of its counterparties, as well as that of the Corporation. Accordingly, factors such as the likelihood of default by the Corporation and its counterparties, its net exposures, and remaining contractual life are considered in determining if any fair value adjustments related to credit risk are required. Counterparty exposure is evaluated by netting positions that are subject to master netting agreements, as well as considering the amount of collateral securing the position, if any. The Corporation has determined that the majority of the inputs used to value its derivative positions fall within Level 2 of the fair value hierarchy. However, the credit valuation adjustments utilize Level 3 inputs. As of June 30, 2024 September 30, 2024 and December 31, 2023, the Corporation has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation. As a result, the Corporation has classified its derivative valuations in their entirety as Level 2.

Fair value measurements of forward loan commitments (interest rate lock commitments and forward sale commitments) are primarily based on current market prices for similar assets in the secondary market for mortgage loans and therefore are classified as Level 2 assets. The fair value of interest rate lock commitments is also dependent on the ultimate closing of the loans. Pull-through rates are based on the Corporation's historical data and reflect the Corporation's best estimate of the likelihood that a commitment will result in a closed loan. Although the pull-through rates are Level 3 inputs, the Corporation has assessed the significance of the impact of pull-through rates on the overall valuation of its interest rate lock commitments and has determined that they are not significant to the overall valuation. As a result, the Corporation has classified its interest rate lock commitments as Level 2.

Items Recorded at Fair Value on a Recurring Basis

The following tables present the balances of assets and liabilities reported at fair value on a recurring basis:

(Dollars in thousands) June 30, 2024	(Dollars in thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2024		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)					
Assets:										
Available for sale debt securities:										
Available for sale debt securities:										
Available for sale debt securities:										
Obligations of U.S. government-sponsored enterprises										
Obligations of U.S. government-sponsored enterprises										
Obligations of U.S. government-sponsored enterprises										
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises										
Individual name issuer trust preferred debt securities										
Individual name issuer trust preferred debt securities										
Obligations of states and political subdivisions										
Individual name issuer trust preferred debt securities										
Corporate bonds										
Corporate bonds										
Corporate bonds										
Mortgage loans held for sale										
Derivative assets										
Total assets at fair value on a recurring basis										
Total assets at fair value on a recurring basis										
Total assets at fair value on a recurring basis										
Liabilities:										
Derivative liabilities										
Derivative liabilities										
Derivative liabilities										
Total liabilities at fair value on a recurring basis										
Total liabilities at fair value on a recurring basis										
Total liabilities at fair value on a recurring basis										

(Dollars in thousands) December 31, 2023	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for sale debt securities:				
Obligations of U.S. government-sponsored enterprises	$225,742	$—	$225,742	$—
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	753,956	—	753,956	—
Individual name issuer trust preferred debt securities	8,793	—	8,793	—
Corporate bonds	11,889	—	11,889	—
Mortgage loans held for sale	20,077	—	20,077	—
Derivative assets	51,966	—	51,966	—
Total assets at fair value on a recurring basis	$1,072,423	$—	$1,072,423	$—
Liabilities:				
Derivative liabilities	$52,814	$—	$52,814	$—
Total liabilities at fair value on a recurring basis	$52,814	$—	$52,814	$—

Items Recorded at Fair Value on a Nonrecurring Basis

There The following table presents the carrying value of assets held at September 30, 2024, which were no assets written down to fair value during the six nine months ended June 30, 2024. September 30, 2024:

(Dollars in thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral dependent individually analyzed loan	$9,976	$—	$—	$9,976
Loan servicing rights	7,773	—	—	7,773
Total assets at fair value on a nonrecurring basis	$17,749	$—	$—	$17,749

The following table presents the carrying value of assets held at December 31, 2023, which were written down to fair value during the year ended December 31, 2023.

(Dollars in thousands)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Collateral dependent individually analyzed loans	$8,050	$—	$—	$8,050
Loan servicing rights	8,512	—	—	8,512
Total assets at fair value on a nonrecurring basis	$16,562	$—	$—	$16,562

The following table presents tables present valuation techniques and unobservable inputs for assets measured at fair value on a nonrecurring basis for which the Corporation has utilized Level 3 inputs to determine fair value:

(Dollars in thousands) September 30, 2024	Fair Value	Valuation Technique	Unobservable Input	Range of Inputs Utilized (Weighted Average)
Collateral dependent individually analyzed loan	$9,976	Appraisals of collateral	Discount for costs to sell	2%
			Appraisal adjustments	0%
Loan servicing rights	7,773	Discounted cash flow	Discount rates	10% - 14% (10%)
			Prepayment rates	5% - 42% (9%)

(Dollars in thousands) December 31, 2023	Fair Value	Valuation Technique	Unobservable Input	Inputs Utilized (Weighted Average)
Collateral dependent individually analyzed loans	$8,050	Appraisals of collateral	Discount for costs to sell	0%
			Appraisal adjustments	0%
Loan servicing rights	8,512	Discounted cash flow	Discount rates	10% - 14% (10%)
			Prepayment rates	6% - 53% (9%)

Items for which Fair Value is Only Disclosed

The estimated fair values and related carrying amounts for financial instruments for which fair value is only disclosed are presented in the tables below:

(Dollars in thousands)					
June 30, 2024					
June 30, 2024					
June 30, 2024	Carrying Amount	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2024					
September 30, 2024					
September 30, 2024	Carrying Amount	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Loans, net of allowance for credit losses on loans (1)					
Loans, net of allowance for credit losses on loans (1)					
Loans, net of allowance for credit losses on loans (1)					
FHLB stock					
Investment in BOLI					
Financial Liabilities:					
Financial Liabilities:					
Financial Liabilities:					
Non-maturity deposits					
Non-maturity deposits					
Non-maturity deposits					
Time deposits					
FHLB advances					
Junior subordinated debentures					

(1) The estimated fair value excludes a $19 thousand negative basis adjustment associated with fair value hedges. See Note 6 for additional disclosure.

(Dollars in thousands)

December 31, 2023	Carrying Amount	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:					
Cash and cash equivalents	$90,184	$90,184	$90,184	$—	$—
Loans, net of allowance for credit losses on loans	5,606,649	5,365,396	—	—	5,365,396
FHLB stock	51,893	51,893	—	51,893	—
Investment in BOLI	103,736	103,736	—	103,736	—
Financial Liabilities:					
Non-maturity deposits	$3,559,923	$3,559,923	$—	$3,559,923	$—
Time deposits	1,788,237	1,773,643	—	1,773,643	—
FHLB advances	1,190,000	1,192,262	—	1,192,262	—
Junior subordinated debentures	22,681	19,228	—	19,228	—

Note 8 - Deposits

The following table presents a summary of deposits:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024	December 31, 2023	(Dollars in thousands)	September 30, 2024	December 31, 2023
Noninterest-bearing:						
Noninterest-bearing demand deposits						
Noninterest-bearing demand deposits						
Noninterest-bearing demand deposits						
Interest-bearing:						
Interest-bearing demand deposits						
Interest-bearing demand deposits						
Interest-bearing demand deposits						
NOW accounts						
Money market accounts						
Savings accounts						
Time deposits (1)						
Total interest-bearing deposits						
Total deposits						

(1) Includes wholesale brokered time deposit balances of $339.2 million $380.0 million and $654.1 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023.

The following table presents scheduled maturities of time certificates of deposit:

(Dollars in thousands)	(Dollars in thousands)	Scheduled Maturity	Weighted Average Rate	(Dollars in thousands)	Scheduled Maturity	Weighted Average Rate
July 1, 2024 to December 31, 2024		$963,519	4.61 %			
October 1, 2024 to December 31, 2024		$566,377	4.41 %			
2025						
2026						
2027						

2028		
2029 and thereafter		
Balance at June 30, 2024	$1,504,056	4.35 %
Balance at September 30, 2024	$1,587,623	4.32 %

Time certificates of deposit in denominations of $250 thousand or more totaled $273.3 million $330.9 million and $271.2 million, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023.

Note 9 - Borrowings

Advances payable to the FHLB amounted to $1.6 billion $1.3 billion and $1.2 billion, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023.

At June 30, 2024 September 30, 2024, the Corporation has had interest rate swaps with a notional amount of $120.0 million, $120.0 million, as well as an interest rate collar with a notional amount of $50.0 million, that were designated as cash flow hedges to hedge the interest rate risk associated with short-term FHLB advances. See Note 6 for additional disclosure on derivatives.

As of June 30, 2024 and December 31, 2023, the Bank had access to a $40.0 million unused line of credit with the FHLB. Additionally, the Bank had standby letters of credit with the FHLB of $66.0 million and $65.0 million, respectively, at June 30, 2024 and December 31, 2023. The standby letters of credit collateralize institutional deposits. The Bank had remaining available borrowing capacity of $801.5 $931.0 million and $1.1 billion, respectively, with the FHLB at June 30, 2024 September 30, 2024 and December 31, 2023. The Bank pledges certain qualified investment securities and loans as collateral to the FHLB.

In addition, the Bank had access to a $40.0 million unused line of credit with the FHLB at both September 30, 2024 and December 31, 2023. Furthermore, the Bank had standby letters of credit with the FHLB of $66.0 million and $65.0 million, respectively, at September 30, 2024 and December 31, 2023, to collateralize institutional deposits.

The following table presents maturities and weighted average interest rates on FHLB advances outstanding as of June 30, 2024 September 30, 2024:

(Dollars in thousands)	(Dollars in thousands)	Scheduled Maturity	Weighted Average Rate	(Dollars in thousands)	Scheduled Maturity	Weighted Average Rate
July 1, 2024 to December 31, 2024		$700,000	5.43 %			
October 1, 2024 to December 31, 2024		$450,000	5.38 %			
2025						
2026						
2027						
2028						
2029 and thereafter						
Balance at June 30, 2024		$1,550,000	5.05 %			
Balance at September 30, 2024		$1,300,000	4.96 %			

Note 10 - Shareholders' Equity

Stock Repurchase Program

The 2024 Repurchase Program authorizes the repurchase of up to 850,000 shares, or approximately 5%, of the Corporation's Bancorp's outstanding common stock. This authority may be exercised from time to time and in such amounts as market conditions warrant, and subject to regulatory considerations. The timing and actual numbers of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, market conditions, and other corporate liquidity requirements and priorities. The 2024 Repurchase Program commenced on January 1, 2024 and expires on December 31, 2024, and may be modified, suspended, or discontinued at any time. As of June 30, 2024 September 30, 2024, no shares have been repurchased under the 2024 Repurchase Program.

Regulatory Capital Requirements

Capital levels at June 30, 2024 September 30, 2024 exceeded the regulatory minimum levels to be considered “well capitalized.”

The following table presents the Corporation’s and the Bank’s actual capital amounts and ratios, as well as the corresponding minimum and well capitalized regulatory amounts and ratios that were in effect during the respective periods:

(Dollars in thousands)	(Dollars in thousands) Actual				For Capital Adequacy Purposes				To Be “Well Capitalized” Under Prompt Corrective Action Provisions			(Dollars in thousands) Actual			For Capital Adequ Purposes
		Amount		Amount	Ratio		Amount		Ratio		Amount		Ratio		Amount
June 30, 2024															
September 30, 2024															
Total Capital (to Risk-Weighted Assets):															
Total Capital (to Risk-Weighted Assets):															
Total Capital (to Risk-Weighted Assets):															
Corporation Corporation Corporation		$616,564	11.81	11.81 %	$417,809		8.00	8.00 %			N/A	$618,974	12.21	12.21 %	
Bank	Bank	610,690	11.70	11.70	417,648	417,648	8.00	8.00	$522,060	$522,060	10.00	10.00 %	Bank 612,980	12.10	
Tier 1 Capital (to Risk-Weighted Assets):															
Corporation Corporation Corporation		574,815	11.01	11.01	313,357	313,357	6.00	6.00	N/A		N/A	577,073	11.39	11.3	
Bank															
Common Equity Tier 1 Capital (to Risk-Weighted Assets):															
Corporation Corporation Corporation		552,819	10.59	10.59	235,017	235,017	4.50	4.50	N/A		N/A	555,077	10.95	10.9	
Bank															
Tier 1 Capital (to Average Assets): (1)															
Corporation Corporation Corporation		574,815	7.82	7.82	294,079	294,079	4.00	4.00	N/A		N/A	577,073	7.85	7.8	
Bank															
December 31, 2023															
December 31, 2023															
December 31, 2023															

Total Capital (to Risk-Weighted Assets):														
Total Capital (to Risk-Weighted Assets):														
Total Capital (to Risk-Weighted Assets):														
Corporation														
Corporation														
Corporation	611,220	11.58	11.58	422,259	422,259	8.00	8.00	N/A		N/A	611,220	11.58		11.58
Bank														
Tier 1 Capital (to Risk-Weighted Assets):														
Corporation														
Corporation														
Corporation	572,960	10.86	10.86	316,694	316,694	6.00	6.00	N/A		N/A	572,960	10.86		10.86
Bank														
Common Equity Tier 1 Capital (to Risk-Weighted Assets):														
Corporation														
Corporation														
Corporation	550,964	10.44	10.44	237,521	237,521	4.50	4.50	N/A		N/A	550,964	10.44		10.44
Bank														
Tier 1 Capital (to Average Assets): (1)														
Corporation														
Corporation														
Corporation	572,960	7.80	7.80	293,837	293,837	4.00	4.00	N/A		N/A	572,960	7.80		7.80
Bank														

(1) Leverage ratio.

In addition to the minimum regulatory capital required for capital adequacy outlined in the table above, the Corporation and the Bank are required to maintain a minimum capital conservation buffer, in the form of common equity, of 2.50%, resulting in a requirement for the Corporation and the Bank to effectively maintain total capital, Tier 1 capital, and common equity Tier 1 capital ratios of 10.50%, 8.50%, and 7.00%, respectively. The Corporation and the Bank must maintain the capital conservation buffer to avoid restrictions on the ability to pay dividends and discretionary bonuses. The Corporation's and the Bank's capital levels exceeded the minimum regulatory capital requirements plus the capital conservation buffer at June 30, 2024 September 30, 2024 and December 31, 2023.

The Bancorp owns the common stock of two capital trusts, which have issued trust preferred securities. In accordance with GAAP, the capital trusts are treated as unconsolidated subsidiaries. At both June 30, 2024 September 30, 2024 and December 31, 2023, $22.0 million in trust preferred securities were included in the Tier 1 capital of the Corporation for regulatory capital reporting purposes pursuant to the capital adequacy guidelines of the Federal Reserve.

In accordance with regulatory capital rules, the Corporation elected the option to delay the estimated impact of ASC 326 on its regulatory capital over a two-year deferral and subsequent three-year transition period ending December 31, 2024. As a result, capital ratios exclude the full impact of the increased ACL on loans and unfunded loan commitments attributed to the adoption of ASC 326, adjusted for an approximation of the after-tax provision for credit losses attributable to ASC 326 relative to the incurred loss methodology during the two-year deferral period. The cumulative difference at the end of the deferral period is being phased-in to regulatory capital over the three-year transition period, which began January 1, 2022.

Note 11 - Revenue from Contracts with Customers

The following tables summarize total revenues as presented in the Unaudited Consolidated Statements of Income and the related amounts that are from contracts with customers within the scope of ASC 606. As shown below, a substantial portion of our revenues are specifically excluded from the scope of ASC 606.

For the three months ended June 30,		2024			2023					
For the three months ended September 30,		2024			2023					
(Dollars in thousands)	(Dollars in thousands)	Revenue (1)	ASC 606 Revenue (2)	Revenue (1)	ASC 606 Revenue (2)	(Dollars in thousands)	Revenue (1)	ASC 606 Revenue (2)	Revenue (1)	ASC 606 Revenue (2)
Net interest income										
Noninterest income:										
Wealth management revenues										
Wealth management revenues										
Wealth management revenues										
Mortgage banking revenues										
Card interchange fees										
Service charges on deposit accounts										
Loan related derivative income										
Income from bank-owned life insurance										
Other income										
Other income										
Other income										
Total noninterest income										
Total revenues										

(1) As reported in the Unaudited Consolidated Statements of Income.

(2) Revenue from contracts with customers in scope of ASC 606.

For the six months ended June 30,										
For the six months ended June 30,										
For the six months ended June 30,		2024			2023					
For the nine months ended September 30,										
For the nine months ended September 30,										
For the nine months ended September 30,		2024			2023					
(Dollars in thousands)	(Dollars in thousands)	Revenue (1)	ASC 606 Revenue (2)	Revenue (1)	ASC 606 Revenue (2)	(Dollars in thousands)	Revenue (1)	ASC 606 Revenue (2)	Revenue (1)	ASC 606 Revenue (2)
Net interest income										
Noninterest income:										
Wealth management revenues										
Wealth management revenues										
Wealth management revenues										
Mortgage banking revenues										
Card interchange fees										
Service charges on deposit accounts										
Loan related derivative income										
Income from bank-owned life insurance										
Other income										
Other income										
Other income										
Total noninterest income										

Total revenues	

(1) As reported in the Unaudited Consolidated Statements of Income.

(2) Revenue from contracts with customers in scope of ASC 606.

The following table presents revenue from contracts with customers based on the timing of revenue recognition:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	Three Months		Six Months		Three Months	Nine Months
Periods ended June 30,	2024	2023	2024	2023		
Periods ended September 30,	2024	2023	2024	2023		
Revenue recognized at a point in time:						
Card interchange fees						
Card interchange fees						
Card interchange fees						
Service charges on deposit accounts						
Other income						
Revenue recognized over time:						
Wealth management revenues						
Wealth management revenues						
Wealth management revenues						
Service charges on deposit accounts						
Other income						
Total revenues from contracts with customers in scope of ASC 606						

Receivables for revenue from contracts with customers primarily consist of amounts due for wealth management services performed for which the Corporation's performance obligations have been fully satisfied. Receivables amounted to $5.9 million and $5.5 million, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023 and were included in other assets in the Unaudited Consolidated Balance Sheets.

Deferred revenues, which are considered contract liabilities under ASC 606, represent advance consideration received from customers for which the Corporation has a remaining performance obligation to fulfill. Contract liabilities are recognized as revenue over the life of the contract as the performance obligations are satisfied. The balances of contract liabilities were insignificant at both June 30, 2024 September 30, 2024 and December 31, 2023 and were included in other liabilities in the Unaudited Consolidated Balance Sheets.

For commissions commission and incentives incentive costs that are in scope of ASC 606, such as those paid to employees in our wealth management services and commercial banking segments in order to obtain customer contracts, contract cost assets are established. The contract cost assets are capitalized and amortized over the estimated useful life that the asset is expected to generate benefits. The carrying value of contract cost assets amounted to $1.9 million and $2.0 million, respectively at June 30, 2024 both September 30, 2024 and December 31, 2023 and were included in other assets in the Unaudited Consolidated Balance Sheets. The amortization of contract cost assets is recorded within salaries and employee benefits expense in the Unaudited Consolidated Statements of Income.

Note 12 - Defined Benefit Pension Plans

Washington Trust maintains a qualified pension plan for the benefit of certain eligible employees who were hired prior to October 1, 2007. Washington Trust also has non-qualified retirement plans to provide supplemental retirement benefits to certain employees, as defined in the plans. These defined benefit pension plans were previously amended to freeze benefit accruals after a 10-year transition period, which ended in December 2023.

In the fourth quarter of 2023, the Corporation's Board of Directors approved a resolution to terminate the qualified pension plan, and participants were notified of the termination. Work on the qualified pension plan termination process has commenced continues to progress and the qualified pension plan's assets are expected to be distributed in 2025, pending completion of applicable regulatory approvals. The qualified pension plan liability is expected to be settled in 2025 through a combination of lump sum payments to participants and purchase of a group annuity contract from a highly-rated insurance company. Upon settlement in 2025, the Corporation expects to recognize a pre-tax pension settlement charge that will include a non-cash charge for the recognition of all pre-tax actuarial losses accumulated in AOCL at that time. The actual amount of the settlement charge will depend on various factors, including interest rates, plan asset returns, the lump sum election rate and annuity pricing.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

The following table presents components of net periodic benefit cost and other amounts recognized in other comprehensive income (loss), on a pre-tax basis:

(Dollars in thousands)	(Dollars in thousands) Qualified Pension Plan			Non-Qualified Retirement Plans		(Dollars in thousands) Qualified Pension Plan		Non-Qualified Retirement Plans	
	Three Months	Three Months		Six Months		Three Months		Six Months / Three Months	Nine Months / Three Months / Nine Months
Periods ended June 30,	2024 2023	2024	2023	2024	2023	2024	2023		
Periods ended September 30,	2024 2023	2024	2023	2024	2023	2024	2023		
Net Periodic Benefit Cost:									
Service cost (1)									
Service cost (1)									
Service cost (1)									
Interest cost (2)									
Expected return on plan assets (2)									
Recognized net actuarial loss (2)									
Recognized net actuarial loss (2)									
Recognized net actuarial loss (2)									
Net periodic benefit cost									
Net periodic benefit cost									
Net periodic benefit cost									

(1) Included in salaries and employee benefits expense in the Unaudited Consolidated Statements of Income. Service cost for 2024 represents administrative expenses related to the termination of the qualified pension plan.

(2) Included in other expenses in the Unaudited Consolidated Statements of Income.

The following table presents the measurement date and weighted-average assumptions used to determine net periodic benefit cost:

		Qualified Pension Plan		Qualified Pension Plan			Non-Qualified Retirement Plans		Qualified Pension Plan	Non-Qualified Retirement Plans
For the six months ended June 30,		2024	2023	2024	2023					
For the nine months ended September 30,		2024	2023	2024	2023					
Measurement date	Measurement date	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022	Measurement date	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Equivalent single discount rate for benefit obligations	Equivalent single discount rate for benefit obligations	4.51%	5.54%	5.15%	5.50%	Equivalent single discount rate for benefit obligations	4.51%	5.54%	5.15%	5.50%
Equivalent single discount rate for service cost	Equivalent single discount rate for service cost	N/A	5.60	N/A	5.61	Equivalent single discount rate for service cost	N/A	5.60	N/A	5.61
Equivalent single discount rate for interest cost	Equivalent single discount rate for interest cost	4.51	5.43	5.11	5.40	Equivalent single discount rate for interest cost	4.51	5.43	5.11	5.40
Expected long-term return on plan assets	Expected long-term return on plan assets	4.75	5.25	N/A	N/A	Expected long-term return on plan assets	4.75	5.25	N/A	N/A
Rate of compensation increase	Rate of compensation increase	0.50	5.00	N/A	5.00	Rate of compensation increase	0.50	5.00	N/A	5.00

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Note 13 - Business Segments

The Corporation manages its operations through two reportable business segments, consisting of Commercial Banking and Wealth Management Services.

Management uses an allocation methodology to allocate income and expenses to the business lines. Direct activities are assigned to the appropriate business segment to which the activity relates. Indirect activities, such as corporate, technology and other support functions, are allocated to business segments primarily based upon full-time equivalent employee computations.

Commercial Banking

The Commercial Banking segment includes commercial, residential, and consumer lending activities; mortgage banking activities; deposit generation; cash management activities; banking activities, including customer support and the operation of ATMs, telephone banking, internet banking, and mobile banking services; as well as investment portfolio and wholesale funding activities.

Wealth Management Services

The Wealth Management Services segment includes investment management; holistic financial planning services; personal trust and estate services, including services as trustee, personal representative, and custodian; settlement of decedents' estates; and institutional trust services, including custody and fiduciary services.

The following tables present the statement of operations and total assets for Washington Trust's reportable segments:

(Dollars in thousands)	(Dollars in thousands)	Commercial Banking		Wealth Management Services		Consolidated Total		(Dollars in thousands)	Commercial Banking	Wealth Management Services	Consolidated Total
Three months ended June 30,		2024	2023	2024	2023	2024	2023				
Three months ended September 30,		2024	2023	2024	2023	2024	2023				
Net interest income											
Provision for credit losses											
Net interest income after provision for credit losses											
Noninterest income											
Noninterest expenses:											
Depreciation and amortization expense											
Depreciation and amortization expense											
Depreciation and amortization expense											
Other noninterest expenses											
Total noninterest expenses											
Income before income taxes											
Income tax expense											
Net income											
Total assets at period end											
Total assets at period end											
Total assets at period end											
Expenditures for long-lived assets											

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

(Dollars in thousands)									
(Dollars in thousands)									
(Dollars in thousands)	Commercial Banking		Wealth Management Services		Consolidated Total		Commercial Banking	Wealth Management Services	Consolidated Total
Six months ended June 30,	2024	2023	2024	2023	2024	2023			
Nine months ended September 30,	2024	2023	2024	2023	2024	2023			
Net interest income									
Provision for credit losses									
Net interest income after provision for credit losses									

Noninterest income
Noninterest expenses:
Depreciation and amortization expense
Depreciation and amortization expense
Depreciation and amortization expense
Other noninterest expenses
Total noninterest expenses
Income before income taxes
Income tax expense
Net income
Total assets at period end
Total assets at period end
Total assets at period end
Expenditures for long-lived assets

Note 14 - Other Comprehensive Income (Loss)

The following tables present the activity in other comprehensive income (loss):

Three months ended June 30,	2024			2023		
(Dollars in thousands)	Pre-tax Amounts	Income Tax Expense	Net of Tax	Pre-tax Amounts	Income Tax Benefit (Expense)	Net of Tax
Available for Sale Debt Securities:						
Change in fair value of available for sale debt securities	$1,006	($257)	$749	($12,929)	$3,102	($9,827)
Cash Flow Hedges:						
Change in fair value of cash flow hedges	802	(213)	589	1,696	(407)	1,289
Net cash flow hedge losses reclassified into earnings (1)	1,645	(419)	1,226	1,875	(449)	1,426
Net change in fair value of cash flow hedges	2,447	(632)	1,815	3,571	(856)	2,715
Defined Benefit Plan Obligations:						
Amortization of net actuarial losses (2)	30	(7)	23	60	(15)	45
Total other comprehensive income (loss)	$3,483	($896)	$2,587	($9,298)	$2,231	($7,067)

(1) The pre-tax amounts reclassified into earnings in the Unaudited Consolidated Statements of Income included reductions of $2.1 million included in interest and fees on loans for both the three months ended June 30, 2024 and 2023, as well as reductions of $495 thousand and $264 thousand, respectively, included in FHLB interest expense.

(2) The pre-tax amounts are included in other expenses in the Unaudited Consolidated Statements of Income.

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Three months ended September 30,	2024			2023		
(Dollars in thousands)	Pre-tax Amounts	Income Tax Expense	Net of Tax	Pre-tax Amounts	Income Tax Benefit (Expense)	Net of Tax
Available for Sale Debt Securities:						
Change in fair value of available for sale debt securities	$40,608	($10,354)	$30,254	($43,139)	$10,354	($32,785)
Cash Flow Hedges:						
Change in fair value of cash flow hedges	(3,164)	806	(2,358)	2,196	(527)	1,669
Net cash flow hedge losses reclassified into earnings	1,677	(427)	1,250	1,533	(369)	1,164
Net change in fair value of cash flow hedges	(1,487)	379	(1,108)	3,729	(896)	2,833
Defined Benefit Plan Obligations:						
Amortization of net actuarial losses	31	(9)	22	59	(14)	45
Total other comprehensive income (loss)	$39,152	($9,984)	$29,168	($39,351)	$9,444	($29,907)

Six months ended June 30,	2024			2023		
(Dollars in thousands)	Pre-tax Amounts	Income Tax Benefit (Expense)	Net of Tax	Pre-tax Amounts	Income Tax Expense	Net of Tax
Securities available for sale:						
Change in fair value of available for sale debt securities	($13,742)	$3,503	($10,239)	$4,436	($1,065)	$3,371
Cash flow hedges:						
Change in fair value of cash flow hedges	3,458	(890)	2,568	2,742	(658)	2,084
Net cash flow hedge losses reclassified into earnings (1)	3,291	(839)	2,452	4,510	(1,082)	3,428
Net change in fair value of cash flow hedges	6,749	(1,729)	5,020	7,252	(1,740)	5,512
Defined benefit plan obligations:						
Amortization of net actuarial losses (2)	61	(15)	46	119	(29)	90
Total other comprehensive (loss) income	($6,932)	$1,759	($5,173)	$11,807	($2,834)	$8,973

(1) For the six months ended June 30, 2024 and 2023, the pre-tax amounts reclassified into earnings in the Unaudited Consolidated Statements of Income included reductions of $4.3 million and $4.9 million, respectively, included in interest and fees on loans, as well as reductions of $988 thousand and $391 thousand, respectively, included in FHLB interest expense.

(2) The pre-tax amounts are included in other expenses in the Unaudited Consolidated Statements of Income.

The following tables present the changes in AOCL by component, net of tax:

(Dollars in thousands) For the three months ended June 30, 2024	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at March 31, 2024	($127,579)	($12,414)	($8,920)	($148,913)
Other comprehensive income before reclassifications	749	589	—	1,338
Amounts reclassified from AOCL	—	1,226	23	1,249
Net other comprehensive income	749	1,815	23	2,587
Balance at June 30, 2024	($126,830)	($10,599)	($8,897)	($146,326)

(Dollars in thousands) For the six months ended June 30, 2024	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at December 31, 2023	($116,591)	($15,619)	($8,943)	($141,153)
Other comprehensive (loss) income before reclassifications	(10,239)	2,568	—	(7,671)
Amounts reclassified from AOCL	—	2,452	46	2,498
Net other comprehensive (loss) income	(10,239)	5,020	46	(5,173)
Balance at June 30, 2024	($126,830)	($10,599)	($8,897)	($146,326)

(Dollars in thousands) For the three months ended June 30, 2023	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at March 31, 2023	($117,835)	($19,848)	($4,077)	($141,760)
Other comprehensive (loss) income before reclassifications	(9,827)	1,289	—	(8,538)

Amounts reclassified from AOCL	—	1,426	45	1,471
Net other comprehensive (loss) income	(9,827)	2,715	45	(7,067)
Balance at June 30, 2023	($127,662)	($17,133)	($4,032)	($148,827)

Nine months ended September 30,	2024			2023		
(Dollars in thousands)	Pre-tax Amounts	Income Tax Benefit (Expense)	Net of Tax	Pre-tax Amounts	Income Tax Expense	Net of Tax
Securities available for sale:						
Change in fair value of available for sale debt securities	$26,866	($6,851)	$20,015	($38,703)	$9,289	($29,414)
Cash flow hedges:						
Change in fair value of cash flow hedges	283	(73)	210	4,938	(1,185)	3,753
Net cash flow hedge losses reclassified into earnings	4,966	(1,264)	3,702	6,043	(1,451)	4,592
Net change in fair value of cash flow hedges	5,249	(1,337)	3,912	10,981	(2,636)	8,345
Defined benefit plan obligations:						
Amortization of net actuarial losses	92	(24)	68	178	(43)	135
Total other comprehensive income (loss)	$32,207	($8,212)	$23,995	($27,544)	$6,610	($20,934)

(Dollars in thousands) For the six months ended June 30, 2023	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at December 31, 2022	($131,033)	($22,645)	($4,122)	($157,800)
Other comprehensive income before reclassifications	3,371	2,084	—	5,455
Amounts reclassified from AOCL	—	3,428	90	3,518
Net other comprehensive income	3,371	5,512	90	8,973
Balance at June 30, 2023	($127,662)	($17,133)	($4,032)	($148,827)

The following tables present the changes in AOCL by component, net of tax:

(Dollars in thousands) For the three months ended September 30, 2024	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at June 30, 2024	($126,830)	($10,599)	($8,897)	($146,326)
Other comprehensive income (loss) before reclassifications	30,254	(2,358)	—	27,896
Amounts reclassified from AOCL	—	1,250	22	1,272
Net other comprehensive income (loss)	30,254	(1,108)	22	29,168
Balance at September 30, 2024	($96,576)	($11,707)	($8,875)	($117,158)

(Dollars in thousands) For the nine months ended September 30, 2024	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at December 31, 2023	($116,591)	($15,619)	($8,943)	($141,153)
Other comprehensive income before reclassifications	20,015	210	—	20,225
Amounts reclassified from AOCL	—	3,702	68	3,770
Net other comprehensive income	20,015	3,912	68	23,995
Balance at September 30, 2024	($96,576)	($11,707)	($8,875)	($117,158)

(Dollars in thousands)	Net Unrealized Losses on Available	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined	Total

For the three months ended September 30, 2023	For Sale Debt Securities		Benefit Plan Obligations	
Balance at June 30, 2023	($127,662)	($17,133)	($4,032)	($148,827)
Other comprehensive (loss) income before reclassifications	(32,785)	1,669	—	(31,116)
Amounts reclassified from AOCL	—	1,164	45	1,209
Net other comprehensive (loss) income	(32,785)	2,833	45	(29,907)
Balance at September 30, 2023	($160,447)	($14,300)	($3,987)	($178,734)

(Dollars in thousands) For the nine months ended September 30, 2023	Net Unrealized Losses on Available For Sale Debt Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Defined Benefit Plan Obligations	Total
Balance at December 31, 2022	($131,033)	($22,645)	($4,122)	($157,800)
Other comprehensive (loss) income before reclassifications	(29,414)	3,753	—	(25,661)
Amounts reclassified from AOCL	—	4,592	135	4,727
Net other comprehensive (loss) income	(29,414)	8,345	135	(20,934)
Balance at September 30, 2023	($160,447)	($14,300)	($3,987)	($178,734)

Note 15 - Earnings per Common Share

The following table presents the calculation of EPS:

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

	Three Months Three Months Three Months		Six Months		Nine Months
Periods ended June 30,	2024	2023	2024	2023	
Periods ended September 30,	2024	2023	2024	2023	
Earnings for basic and diluted earnings per common share:					
Net income					
Net income					
Net income					
Less: dividends and undistributed earnings allocated to participating securities					
Net income available to common shareholders					
Shares:					
Shares:					
Shares:					
Weighted average common shares outstanding for basic EPS					
Weighted average common shares outstanding for basic EPS					
Weighted average common shares outstanding for basic EPS					
Dilutive effect of common stock equivalents					
Weighted average common shares outstanding for diluted EPS					
Earnings per common share:					
Earnings per common share:					
Earnings per common share:					
Basic EPS					
Basic EPS					
Basic EPS					

Diluted EPS

Weighted average common stock equivalents, not included in common stock equivalents above because they were anti-dilutive, totaled 458,539 403,995 and 459,100, 450,943, respectively, for the three and six nine months ended June 30, 2024 September 30, 2024, compared to 478,490 468,524 and 377,989, 452,472, respectively, for the same periods in 2023.

Note 16 - Commitments and Contingencies

Financial Instruments with Off-Balance Sheet Risk

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to manage the Corporation's exposure to fluctuations in interest rates. These financial

instruments include commitments to extend credit and standby letters of credit, as well as derivative financial instruments, such as mortgage loan commitments, loan related derivative contracts and interest rate risk management contracts. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the Unaudited Consolidated Balance Sheets. The contract or notional amounts of these instruments reflect the extent of involvement the Corporation has in particular classes of financial instruments. See Note 6 for additional disclosure pertaining to derivative financial instruments.

Financial Instruments Whose Contract Amounts Represent Credit Risk (Unfunded Commitments)

Commitments to Extend Credit

Commitments to extend credit are agreements to lend to a customer as long as there are no violations of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments are expected to expire without being drawn upon, total commitment

amounts do not necessarily represent future cash requirements. Each borrower's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained is based on management's credit evaluation of the borrower.

Standby Letters of Credit

Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These standby letters of credit are primarily issued to support the financing needs of the Bank's commercial customers. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers. The collateral supporting those commitments is essentially the same as for other commitments. Most standby letters of credit extend for one year. At June 30, 2024 September 30, 2024 and December 31, 2023, there were no liabilities to beneficiaries resulting from standby letters of credit. Should the Corporation be required to make payments to the beneficiary, repayment from the customer to the Corporation is required.

The following table presents the contractual and notional amounts of financial instruments with off-balance sheet risk:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024	December 31, 2023	(Dollars in thousands)	September 30, 2024	December 31, 2023
Financial instruments whose contract amounts represent credit risk:						
Commitments to extend credit						
Commitments to extend credit						
Commitments to extend credit						
Standby letters of credit						
Standby letters of credit						
Standby letters of credit						

ACL on Unfunded Commitments

The ACL on unfunded commitments is management's estimate of expected lifetime credit losses over the expected contractual term in which the Corporation is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Corporation.

The activity in the ACL on unfunded commitments for the three months ended June 30, 2024 September 30, 2024 is presented below:

(Dollars in thousands)

	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
	CRE														
	CRE														
Beginning Balance															
Provision															
Provision															
Provision															
Ending Balance															

The activity in the ACL on unfunded commitments for the six nine months ended June 30, 2024 September 30, 2024 is presented below:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
	CRE														
	CRE														
Beginning Balance															
Provision															
Provision															
Provision															
Ending Balance															

The activity in the ACL on unfunded commitments for the three months ended September 30, 2023 is presented below:

(Dollars in thousands)	Commercial			Consumer				
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$1,483	$877	$2,360	$15	$—	$15	$15	$2,390
Provision	(387)	(9)	(396)	(1)	—	(3)	(3)	(400)
Ending Balance	$1,096	$868	$1,964	$14	$—	$12	$12	$1,990

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

The activity in the ACL on unfunded commitments for the three nine months ended June 30, 2023 September 30, 2023 is presented below:

(Dollars in thousands)	Commercial			Consumer				
	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance	$1,368	$883	$2,251	$25	$—	$14	$14	$2,290
Provision	115	(6)	109	(10)	—	1	1	100
Ending Balance	$1,483	$877	$2,360	$15	$—	$15	$15	$2,390

The activity in the ACL on unfunded commitments for the six months ended June 30, 2023 is presented below:

(Dollars in thousands)
(Dollars in thousands)

CRE
CRE

(Dollars in thousands)	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning Balance															
Provision															
Provision															
Provision															
Ending Balance															

Other Contingencies

Litigation

The Corporation is involved in various claims and legal proceedings arising out of the ordinary course of business. Management is of the opinion, based on its review with counsel of the development of such matters to date, that the ultimate disposition of such matters will not materially affect the consolidated balance sheets or statements of income of the Corporation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Corporation's Audited Consolidated Financial Statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2023, and in conjunction with the condensed Unaudited Consolidated Financial Statements and notes thereto included in Item 1 of this report. Operating results for the three and six nine months ended June 30, 2024 September 30, 2024 are not necessarily indicative of the results for the full-year ended December 31, 2024 or any future period.

Forward-Looking Statements

This report contains statements that are "forward-looking statements." We may also make forward-looking statements in other documents we file with the SEC, in our annual reports to shareholders, in press releases and other written materials, and in oral statements made by our officers, directors, or employees. You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "outlook," "will," "should," and other expressions that predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements, because they involve known and unknown risks, uncertainties, and other factors, some of which are beyond our control. These risks, uncertainties, and other factors may cause our actual results, performance, or achievements to be materially different than the anticipated future results, performance, or achievements expressed or implied by the forward-looking statements.

Some of the factors that might cause these differences include the following:

- changes in general business and economic conditions on a national basis and in the local markets in which we operate;
- changes in customer behavior due to political, business, and economic conditions, including inflation and concerns about liquidity;
- interest rate changes or volatility, as well as changes in the balance and mix of loans and deposits;
- changes in loan demand and collectability;
- the possibility that future credits losses are higher than currently expected due to changes in economic assumptions or adverse economic developments;
- ongoing volatility in national and international financial markets;
- reductions in the market value or outflows of wealth management AUA;
- decreases in the value of securities and other assets;
- increases in defaults and charge-off rates;
- changes in the size and nature of our competition;
- changes in legislation or regulation and accounting principles, policies, and guidelines;

- operational risks including, but not limited to, changes in information technology, cybersecurity incidents, fraud, natural disasters, war, terrorism, civil unrest, and future pandemics;
- regulatory, litigation, and reputational risks; and
- changes in the assumptions used in making such forward-looking statements.

In addition, the factors described under “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as updated by our Quarterly Reports on Form 10-Q and other filings submitted to the SEC, may result in these differences. You should carefully review all of these factors and you should be aware that there may be other factors that could cause these differences. These forward-looking statements were based on information, plans, and estimates at the date of this report, and we assume no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Overview

Washington Trust offers a full range of financial services, including commercial, residential, and consumer lending, retail and commercial deposit products, and wealth management and trust services through its offices in Rhode Island, Massachusetts, and Connecticut.

Our largest source of operating income is net interest income, which is the difference between interest earned on loans and securities and interest paid on deposits and borrowings. In addition, we generate noninterest income from a number of

sources, including wealth management services, mortgage banking activities, and deposit services. Our principal noninterest expenses include salaries and employee benefit costs, outsourced services provided by third-party vendors, occupancy and facility-related costs, and other administrative expenses.

We continue to leverage our strong regional brand to build market share and remain steadfast in our commitment to provide superior service. We believe the key to future growth is providing customers with convenient in-person service and digital banking solutions. In January 2024, we opened a new full-service branch in Smithfield, Rhode Island. In addition, Island, and in September 2024, we plan to open another opened a new full-service branch in the Olneyville section of Providence in the third quarter of 2024. Providence.

Risk Management

The Corporation has a comprehensive ERM program through which the Corporation identifies, measures, monitors, and controls current and emerging material risks.

The Board of Directors is responsible for oversight of the ERM program. The ERM program enables the aggregation of risk across the Corporation and ensures the Corporation has the tools, programs, and processes in place to support informed decision making, to anticipate risks before they materialize and to maintain the Corporation’s risk profile consistent with its risk strategy. The Board of Directors has approved an ERM Policy that addresses each category of risk. The risk categories include: credit risk, interest rate risk, liquidity risk, price and market risk, compliance risk, strategic and reputation risk, and operational risk. A description of each risk category is provided below.

Credit risk represents the possibility that borrowers or other counterparties may not repay loans or other contractual obligations according to their terms due to changes in the financial capacity, ability, and willingness of such borrowers or counterparties to meet their obligations. In some cases, the collateral securing payment of the loans may be sufficient to assure repayment, but in other cases the Corporation may experience significant credit losses, which could have an adverse effect on its operating results. The Corporation makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and counterparties and the value of the real estate and other assets serving as collateral for the repayment of loans. Credit risk also exists with respect to investment securities. For further discussion regarding the credit risk and the credit quality of the Corporation’s loan portfolio, see Notes 4 and 5 to the Unaudited Consolidated Financial Statements. For further discussion regarding credit risk associated with unfunded commitments, see Note 16 to the Unaudited Consolidated Financial Statements. For further discussion regarding the Corporation’s securities portfolio, see Note 3 to the Unaudited Consolidated Financial Statements.

Interest rate risk is the risk of loss to earnings due to movements in interest rates. Interest rate risk arises from differences between the timing of rate changes and the timing of cash flows. It exists because the repricing frequency and magnitude of interest-earning assets and interest-bearing liabilities are not identical. See the “Asset/Liability Management and Interest Rate Risk” section below for additional disclosure.

Liquidity risk is the risk that the Corporation will not have the ability to generate adequate amounts of cash in the most economical way for it to meet its maturing liability obligations and customer loan demand. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. For detailed disclosure regarding liquidity management, see the “Liquidity and Capital Resources” section below.

Price and market risk refers to the risk of loss arising from adverse changes in interest rates and other relevant market rates and prices, such as equity prices. Interest rate risk, discussed above, is the most significant market risk to which the Corporation is exposed. The Corporation is also exposed to financial market risk and housing market risk.

Compliance risk represents the risk of regulatory sanctions or financial loss resulting from the failure to comply with laws, rules, and regulations and standards of good banking practice. Activities which that may expose the Corporation to compliance risk include, but are not limited to, those dealing with the prevention of money laundering, privacy and data protection, adherence to all applicable laws and regulations, and employment and tax matters.

Strategic and reputation risk represent the risk of loss due to impairment of reputation, failure to fully develop and execute business plans, and failure to assess existing and new opportunities and threats in business, markets, and products.

Operational risk is the risk of loss due to human behavior, inadequate or failed internal processes, systems and controls, information technology changes or failures, and external influences such as market conditions, fraudulent activities, cybersecurity incidents, natural disasters, and security risks.

ERM is an overarching program that includes all areas of the Corporation. A framework approach is utilized to assign responsibility and to ensure that the various business units and activities involved in the risk management life-cycle are effectively integrated. The Corporation has adopted the “three lines of defense” strategy that is an industry best practice for ERM. Business units are the first line of defense in managing risk. They are responsible for identifying, measuring, monitoring, and controlling current and emerging risks. They must report on and escalate their concerns. Corporate functions such as Credit Risk Management, Financial Administration, Information Assurance, and Compliance represent the second line of defense. They are responsible for policy setting and for reviewing and challenging the risk management activities of the business units. They collaborate closely with business units on planning and resource allocation with respect to risk management. Internal Audit is a third line of defense. They provide independent assurance to the Board of Directors of the effectiveness of the first and second lines in fulfilling their risk management responsibilities.

For additional factors that could adversely impact Washington Trust’s future results of operations and financial condition, see Part II, Item 1A below and the section labeled “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as updated by our Quarterly Reports on Form 10-Q and other filings submitted to the SEC.

Management's Discussion and Analysis

Results of Operations

Summary

The following table presents a summarized consolidated statement of operations:

(Dollars in thousands)																								
(Dollars in thousands)																								
(Dollars in thousands)	Three Months									Six Months							Three Months						Nine Montl	
																							Change	
Periods ended June 30,		2024	2023		$		%		2024	2023		$		%										
Periods ended September 30,		2024	2023		$		%		2024	2023		$		%										
Net interest income	Net interest income	$31,585	$33,500	$33,500	($1,915)	($1,915)	(6	(6 %)	$63,250	$70,693	$70,693	($7,443)	($7,443)	(11	(11 %)	Net interest income	$32,262	$33,751	$33,751	($1,489)	($1,489)	(4	(4 %)	
Noninterest income																								
Total revenues																								
Provision for credit losses																								
Noninterest expense																								

Income before income taxes																	
Income tax expense																	
Net income	Net income	$10,815	$11,256	$11,256	($441)	($441)	(4	(4 %)	$21,751	$24,068	$24,068	($2,317)	($2,317)	(10	(10 %)	Net income	$10,981 $11,161 $11,161 ($180) ($180) (2 (2 %)

The following table presents a summary of performance metrics and ratios:

		Three Months		Three Months			Six Months		Three Months		Nine Months
Periods ended June 30,		2024	2023	2024	2023						
Periods ended September 30,		2024	2023	2024	2023						
Diluted earnings per common share											
Return on average assets (net income divided by average assets)	Return on average assets (net income divided by average assets)	0.60 %	0.65 %	0.61 %	0.71 %	Return on average assets (net income divided by average assets)	0.60 %	0.62 %	0.60 %		0.68 %
Return on average equity (net income available for common shareholders divided by average equity)	Return on average equity (net income available for common shareholders divided by average equity)	9.43 %	9.67 %	9.38 %	10.46 %	Return on average equity (net income available for common shareholders divided by average equity)	8.99 %	9.65 %	9.25 %		10.19 %
Net interest income as a percentage of total revenues	Net interest income as a percentage of total revenues	65 %	70 %	65 %	72 %	Net interest income as a percentage of total revenues	66 %	69 %	66 %		71 %
Noninterest income as a percentage of total revenues	Noninterest income as a percentage of total revenues	35 %	30 %	35 %	28 %	Noninterest income as a percentage of total revenues	34 %	31 %	34 %		29 %

Net income totaled $10.8 million $11.0 million and $21.8 million $32.7 million, respectively, for the three and six nine months ended June 30, 2024 September 30, 2024, compared to $11.3 million $11.2 million and $24.1 million $35.2 million, respectively, reported for the same periods in 2023. Results in 2024 Year-to-date results largely reflected lower net interest income and a modest increase in noninterest expenses, partially offset by higher noninterest income stable asset and a relatively lower provision for credit quality metrics, and modestly higher total noninterest expenses. losses.

The decline in net interest income in 2024 was driven by higher rates paid on, and increases in, average interest-bearing liability balances, which offset the benefit of higher yields on, and growth increases in, average interest-earning asset balances. Noninterest income benefited from a $2.1 litigation settlement received in the first quarter of 2024 and a net gain of $988 thousand recognized on the sale of a bank-owned operations facility in the second quarter of 2024. In addition, the increase in noninterest income in 2024 as well as reflected higher mortgage banking revenues and wealth management revenues. revenues, partially offset by lower loan related derivative income.

Average Balances / Net Interest Margin - Fully Taxable Equivalent Basis

The following tables present daily average balance, interest, and yield/rate information, as well as net interest margin on an FTE basis. Tax-exempt income is converted to an FTE basis using the statutory federal income tax rate adjusted for applicable state income taxes net of the related federal tax benefit. Unrealized gains (losses) on available for sale securities, and changes in fair value on mortgage loans held for sale, and basis adjustments associated with fair value hedges are excluded from the average balance and yield calculations. Nonaccrual loans, as well as interest recognized on these loans, are included in amounts presented for loans.

Management's Discussion and Analysis

Three months ended June 30, / Three months ended September 30,	2024			2023			Change		
(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:									
Cash, federal funds sold, and short-term investments	$96,934	$1,297	5.38	$109,204	$1,279	4.70	($12,270)	$18	0.68
Mortgage loans held for sale	22,755	392	6.93	18,647	241	5.18	4,108	151	1.75
Taxable debt securities	1,129,573	6,944	2.47	1,201,973	7,403	2.47	(72,400)	(459)	—
FHLB stock	60,354	1,124	7.49	43,815	858	7.85	16,539	266	(0.36)
Commercial real estate	2,167,785	34,707	6.44	1,928,461	28,800	5.99	239,324	5,907	0.45
Commercial & industrial (1)	602,786	9,837	6.56	615,101	9,458	6.17	(12,315)	379	0.39

(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:									
Cash, federal funds sold, and short-term investments	$229,326	$3,174	5.51	$102,608	$1,344	5.20	$126,718	$1,830	0.31
Mortgage loans held for sale	21,899	366	6.65	23,057	332	5.71	(1,158)	34	0.94
Taxable debt securities	1,109,699	6,794	2.44	1,181,915	7,271	2.44	(72,216)	(477)	—
Nontaxable debt securities	85	1	4.68	—	—	—	85	1	4.68
Total securities	1,109,784	6,795	2.44	1,181,915	7,271	2.44	(72,131)	(476)	—
FHLB stock	62,420	1,262	8.04	46,889	878	7.43	15,531	384	0.61
Commercial real estate	2,143,466	34,518	6.41	2,004,204	31,526	6.24	139,262	2,992	0.17
Commercial & industrial (1)	573,400	9,368	6.50	609,604	9,896	6.44	(36,204)	(528)	0.06
Total commercial	2,716,866	43,886	6.43	2,613,808	41,422	6.29	103,058	2,464	0.14
Residential real estate	2,542,939	26,568	4.16	2,552,602	24,976	3.88	(9,663)	1,592	0.28
Home equity	299,227	5,554	7.38	303,144	4,514	5.91	(3,917)	1,040	1.47
Other	18,097	215	4.73	18,813	225	4.74	(716)	(10)	(0.01)
Total consumer	317,324	5,769	7.23	321,957	4,739	5.84	(4,633)	1,030	1.39
Total loans	5,577,129	76,223	5.44	5,488,367	71,137	5.14	88,762	5,086	0.30
Total interest-earning assets	7,000,558	87,820	4.99	6,842,836	80,962	4.69	157,722	6,858	0.30
Noninterest-earning assets	254,008			272,321			(18,313)		
Total assets	$7,254,566			$7,115,157			$139,409		
Liabilities and Shareholders' Equity:									
Interest-bearing demand deposits (in-market)	$556,245	$6,288	4.50	$461,760	$5,060	4.35	$94,485	$1,228	0.15
NOW accounts	693,724	405	0.23	742,690	419	0.22	(48,966)	(14)	0.01
Money market accounts	1,122,649	11,221	3.98	1,173,284	9,929	3.36	(50,635)	1,292	0.62
Savings accounts	484,068	984	0.81	516,342	429	0.33	(32,274)	555	0.48
Time deposits (in-market)	1,188,452	12,234	4.10	1,080,395	9,880	3.63	108,057	2,354	0.47
Interest-bearing in-market deposits	4,045,138	31,132	3.06	3,974,471	25,717	2.57	70,667	5,415	0.49
Wholesale brokered demand deposits	—	—	—	—	—	—	—	—	—
Wholesale brokered time deposits	458,114	6,071	5.27	659,624	8,352	5.02	(201,510)	(2,281)	0.25
Wholesale brokered deposits	458,114	6,071	5.27	659,624	8,352	5.02	(201,510)	(2,281)	0.25
Total interest-bearing deposits	4,503,252	37,203	3.29	4,634,095	34,069	2.92	(130,843)	3,134	0.37
FHLB advances	1,423,804	17,717	4.95	1,053,370	12,497	4.71	370,434	5,220	0.24
Junior subordinated debentures	22,681	404	7.09	22,681	404	7.07	—	—	0.02
Total interest-bearing liabilities	5,949,737	55,324	3.70	5,710,146	46,970	3.26	239,591	8,354	0.44
Noninterest-bearing demand deposits	673,113			773,424			(100,311)		
Other liabilities	146,045			173,572			(27,527)		
Shareholders' equity	485,654			458,015			27,639		
Total liabilities and shareholders' equity	$7,254,549			$7,115,157			$139,392		
Net interest income (FTE)		$32,496			$33,992			($1,496)	
Interest rate spread			1.29			1.43			(0.14)
Net interest margin			1.85			1.97			(0.12)

Total commercial	2,770,571	44,544	6.47	2,543,562	38,258	6.03	227,009	6,286	0.44
Residential real estate	2,569,945	26,473	4.14	2,448,204	23,137	3.79	121,741	3,336	0.35
Home equity	306,703	5,211	6.83	292,195	4,082	5.60	14,508	1,129	1.23
Other	18,375	239	5.23	17,808	207	4.66	567	32	0.57
Total consumer	325,078	5,450	6.74	310,003	4,289	5.55	15,075	1,161	1.19
Total loans	5,665,594	76,467	5.43	5,301,769	65,684	4.97	363,825	10,783	0.46
Total interest-earning assets	6,975,210	86,224	4.97	6,675,408	75,465	4.53	299,802	10,759	0.44
Noninterest-earning assets	252,268			263,830			(11,562)		
Total assets	$7,227,478			$6,939,238			$288,240		
Liabilities and Shareholders' Equity:									
Interest-bearing demand deposits (in-market)	$536,752	$6,064	4.54	$393,824	$4,090	4.17	$142,928	$1,974	0.37
NOW accounts	712,874	388	0.22	781,226	400	0.21	(68,352)	(12)	0.01
Money market accounts	1,120,333	10,934	3.93	1,199,761	9,302	3.11	(79,428)	1,632	0.82
Savings accounts	482,674	803	0.67	522,300	321	0.25	(39,626)	482	0.42
Time deposits (in-market)	1,157,962	11,802	4.10	1,000,284	7,960	3.19	157,678	3,842	0.91
Interest-bearing in-market deposits	4,010,595	29,991	3.01	3,897,395	22,073	2.27	113,200	7,918	0.74
Wholesale brokered demand deposits				28			(28)		
Wholesale brokered time deposits	517,424	6,722	5.23	650,381	7,631	4.71	(132,957)	(909)	0.52
Wholesale brokered deposits	517,424	6,722	5.23	650,409	7,631	4.71	(132,985)	(909)	0.52
Total interest-bearing deposits	4,528,019	36,713	3.26	4,547,804	29,704	2.62	(19,785)	7,009	0.64
FHLB advances	1,397,143	17,296	4.98	979,835	11,652	4.77	417,308	5,644	0.21
Junior subordinated debentures	22,681	403	7.15	22,681	374	6.61	—	29	0.54
Total interest-bearing liabilities	5,947,843	54,412	3.68	5,550,320	41,730	3.02	397,523	12,682	0.66
Noninterest-bearing demand deposits	652,189			770,075			(117,886)		
Other liabilities	166,487			152,616			13,871		
Shareholders' equity	460,959			466,227			(5,268)		
Total liabilities and shareholders' equity	$7,227,478			$6,939,238			$288,240		
Net interest income (FTE)		$31,812			$33,735			($1,923)	
Interest rate spread			1.29			1.51			(0.22)
Net interest margin			1.83			2.03			(0.20)

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(1) Interest income includes adjustments for taxable equivalency of $227 $234 thousand and $235, $241 thousand, respectively, for the three months ended June 30, 2024 September 30, 2024 and 2023.

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Management's Discussion and Analysis

Six months ended June 30,

Six months ended June 30,																				
Six months ended June 30,		2024			2023			Change												
Nine months ended September 30,																				
Nine months ended September 30,																				
Nine months ended September 30,		2024			2023			Change												
(Dollars in thousands)	(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	(Dollars in thousands)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets:																				
Cash, federal funds sold, and short-term investments																				
Cash, federal funds sold, and short-term investments																				
Cash, federal funds sold, and short-term investments																				
Mortgage loans held for sale																				
Taxable debt securities																				
Nontaxable debt securities																				
FHLB stock																				
FHLB stock																				
Total debt securities																				
Total debt securities																				
Total debt securities																				
FHLB stock																				
Commercial real estate																				
Commercial real estate																				
Commercial real estate																				
Commercial & industrial (1)																				
Total commercial																				
Residential real estate																				
Home equity																				
Other																				
Total consumer																				
Total loans																				
Total interest-earning assets																				
Noninterest-earning assets																				
Total assets																				
Total assets																				
Total assets																				
Liabilities and Shareholders' Equity:																				
Liabilities and Shareholders' Equity:																				
Liabilities and Shareholders' Equity:																				
Interest-bearing demand deposits (in-market)																				

Interest-bearing demand deposits (in-market)
Interest-bearing demand deposits (in-market)
NOW accounts
Money market accounts
Savings accounts
Time deposits (in-market)
Interest-bearing in-market deposits
Wholesale brokered demand deposits
Wholesale brokered time deposits
Wholesale brokered deposits
Total interest-bearing deposits
FHLB advances
Junior subordinated debentures
Total interest-bearing liabilities
Total interest-bearing liabilities
Total interest-bearing liabilities
Noninterest-bearing demand deposits
Other liabilities
Other liabilities
Other liabilities
Shareholders’ equity
Shareholders’ equity
Shareholders’ equity
Total liabilities and shareholders’ equity
Total liabilities and shareholders’ equity
Total liabilities and shareholders’ equity
Net interest income (FTE)
Net interest income (FTE)
Net interest income (FTE)
Interest rate spread
Interest rate spread
Interest rate spread
Net interest margin

(1) Interest income includes adjustments for taxable equivalency of $449 $683 thousand and $463, $703 thousand, respectively, for the six nine months ended June 30, 2024 September 30, 2024 and 2023.

Net Interest Income

Net interest income, the primary source of our operating income, totaled $31.6 million $32.3 million and $63.3 million $95.5 million, respectively, for the three and six nine months ended June 30, 2024 September 30, 2024, compared to $33.5 million $33.8 million and $70.7 million $104.4 million, respectively, for the same periods in 2023. Net interest income is affected by the level of and changes in interest rates, and changes in the amount and

Management's Discussion and Analysis

composition of interest-earning assets and interest-bearing liabilities. Prepayment penalty income associated with loan payoffs is included in net interest income.

Management's Discussion and Analysis

The following discussion presents net interest income on an FTE basis by adjusting income and yields on tax-exempt loans to be comparable to taxable loans.

Net interest income includes the periodic recognition of prepayment penalty fee income associated with commercial loan payoffs. There was no prepayment penalty fee income recognized in the three months ended September 30, 2024. Prepayment penalty fee income amounted to $46 thousand and $66 thousand respectively, for the three and six nine months ended June 30, 2024, September 30, 2024 and had essentially no benefit to NIM in either period. NIM. This compared to $50 $71 thousand (or 0 basis point benefit to NIM) and $174 $245 thousand respectively, for the same periods in 2023, which had a (or 1 basis point benefit to NIM NIM), respectively, for the three and nine months ended in each of those periods. September 30, 2023.

The analysis of net interest income, NIM, and the yield on loans is also impacted by changes in the level of net amortization of premiums and discounts on securities and loans, which is included in interest income. Changes in market interest rates affect the level of loan prepayments and the receipt of payments on mortgage-backed securities. Prepayment speeds generally increase as market interest rates decline and decrease as market interest rates rise. Changes in prepayment speeds could increase or decrease the level of net amortization of premiums and discounts, thereby affecting interest income. As noted in the Unaudited Consolidated Statements of Cash Flows, net amortization of premiums and discounts on securities and loans (a net reduction to net interest income) amounted to $573 $878 thousand for the six nine months ended June 30, 2024 September 30, 2024, compared to $707 thousand $1.0 million for the same period in 2023.

FTE net interest income for the three and six nine months ended June 30, 2024 September 30, 2024 amounted to $31.8 million $32.5 million and $63.7 million, $96.2 million, respectively, down by $1.9 million $1.5 million and $7.5 million $9.0 million, respectively, from the same periods in 2023. For the three and six nine months ended June 30, 2024 September 30, 2024, increases in average interest-bearing liability balances, net of increased average interest-earning assets, reduced net income by $1.0 million, $493 thousand, and $3.9 million $4.9 million, respectively. Increases in funding costs outpaced increases in asset yields, reducing net interest income by $916 thousand $1.0 million and $3.6 million $4.1 million, respectively, for the three and six nine months ended June 30, 2024 September 30, 2024.

NIM was 1.83% 1.85% and 1.84%, respectively, for the three and six nine months ended June 30, 2024 September 30, 2024, compared to 2.03% 1.97% and 2.18% 2.11%, respectively, for the same periods in 2023. While NIM benefited from higher market interest rates on loans, it was adversely impacted by a higher cost of funds.

Total average securities for the three and six nine months ended June 30, 2024 September 30, 2024 decreased by $72.4 million $72.1 million and $59.9 million, $64.0 million, respectively, from the average balances for the same periods a year earlier primarily due to routine pay-downs. The FTE rate of return on the securities portfolio for the three and six nine months ended June 30, 2024 September 30, 2024 was 2.47% 2.44% and 2.48% 2.47%, respectively, compared to 2.47% 2.44% and 2.46% 2.45% respectively, for the same periods in 2023.

Total average loan balances for the three and six nine months ended June 30, 2024 September 30, 2024 increased by $363.8 million $88.8 million and $445.3 $325.3 million, respectively, from the average loan balances for the comparable 2023 periods, largely reflecting growth in average balances of CRE and loans. The increase in average loan balances for the year-to-date period also reflected growth in the average balance of residential real estate loans. The yield on total loans for the three and six nine months ended June 30, 2024 September 30, 2024 was 5.43% 5.44% and 5.40% 5.41%, respectively, compared to 4.97% 5.14% and 4.85% 4.95%, respectively, in the corresponding periods in 2023, reflecting higher market interest rates. rates between periods.

Higher levels of wholesale funding were used to fund balance sheet growth. The average balance of FHLB advances for the three and six nine months ended June 30, 2024 September 30, 2024 increased by $417.3 $370.4 million and $306.8 $328.1 million, respectively, compared to the average balances for the same periods in 2023. Due to increases in market interest rates between periods, the average rate paid on such advances for both the three and six nine months ended June 30, 2024 September 30, 2024 was 4.98% and 4.95%, respectively, up from 4.77% 4.71% and 4.64% 4.66%, respectively, for the same periods in 2023. Included in total average interest-bearing deposits were wholesale brokered deposits, which decreased by $133.0 million $201.5 million and increased by $61.1 million $27.2 million, respectively, from the same periods in 2023. The average rate paid on wholesale brokered deposits for the three and six nine months ended June 30, 2024 September 30, 2024 was 5.23% 5.27% and 5.22% 5.24%, respectively, up from 4.71% 5.02% and 4.33% 4.59%, respectively, for the same periods in 2023.

As market interest rates rose between periods, deposit balances shifted from lower-cost deposits to higher-cost deposits. Average in-market interest-bearing deposits, which excludes wholesale brokered deposits, for the three and six nine months ended June 30, 2024 September 30, 2024 increased by $113.2 $70.7 million and $158.6 $128.9 million, respectively, from the average balances for the same periods in 2023, with increases in time deposits and interest-bearing demand deposits. The average rate paid on in-market interest-bearing deposits for the three and six nine months ended June 30, 2024 September 30, 2024 was 3.01% 3.06% and 2.97% 3.00%, respectively, up from 2.27% 2.57% and 1.97% 2.18%, respectively, for the same periods in 2023. The average balance of noninterest-bearing demand deposits for the three and six nine months ended June 30, 2024 September 30, 2024 decreased by $117.9 $100.3 million and $144.1 $129.4 million, respectively, from the average balances for the same periods in 2023.

Management's Discussion and Analysis

Volume / Rate Analysis - Interest Income and Expense (FTE Basis)

The following table presents certain information on an FTE basis regarding changes in our interest income and interest expense for the period indicated. The net change attributable to both volume and rate has been allocated proportionately.

(Dollars in thousands)	(Dollars in thousands) Three Months Ended June 30, 2024 vs. 2023				Six Months Ended June 30, 2024 vs. 2023			(Dollars in thousands) Three Months Ended September 30, 2024 vs. 2023			Nine Months Ended September 30, 2024 vs. 2023	
	Change Due to											
	Volume	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Net Rate Change
Interest on Interest-Earning Assets:												
Cash, federal funds sold, and other short-term investments												
Cash, federal funds sold, and other short-term investments												
Cash, federal funds sold, and other short-term investments												
Mortgage loans held for sale												
Taxable debt securities												
Nontaxable debt securities												
FHLB stock												
FHLB stock												
Total securities												
Total securities												
Total securities												
FHLB stock												
Commercial real estate												
Commercial real estate												
Commercial real estate												
Commercial & industrial												
Total commercial												
Residential real estate												
Home equity												
Other												
Total consumer												
Total loans												

Total interest income
Interest on Interest-Bearing Liabilities:
Interest-bearing demand deposits (in-market)
Interest-bearing demand deposits (in-market)
Interest-bearing demand deposits (in-market)
NOW accounts
Money market accounts
Savings accounts
Time deposits (in-market)
Interest-bearing in-market deposits
Wholesale brokered demand deposits
Wholesale brokered time deposits
Wholesale brokered deposits
Total interest-bearing deposits
FHLB advances
Junior subordinated debentures
Total interest expense
Total interest expense
Total interest expense
Net interest income (FTE)

Provision for Credit Losses

The provision for credit losses results from management's review of the adequacy of the ACL. The ACL is management's estimate, at the reporting date, of expected lifetime credit losses and includes consideration of current forecasted economic

conditions. Estimating an appropriate level of ACL necessarily involves a high degree of judgment.

The following table presents the provision for credit losses:

(Dollars in thousands)				
(Dollars in thousands)				
(Dollars in thousands)	Three Months	Six Months	Three Months	Nine Months
	Change			

		Change																					
		Change																					
Periods ended June 30,	2024	2023	$	%	2024	2023	$	%															
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%															
Provision for credit losses on loans	Provision for credit losses on loans	$500	$600	$600	($100)	($100)	(17	(17 %)	$1,400	$1,400	$1,400	$—	$—	—	— %	Provision for credit losses on loans	$300	$900	$900	($600)	($600)	(67	(67 %) $1,
Provision for credit losses on unfunded commitments																							
Provision for credit losses	Provision for credit losses	$500	$700	$700	($200)	($200)	(29	(29 %)	$1,200	$1,500	$1,500	($300)	($300)	(20	(20 %)	Provision for credit losses	$200	$500	$500	($300)	($300)	(60	(60 %) $1,

The provision for credit losses in 2024 largely reflected continued, yet subsiding, slowdown of loan prepayment speeds and modest specific reserve allocations on an individually analyzed nonaccrual commercial loan, partially offset by a decline in loan balances and relatively stable to improving forecasted economic conditions.

The provision for credit losses recognized in 2024 2023 provided for loan growth and largely reflected continued, yet subsiding, slowdown of loan prepayment speeds modest commercial loan growth and was partially offset by improvements in our estimate of stable to improving forecasted economic conditions. Additionally, as discussed further in the section labeled "Financial Condition," the modest commercial loan growth was offset by reductions in residential real estate and consumer loans. The reduction in the provision for credit losses in 2024 includes a decline in the provision for credit losses on unfunded commitments reflecting lower unfunded commitments to extend credit.

Net charge-offs totaled $27 $48 thousand for the three months ended June 30, 2024 September 30, 2024, compared to net charge-offs of $37 $30 thousand for the same period in 2023. For the six nine months ended June 30, 2024 September 30, 2024, net charge-offs totaled $79 $127 thousand, compared to net charge-offs of $84 $114 thousand for the same period in 2023.

The ACL on loans was $42.4 million $42.6 million, or 0.75% 0.77% of total loans, at June 30, 2024 September 30, 2024, compared to $41.1 million, or 0.73% of total loans, at December 31, 2023.

See additional discussion under the caption "Asset Quality" for further information on asset quality metrics and the ACL on loans.

Noninterest Income

Noninterest income is an important source of revenue for Washington Trust. The principal categories of noninterest income are shown in the following table:

(Dollars in thousands)								
(Dollars in thousands)								
(Dollars in thousands)	Three Months				Six Months	Three Months		Nine Months
		Change				Change		Change
Periods ended June 30,	2024	2023	$	%	2024	2023	$	%
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Noninterest income:								
Wealth management revenues								
Wealth management revenues								

Wealth management revenues	$9,678	$9,048	$9,048	$630	$630	7	7 %	$19,016	$17,711	$17,711	$1,305	$1,305	7	7 %	$9,989	$8,948	$8,948	$1,041	$1,041	12	12 %
Mortgage banking revenues																					
Mortgage banking revenues																					
Mortgage banking revenues																					
Card interchange fees																					
Service charges on deposit accounts																					
Loan related derivative income																					
Income from bank-owned life insurance																					
Other income																					
Other income																					
Other income																					
Total noninterest income																					
Total noninterest income																					
Total noninterest income	$16,660	$14,325	$14,325	$2,335	$2,335	16	16 %	$33,823	$27,608	$27,608	$6,215	$6,215	23	23 %	$16,272	$15,226	$15,226	$1,046	$1,046	7	7 %

Noninterest Income Analysis

Revenue from wealth management services represented 56% 58% of total noninterest income for the six nine months ended June 30, 2024 September 30, 2024, compared to 64% 62% for the same period in 2023. A substantial portion of wealth management revenues is dependent on the value of wealth management AUA and is closely tied to the performance of the financial markets. This portion of wealth management revenues is referred to as “asset-based” and includes trust and investment management fees. Wealth management revenues also include “transaction-based” revenues that are not primarily derived from the value of assets.

The categories of wealth management revenues are shown in the following table:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	Three Months	Six Months	Three Months	Nine Months

														Change						
Periods ended June 30,	2024	2023	$	%	2024	2023	$	%												
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%												
Wealth management revenues:																				
Asset-based revenues																				
Asset-based revenues																				
Asset-based revenues	$9,239	$8,562	$8,562	$677	$677	8	8 %	$18,328	$16,991	$16,991	$1,337	$1,337	8	8 %	$9,770	$8,683	$8,683	$1,0		
Transaction-based revenues																				
Total wealth management revenues	Total wealth management revenues	$9,678	$9,048	$9,048	$630	$630	7	7 %	$19,016	$17,711	$17,711	$1,305	$1,305	7	7 %	Total wealth management revenues	$9,989	$8,948	$8,948	

Wealth management revenues for the three and six nine months ended June 30, 2024 September 30, 2024 increased by $630 thousand $1.0 million and $1.3 million, $2.3 million, respectively, from the same periods in 2023, reflecting an increase in asset-based revenues. The change in asset-based revenues correlated with the change in average AUA balances. The average balance of AUA for the three and six nine months ended June 30, 2024 September 30, 2024 increased by 9% and 10%, respectively, from the average balance for both the same periods in 2023.

The end of period AUA balance amounted to $6.8 $7.1 billion at June 30, 2024 September 30, 2024. The following table presents the changes in wealth management AUA balances:

(Dollars in thousands)	(Dollars in thousands)				(Dollars in thousands)	
	Three Months	Three Months	Six Months		Three Months	Nine Months
Periods ended June 30,	2024	2023	2024	2023		
Periods ended September 30,	2024	2023	2024	2023		
Wealth management assets under administration:						
Balance at the beginning of period						
Balance at the beginning of period						
Balance at the beginning of period						
Net investment appreciation & income						
Net client asset outflows						
Balance at the end of period						

Mortgage banking revenues represented 16% of total noninterest income for six nine months ended June 30, 2024 September 30, 2024, compared to 11% 12% for the same period in 2023. These revenues are dependent on mortgage origination volume and are sensitive to interest rates and the condition of housing markets. While loan origination and refinancing activities decreased in response to increases in market interest rates, a larger proportion of loans were originated for sale in 2024. The composition of mortgage banking revenues and the volume of loans sold to the secondary market are shown in the following table:

(Dollars in thousands)								
(Dollars in thousands)								
(Dollars in thousands)	Three Months			Six Months		Three Months		
Periods ended June 30,	2024	2023	$	%	2024	2023	$	%
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%
Mortgage banking revenues:								

Realized gains on loan sales, net (1)																				
Realized gains on loan sales, net (1)																				
Realized gains on loan sales, net (1)		$2,205	$827	$827	$1,378	$1,378	167	167 %	$3,791	$1,403	$1,403	$2,388	$2,388	170	170 %		$2,492	$1,746	$1,746	$746
Changes in fair value, net (2)																				
Loan servicing fee income, net (3)																				
Total mortgage banking revenues	Total mortgage banking revenues	$2,761	$1,753	$1,753	$1,008	$1,008	58	58 %	$5,267	$2,998	$2,998	$2,269	$2,269	76	76 %	Total mortgage banking revenues	$2,866	$2,108	$2,108	$7
Loans sold to the secondary market (4)																				
Loans sold to the secondary market (4)																				
Loans sold to the secondary market (4)		$110,052	$64,563	$64,563	$45,489	$45,489	70	70 %	$182,696	$93,891	$93,891	$88,805	$88,805	95	95 %		$120,338	$88,621	$88,621	$31,717

(1) Includes gains on loan sales, commission income on loans originated for others, servicing right gains, and gains (losses) on forward loan commitments.

(2) Represents fair value changes on mortgage loans held for sale and forward loan commitments.

(3) Represents loan servicing fee income, net of servicing right amortization and valuation adjustments.

(4) Includes brokered loans (loans originated for others).

For the three and six nine months ended June 30, 2024 September 30, 2024, mortgage banking revenues were up by $1.0 million $758 thousand and $2.3 $3.0 million, respectively, compared to the same periods in 2023. The increase in mortgage banking revenues was mainly attributable to

increases in both sales volume and sales yield. Mortgage banking revenues are also impacted

Loan related derivative income from interest rate swap contracts with commercial borrowers for the three and nine months ended September 30, 2024, decreased by changes $956 thousand and $819 thousand, respectively, from the same periods in the fair value of mortgage loans held for sale and forward loan commitments, which are primarily based on current market prices 2023, reflecting a decline in the secondary market and correlate to changes in the size of the mortgage pipeline. volume.

Income from BOLI for the six nine months ended June 30, 2024 September 30, 2024, was down by $552 $492 thousand from the same period in 2023, reflecting the recognition of $658 thousand in non-taxable income in the first six months of 2023 associated with the receipt of life insurance proceeds.

Other income for the three and six nine months ended June 30, 2024 September 30, 2024 was up by $912 thousand and $3.0 million respectively, from the same periods period in 2023. Included in other income in 2024 was a net gain of $988 thousand recognized on the sale of a bank-owned operations facility in the second quarter and $2.1 million associated with a litigation settlement in the first quarter. Excluding the impact of these items, other income for the three and six nine months ended June 30, 2024 September 30, 2024 was down modestly by $76 $83 thousand and $62 thousand, respectively, from the same periods period in 2023.

Noninterest Expense

The following table presents noninterest expense comparisons:

(Dollars in thousands)																			
(Dollars in thousands)																			
(Dollars in thousands)				Three Months						Six Months			Three Months						Nine Months
																		Change	
Periods ended June 30,		2024		2023		$		%	2024		2023		$		%				
Periods ended September 30,		2024		2023		$		%	2024		2023		$		%				
Noninterest expense:																			
Salaries and employee benefits																			
Salaries and employee benefits																			
Salaries and employee benefits		$21,260	$20,588	$20,588	$672	$672	3	3 %	$43,035	$42,372	$42,372	$663	$663	2	2 %		$21,350	$21,622	$21,622
Outsourced services																			
Net occupancy																			
Equipment																			
Legal, audit, and professional fees																			
Legal, audit, and professional fees																			
Legal, audit, and professional fees																			
FDIC deposit insurance costs																			
Advertising and promotion																			
Amortization of intangibles																			
Other																			
Other																			
Other																			
Total noninterest expense	Total noninterest expense	$33,910	$33,016	$33,016	$894	$894	3	3 %	$68,273	$66,580	$66,580	$1,693	$1,693	3	3 %	Total noninterest expense	$34,504	$34,390	$34,390

Noninterest Expense Analysis

Salaries and employee benefits expense, the largest component of noninterest expense, for the three and six nine months ended June 30, 2024 September 30, 2024 decreased by $272 thousand and increased by $672 thousand and $663 $391 thousand respectively, compared to the same periods in 2023. This largely reflected timing The changes included the impact of adjustments to performance-based compensation accruals. The year-to-date increase also includes accruals, merit increases, partially offset by and lower staffing levels.

Outsourced services expense for the three and six nine months ended June 30, 2024 September 30, 2024 increased by $475 $448 thousand and $759 thousand, $1.2 million, respectively, compared to the same periods in the prior year, reflecting year. The increases reflected changes to and expansion of services, including software as a service, that are provided by third-party vendors.

Legal, audit and professional fees for the three and six nine months ended June 30, 2024 September 30, 2024 decreased by $237 $222 thousand and $427 $649 thousand, respectively, compared to the same periods in 2023, reflecting lower legal fees.

FDIC deposit insurance costs for the six three and nine months ended June 30, 2024 September 30, 2024 increased by $602 $217 thousand and $819 thousand, respectively, compared to the same period periods in 2023, reflecting the impact of growth increases in average assets from a year ago and a higher FDIC deposit assessment rate.

Advertising and promotion expense for the three and six months ended June 30, 2024 increased by $234 thousand and $374 thousand, respectively, due to timing of such activities.

Advertising and promotion expense for the nine months ended September 30, 2024 increased by $442 thousand due to an increase in such activities.

Income Taxes

The following table presents the Corporation’s income tax provision and applicable tax rates for the periods indicated:

(Dollars in thousands)

		Three Months Three Months Three Months		Six Months			Nine Months			
Periods ended June 30,		2024	2023	2024	2023					
Periods ended September 30,		2024	2023	2024	2023					
Income tax expense										
Effective income tax rate	Effective income tax rate	21.8 %	20.2 %	21.2 %	20.4 %	Effective income tax rate	20.6 %	20.8 %	21.0 %	20.5 %
Blended statutory rate		25.5 %	24.0 %	25.5 %	24.0 %					

The effective income tax rates in the table above differed from the federal rate of 21%, blended statutory rates, primarily due to state income tax expense and tax benefits related to income from BOLI, federal tax credits, and tax-exempt income.

The effective blended statutory rates include the federal income tax rate of 21% and a blended state income tax rate net of a federal tax benefit. The increase in the blended statutory rates for in the three and six months ended June 30, 2024 were higher as compared to table above reflect the same periods in impact of a fourth quarter 2023 primarily due to discrete Massachusetts tax items associated with the settlement of equity compensation awards and BOLI. law change.

The Corporation’s net deferred tax assets amounted to $55.9 $46.0 million at June 30, 2024 September 30, 2024, compared to $53.8 million at December 31, 2023. This decline largely reflected decreases in deferred tax assets associated with increases in fair value of securities available for sale due to changes in market interest rates.

Segment Reporting

The Corporation manages its operations through two reportable business segments, consisting of Commercial Banking and Wealth Management Services. See Note 13 to the Unaudited Consolidated Financial Statements for additional disclosure related to business segments.

Commercial Banking

The following table presents a summarized statement of operations for the Commercial Banking business segment:

(Dollars in thousands) (Dollars in thousands) (Dollars in thousands)	Three Months				Six Months				Three Months	Nine M
										Cha
Periods ended June 30,	2024	2023	$	%	2024	2023	$	%		
Periods ended September 30,	2024	2023	$	%	2024	2023	$	%		

Net interest income	Net interest income	$31,585	$33,486	$33,486	($1,901)	($1,901)	(6	(6 %)	$63,250	$70,666	$70,666	($7,416)	($7,416)	(10	(10 %)	Net interest income	$32,262	$33,741	$33,741	($1,479)	($1,479)	(4	(
Provision for credit losses																							
Net interest income after provision for credit losses																							
Noninterest income																							
Noninterest expense																							
Income before income taxes																							
Income tax expense																							
Net income	Net income	$8,475	$10,103	$10,103	($1,628)	($1,628)	(16	(16 %)	$16,073	$22,362	$22,362	($6,289)	($6,289)	(28	(28 %)	Net income	$8,645	$10,114	$10,114	($1,469)	($1,469)	(15	(1

Net interest income for the Commercial Banking segment for the three and six nine months ended June 30, 2024 September 30, 2024 decreased by $1.9 $1.5 million and $7.4 $8.9 million, respectively, from the same periods in 2023. Net interest income was adversely impacted by higher rates paid on, and increases in, average interest-bearing liability balances, which offset the benefit of higher yields on, and growth increases in, average interest-earning asset balances.

The provision for credit losses for the three and six nine months ended June 30, 2024 September 30, 2024 decreased by $200 $300 thousand and $300 $600 thousand, respectively from the same periods in 2023. See additional discussion under the caption "Provision for Credit Losses" above.

Noninterest income derived from the Commercial Banking segment for the three and six nine months ended June 30, 2024 September 30, 2024 was up by $1.5 million $72 thousand and $2.7 million, respectively, from the comparable periods in 2023. The year-to-date increase in Commercial Banking noninterest income reflected higher mortgage banking revenues and a net gain recognized in the second quarter of 2024 on the sale of a bank-owned operations facility. The year-to-date increase was These were partially offset by lower BOLI income. income from loan related derivatives and BOLI. See additional discussion under the caption "Noninterest Income" above.

Management's Discussion and Analysis

Commercial Banking noninterest expenses for the three and six nine months ended June 30, 2024 September 30, 2024 were up by $1.6 million $790 thousand and $3.2 $4.0 million, respectively, from the same periods in 2023, with largely reflecting increases in salaries and employee benefits expense, outsourced services, and advertising and promotion, partially offset by lower legal fees. The year-to-date increase also reflected an increase in FDIC deposit insurance costs. costs, as well as reductions in legal fees. See additional discussion under the caption "Noninterest Expense" above.

Wealth Management Services

The following table presents a summarized statement of operations for the Wealth Management Services business segment:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	Three Months							Six Months								Three Months							Nine Months
																							Change
Periods ended June 30,	2024	2023		$	%			2024	2023		$	%											
Periods ended September 30,	2024	2023		$	%			2024	2023		$	%											
Net interest income	Net interest income	$—	$14	$14	($14)	($14)	(100	(100 %)	$—	$27	$27	($27)	($27)	(100	(100 %)	Net interest income	$—	$10	$10	($10)	($10)	(100	(100 %) $
Noninterest income																							
Noninterest income																							
Noninterest income																							
Noninterest expense																							
Income before income taxes																							
Income tax expense																							
Net income	Net income	$2,340	$1,153	$1,153	$1,187	$1,187	103	103 %	$5,678	$1,706	$1,706	$3,972	$3,972	233	233 %	Net income	$2,336	$1,047	$1,047	$1,289	$1,289	123	123 % $8,0

For the three and sixnine months ended June 30, 2024September 30, 2024, noninterest income derived from the Wealth Management Services segment increased by $826$974 thousand and $3.6$4.5 million, respectively, from the same periods in 2023, reflecting an increase in asset-based revenues. The year-to-date increase also included income of $2.1 million associated with a litigation settlement in the first quarter of 2024, as well as an increase in asset-based revenues. 2024. See further discussion under the caption “Noninterest Income” above.

For the three and sixnine months ended June 30, 2024September 30, 2024, noninterest expenses for the Wealth Management Services segment decreased by $718$676 thousand and $1.5$2.2 million, respectively, from the comparable periods in 2023, withlargely reflecting decreases in salaries and employee benefits expense and legal fees. See additional discussion under the caption “Noninterest Expense” above.

Financial Condition

Summary

The following table presents selected financial condition data:

(Dollars in thousands)	(Dollars in thousands)				Change				(Dollars in thousands)							Change
		June 30, 2024		December 31, 2023	$		%									
		September 30, 2024		December 31, 2023	$		%									
Cash and due from banks	Cash and due from banks	$103,877	$86,824	$86,824	$17,053	$17,053	20	20 %	Cash and due from banks	$206,971	$86,824	$86,824	$120,147	$120,147	138	138 %
Total securities																
Total loans																
Allowance for credit losses on loans																
Total assets																
Total deposits																
FHLB advances																
Total shareholders’ equity																

Total assets amounted to $7.2 billion $7.1 billion at June 30, 2024 September 30, 2024, down modestly by $18.5 million $61.3 million, or 1%, from the end of 2023.

Cash and due from banks increased by $17.1 million $120.1 million, or 20% 138%, from December 31, 2023, reflecting temporarily higher cash balances on deposit at correspondent banks.

The securities portfolio decreased by $48.6 million $27.1 million, or 5% 3%, from the end of 2023, reflecting routine pay-downs on mortgage-backed securities, and a decrease partially offset by an increase in fair value of available for sale securities due to changes in market interest rates.

Total loans decreased by $18.6 million $132.8 million, or 0.3% 2%, from the end of 2023. Residential 2023, with the largest decline in the residential real estate and consumer loan balances declined, while total commercial loans increased modestly. portfolio.

Total deposit balances decreased by $372.0 million $176.3 million from the end of 2023, with the decrease concentrated reflecting a decline in wholesale brokered time deposits. deposits that was partially offset by in-market deposit growth. FHLB advances increased by $360.0 $110.0 million, or 30% 9%, from December 31, 2023.

Shareholders' equity decreased increased by $1.7 million $29.5 million, or 0.4% 6%. Net income was offset by dividend declarations and a decrease an increase in the AOCL component of shareholders' equity that reflected a decline in the fair value of available for sale securities as noted above. were partially offset by dividend declarations.

Securities

Investment security activity is monitored by the Investment Committee, the members of which also sit on the ALCO. Asset and liability management objectives are the primary influence on the Corporation's investment activities. However, the Corporation also recognizes that there are certain specific risks inherent in investment activities. The securities portfolio is managed in accordance with regulatory guidelines and established internal corporate investment policies that provide limitations on specific risk factors such as market risk, credit risk and concentration, liquidity risk, and operational risk to help monitor risks associated with investing in securities. Reports on the activities conducted by the Investment Committee and the ALCO are presented to the Board of Directors on a regular basis.

The Corporation's securities portfolio is managed to generate interest income, to implement interest rate risk management strategies, and to provide a readily available source of liquidity for balance sheet management. Securities are designated as either available for sale, held to maturity or trading at the time of purchase. The Corporation does not maintain a portfolio of trading securities and does not have securities designated as held to maturity. Securities available for sale may be sold in response to changes in market conditions, prepayment risk, rate fluctuations, liquidity, or capital requirements. Debt securities available for sale are reported at fair value, with any unrealized gains and losses excluded from earnings and reported as a separate component of shareholders' equity, net of tax, until realized.

Determination of Fair Value

The Corporation uses an independent pricing service to obtain quoted prices. The prices provided by the independent pricing service are generally based on observable market data in active markets. The determination of whether markets are active or inactive is based upon the level of trading activity for a particular security class. Management reviews the independent pricing service's documentation to gain an understanding of the appropriateness of the pricing methodologies. Management also reviews the prices provided by the independent pricing service for reasonableness based upon current trading levels for similar securities. If the prices appear unusual, they are re-examined and the value is either confirmed or revised. In addition, management periodically performs independent price tests of securities to ensure proper valuation and to verify our understanding of how securities are priced. As of June 30, 2024 September 30, 2024 and December 31, 2023, management did not make any adjustments to the prices provided by the pricing service.

Our fair value measurements generally utilize Level 2 inputs, representing quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and model-derived valuations in which all significant input assumptions are observable in active markets.

See Notes 3 and 7 to the Unaudited Consolidated Financial Statements for additional information regarding the determination of fair value of investment securities.

Securities Portfolio

The carrying amounts of securities held are as follows:

(Dollars in thousands)	(Dollars in thousands) June 30, 2024			December 31, 2023			(Dollars in thousands) September 30, 2024			December 31, 2023		
	Amount	Amount	% of Total		Amount	% of Total	Amount	% of Total		Amount	% of Total	
Available for Sale Debt Securities:												
Obligations of U.S. government-sponsored enterprises												
Obligations of U.S. government-sponsored enterprises												
Obligations of U.S. government-sponsored enterprises	$224,882	24	24 %	$225,742	23	23 %	$231,944	24	24 %	$225,742	23	23 %
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises												
Individual name issuer trust preferred debt securities												
Individual name issuer trust preferred debt securities												
Obligations of states and political subdivisions												
Individual name issuer trust preferred debt securities												
Corporate bonds												
Corporate bonds												
Corporate bonds												
Total available for sale debt securities												
Total available for sale debt securities												
Total available for sale debt securities	$951,828	100	100 %	$1,000,380	100	100 %	$973,266	100	100 %	$1,000,380	100	100 %

The securities portfolio represented 13% 14% of total assets at June 30, 2024, compared to 14% of total assets at both September 30, 2024 and December 31, 2023. The largest component of the securities portfolio is mortgage-backed securities, all of which are issued by U.S. government agencies or U.S. government-sponsored enterprises.

The securities portfolio decreased by $48.6 million $27.1 million, or 5% 3%, from the end of 2023. This decrease included $34.6 million $54.1 million of routine pay-downs on mortgage-backed securities and a decrease an increase of $13.7 million $26.9 million (pre-tax) in the fair value of available for sale securities.

As of June 30, 2024 September 30, 2024, the carrying amount of available for sale debt securities included net unrealized losses of $166.0 $125.4 million, compared to net unrealized losses of $152.2 million as of December 31, 2023. The net unrealized losses were primarily concentrated in obligations of U.S. government agencies and U.S. government-sponsored enterprises, including mortgage-backed securities, and primarily attributable to relative changes in market interest rates since the time of purchase. See Note 3 to the Unaudited Consolidated Financial Statements for additional information.

Loans

Total loans amounted to $5.6 billion $5.5 billion at June 30, 2024 September 30, 2024, down by $18.6 million $132.8 million, or 0.3% 2.4%, from the end of 2023.

The following is a summary of loans:

(Dollars in thousands)	(Dollars in thousands) June 30, 2024			December 31, 2023			(Dollars in thousands) September 30, 2024			December 31, 2023		
	Amount	Amount	% of Total	Amount		% of Total		Amount	% of Total		Amount	% To
Commercial:												
Commercial real estate												
Commercial real estate												
Commercial real estate	$2,191,996	39	39 %	$2,106,359	37	37 %	$2,102,091	38	38 %	$2,106,359	37	37 %
Commercial & industrial												
Total commercial												
Residential Real Estate:												
Residential real estate (1)												

Residential real estate (1)

Residential real estate (1)

Consumer:

Home equity

Home equity

Home equity

Other

Total consumer

Total loans	Total loans	$5,629,102	100	100 %	$5,647,706	100	100 %	Total loans	$5,514,870	100	100 %	$5,647,706	100	100 %

(1) Includes a $19 thousand negative basis adjustment associated with fair value hedges at September 30, 2024. See Note 6 to the Unaudited Consolidated Financial Statements for additional disclosure.

Commercial Loans

The commercial loan portfolio represented 49% of total loans at June 30, 2024, compared to 48% of total loans at both September 30, 2024 and December 31, 2023.

In making commercial loans, we may occasionally solicit the participation of other banks. The Bank also participates in commercial loans originated by other banks. In such cases, these loans are individually underwritten by us using standards

similar to those employed for our self-originated loans. Our participation in commercial loans originated by other banks amounted to $690.3 million $679.2 million and $652.7 million, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023. Our participation in commercial loans originated by other banks also includes shared national credits. Shared national credits are defined as participation in loans or loan commitments of at least $100.0 million that are shared by three or more banks.

Commercial loans fall into two main categories, CRE and C&I loans. CRE loans consist of commercial mortgages secured by non-owner occupied real property where the primary source of repayment is derived from rental income associated with the property or the proceeds of the sale, refinancing or permanent financing of the property. CRE loans also include construction loans made to businesses for land development or the on-site construction of industrial, commercial, or residential buildings. C&I loans primarily provide working capital, equipment financing, and financing for other business-related purposes. C&I loans are frequently collateralized by equipment, inventory, accounts receivable, and/or general business assets. A portion of the Bank's C&I loans is also collateralized by owner occupied real estate. C&I loans also include tax-exempt loans made to states and political subdivisions, as well as industrial development or revenue bonds issued through quasi-public corporations for the benefit of a private or non-profit entity where that entity rather than the governmental entity is obligated to pay the debt service.

From time to time, commercial loans may be reclassified between CRE and C&I categories, reflecting underlying changes in loans to/from owner occupied from/to non-owner occupied. Additionally, certain construction loans may be reclassified to C&I when the construction phase is complete and the loan transitions to permanent financing.

Commercial Real Estate Loans

CRE loans totaled $2.2 $2.1 billion at June 30, 2024 September 30, 2024, up down by $85.6 million $4.3 million, or 4% 0.2%, from the balance at December 31, 2023.

In the first six nine months of 2024, CRE advances and originations amounted to $137.3 million $183.2 million and were partially more than offset by payments. The net increase in CRE also included reclassifications of $15.5 million from C&I, largely reflecting an underlying change from owner occupied to non-owner occupied on a loan secured by a medical office building.

Construction and development loans included in the CRE loan portfolio amounted to $172.1 $131.3 million and $214.6 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023. Unfunded commitments associated with these construction and development loans were $203.8 million and $304.7 million, respectively, at June 30, 2024 and December 31, 2023. These reductions in the first six months of 2024 reflected loans transitioning to permanent financing within the CRE category, as the construction phase was completed.

Shared national credit balances outstanding included in the CRE loan portfolio at June 30, 2024 September 30, 2024 and December 31, 2023, totaled $56.5 $82.8 million and $47.4 million, respectively. At June 30, 2024 September 30, 2024 and December 31, 2023, balances of $36.7 $62.3 million and $29.0 million, respectively, were included in the pass-rated category of commercial loan credit quality and balances of $19.8 $20.5 million and $18.4 million, respectively, were included in the classified category. All of these loans were current with respect to contractual payment terms at both dates.

The following table presents a geographic summary of CRE loans by property location:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024			December 31, 2023			(Dollars in thousands)	September 30, 2024			December 31, 2023		
		Outstanding Balance		% of Total	Outstanding Balance		% of Total		Outstanding Balance		% of Total	Outstanding Balance		% of Total
Connecticut	Connecticut	$839,042	38	38 %	$815,975	39	39 %	Connecticut	$826,212	39	39 %	$815,975	39	39 %
Massachusetts														
Rhode Island														
Subtotal														
All other states														
Total	Total	$2,191,996	100	100 %	$2,106,359	100	100 %	Total	$2,102,091	100	100 %	$2,106,359	100	100 %

Management considers the CRE portfolio to be well-diversified with loans across several property types. The following table presents a summary of CRE loans by property type segmentation:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)		June 30, 2024			December 31, 2023				September 30, 2024			December 31, 2023		
		Outstanding Balance (1)		% of Total	Outstanding Balance (1)		% of Total		Outstanding Balance (1)		% of Total	Outstanding Balance (1)		% of Total
CRE Portfolio Segmentation:														
Multi-family														
Multi-family														
Multi-family		$592,791	27	27 %	$546,694	26	26 %		$540,792	26	26 %	$546,694	26	26 %
Retail														
Industrial and warehouse														
Office														
Hospitality														
Healthcare facility														
Mixed-use														
Other														
Total CRE loans	Total CRE loans	$2,191,996	100	100 %	$2,106,359	100	100 %	Total CRE loans	$2,102,091	100	100 %	$2,106,359	100	100 %
Average CRE loan size (2)														
Average CRE loan size (2)														
Average CRE loan size (2)														
Largest individual CRE loan outstanding														

Largest individual CRE loan outstanding

Largest individual CRE loan outstanding

(1) Does not include unfunded commitments of $245.8 million $198.1 million and $351.5 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023.

(2) Total commitment (outstanding loan balance plus unfunded commitments) divided by number of loans.

Multi-family totaled $592.8 $540.8 million as of June 30, 2024 September 30, 2024, and is our largest single CRE segment, representing 27% 26% of the total CRE portfolio. This segment includes non-owner occupied residential properties consisting of four or more units that are rented to tenants. At June 30, 2024 September 30, 2024, the credit quality of the multi-family segment was 100% pass-rated. Also, there were no nonaccrual loans and all loans were current with respect to payment terms at June 30, 2024 September 30, 2024.

In 2024, there continues to be heightened focus in the banking industry on the CRE office sector, given the continuation of remote work and an increase in vacancies across the office market. As of June 30, 2024 September 30, 2024, Washington Trust's CRE office loan segment totaled $300.9 $296.5 million, or 5% of total loans and 14% of the total CRE loans. The loans are secured by non-owner occupied office properties, including medical office and lab space, located in our primary lending market area of southern New England - Connecticut, Massachusetts, and Rhode Island. Furthermore, approximately 68% of the CRE office segment balance of $300.9 $296.5 million is secured by properties located in suburban areas. As of June 30, 2024 September 30, 2024, all 96% of the CRE office loans were segment was current with respect to payment terms, and 94% of the CRE office segment balance was on accruing status. Additionally, the credit quality of the CRE office loan segment was 84% pass-rated, 2% special mention-rated, and 14% classified as of June 30, 2024 September 30, 2024.

Commercial and Industrial Loans

C&I loans amounted to $558.1 $566.3 million at June 30, 2024 September 30, 2024, down by $47.0 million $38.8 million, or 8% 6%, from the balance at December 31, 2023.

In the first six nine months of 2024, C&I originations, advances and line utilization amounted to $26.3 million $50.8 million and were more than offset by payments. The net decrease in C&I also reflected reclassifications of $15.5 million to CRE, as noted above.

Shared national credit balances outstanding included in the C&I loan portfolio totaled $65.2 $71.9 million and $66.3 million, respectively, at June 30, 2024 September 30, 2024 and December 31, 2023. All of these loans were included in the pass-rated category of commercial loan credit quality and were current with respect to contractual payment terms at both dates.

Management considers the C&I portfolio to be well-diversified with loans across several industries. The following table presents a summary of C&I loan by industry segmentation:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)	June 30, 2024		December 31, 2023		September 30, 2024		December 31, 2023	
	Outstanding Balance (1)	% of Total	Outstanding Balance (1)	% of Total	Outstanding Balance (1)	% of Total	Outstanding Balance (1)	% of Total
C&I Portfolio Segmentation:								
Healthcare and social assistance								
Healthcare and social assistance								
Healthcare and social assistance	$139,876	25 25 %	$166,490	28 28 %	$131,120	23 23 %	$166,490	28 28 %
Real estate rental and leasing								
Transportation and warehousing								
Manufacturing								
Educational services								
Retail trade								
Finance and insurance								
Information								
Arts, entertainment, and recreation								

Accommodation and food services														
Professional, scientific, and technical services														
Public administration														
Other														
Total C&I loans	Total C&I loans	$558,075	100	100 %	$605,072	100	100 %	Total C&I loans	$566,279	100	100 %	$605,072	100	100 %
Average C&I loan size (2)														
Average C&I loan size (2)														
Average C&I loan size (2)														
Largest individual C&I loan outstanding														
Largest individual C&I loan outstanding														
Largest individual C&I loan outstanding														

(1) Does not include unfunded commitments of $348.6 million $341.8 million and $341.9 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023.

(2) Total commitment (outstanding loan balance plus unfunded commitments) divided by number of loans.

Healthcare and social assistance totaled $139.9 million $131.1 million as of June 30, 2024 September 30, 2024, and is our largest single C&I segment, representing 25% 23% of the total C&I portfolio. This segment includes specialty medical practices, elder services, and community and mental health centers. At June 30, 2024 September 30, 2024, the credit quality of the healthcare and social assistance segment was 100% pass-rated. 86% pass-rated and 14% was special mention. Also, there were no nonaccrual loans and all loans were current with respect to payment terms at June 30, 2024 September 30, 2024.

Residential Real Estate Loans

The residential real estate loan portfolio represented 45% 46% of total loans at June 30, 2024, compared to 46% of total loans at both September 30, 2024 and December 31, 2023.

Residential real estate loans amounted to $2.6 $2.5 billion at June 30, 2024 September 30, 2024, down by $45.9 million $75.1 million, or 2% 3%, from the balance at December 31, 2023, as total origination activity has declined and a lower proportion of loans was originated for portfolio.

Management's Discussion and Analysis

The following is a geographic summary of residential real estate loans by property location:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024			December 31, 2023			(Dollars in thousands)	September 30, 2024			December 31, 2023		
		Amount		% of Total	Amount		% of Total		Amount		% of Total	Amount		% of Total
Massachusetts	Massachusetts	$1,887,955	74	74 %	$1,928,206	74	74 %	Massachusetts	$1,857,706	74	74 %	$1,928,206	74	74 %
Rhode Island														
Connecticut														
Subtotal														
All other states														
Total (1)	Total (1)	$2,558,533	100	100 %	$2,604,478	100	100 %	Total (1)	$2,529,397	100	100 %	$2,604,478	100	100 %

(1) Includes residential mortgage loans purchased from and serviced by other financial institutions totaling $51.0 million $48.0 million and $53.4 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023.

Residential real estate loans are originated both for sale to the secondary market as well as for retention in the Bank's loan portfolio. We also originate residential real estate loans for various investors in a broker capacity, including conventional mortgages and reverse mortgages.

The table below presents residential real estate loan origination activity:

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)		Three Months						Six Months							Three Months				
Periods ended June 30,		2024			2023			2024			2023								
Periods ended September 30,		2024			2023			2024			2023								
		Amount			Amount		% of Total	Amount		% of Total	Amount		% of Total		Amount		% of Total	Amount	% of Total
Originations for retention in portfolio (1)	Originations for retention in portfolio (1)	$26,520	19	19 %	$148,694	66	66 %	$50,994	21	21 %	$258,462	71	71 %	Originations for retention in portfolio (1)	$26,317	19	19 %	$161,6	
Originations for sale to the secondary market (2)																			
Total	Total	$137,248	100	100 %	$226,689	100	100 %	$239,820	100	100 %	$364,220	100	100 %	Total	$141,434	100	100 %	$239,9	

(1) Includes the full commitment amount of homeowner construction loans.

(2) Includes brokered loans (loans originated for others).

Residential real estate loan origination and refinancing activities decreased in response to increases in market interest rates and changes in the housing markets. The proportion of residential real estate loans originated for portfolio has decreased for balance sheet management purposes.

The table below presents residential real estate loan sales activity:

(Dollars in thousands)		Three Months																		
		Three Months																		
		Three Months						Six Months						Nine Months						
Periods ended June 30,		2024			2023			2024			2023									
Periods ended September 30,		2024			2023			2024			2023									
		Amount			Amount		% of Total	Amount		% of Total	Amount		% of Total		Amount	% of Total		Amount	% of Total	
Loans sold with servicing rights retained	Loans sold with servicing rights retained	$24,570	22	22 %	$28,727	44	44 %	$48,627	27	27 %	$45,841	49	49 %	Loans sold with servicing rights retained	$17,881	15	15 %	$34,046	38	
Loans sold with servicing rights released (1)																				
Total	Total	$110,052	100	100 %	$64,563	100	100 %	$182,696	100	100 %	$93,891	100	100 %	Total	$120,338	100	100 %	$88,621	100	1

(1) Includes brokered loans (loans originated for others).

We have active relationships with various secondary market investors that purchase residential real estate loans we originate. In addition to managing our interest rate risk position and earnings through the sale of these loans, we are also able to manage our liquidity position through timely sales of residential real estate loans to the secondary market.

Loans are sold with servicing retained or released. Loans sold with servicing rights retained result in the capitalization of servicing rights. Loan servicing rights are included in other assets and are subsequently amortized as an offset to mortgage banking revenues over the estimated period of servicing. The net balance of capitalized servicing rights amounted to

$8.2 $7.8 million and $8.5 million, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023. The balance of residential mortgage loans serviced for others, which are not included in the Unaudited Consolidated Balance Sheets, amounted to $1.4 billion and $1.5 billion, respectively, as of June 30, 2024 September 30, 2024 and December 31, 2023.

Consumer Loans

The consumer loan portfolio represented 6% of total loans at both June 30, 2024 September 30, 2024 and December 31, 2023.

Consumer loans include home equity loans and lines of credit and personal installment loans. Home equity lines of credit and home equity loans represented 94% of the total consumer portfolio at June 30, 2024 September 30, 2024. Our home equity line and home equity loan origination activities are conducted primarily in southern New England. The Bank estimates that approximately 50% of the combined home equity lines of credit and home equity loan balances are first lien positions or subordinate to other Washington Trust mortgages.

The consumer loan portfolio totaled $320.5 million $317.1 million at June 30, 2024 September 30, 2024, down by $11.3 million $14.7 million, or 3% 4%, from December 31, 2023, largely reflecting a decrease in home equity lines.

Asset Quality

The Corporation continually monitors the asset quality of the loan portfolio using all available information.

In the course of resolving problem loans, the Corporation may choose to modify the contractual terms of certain loans. A loan that has been modified is considered a TLM when the modification is made to a borrower experiencing financial difficulty and the modification has a direct impact to the contractual cash flows. The decision to modify a loan, versus aggressively enforcing the collection of the loan, may benefit the Corporation by increasing the ultimate probability of collection. See Note 4 to the Unaudited Consolidated Financial Statements for additional information regarding TLMs.

Nonperforming Assets

Nonperforming assets include nonaccrual loans and OREO.

The following table presents nonperforming assets and additional asset quality data:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024	December 31, 2023	(Dollars in thousands)	September 30, 2024	December 31, 2023
Commercial:						
Commercial:						
Commercial:						
Commercial real estate						
Commercial real estate						
Commercial real estate						
Commercial & industrial						
Total commercial						

Residential Real Estate:						
Residential real estate						
Residential real estate						
Residential real estate						
Consumer:						
Home equity						
Home equity						
Home equity						
Other						
Total consumer						
Total nonaccrual loans						
OREO, net						
OREO, net						
OREO, net						
Total nonperforming assets						
Nonperforming assets to total assets						
Nonperforming assets to total assets						
Nonperforming assets to total assets		0.43 %	0.63 %		0.44 %	0.63 %
Nonperforming loans to total loans	Nonperforming loans to total loans	0.54 %	0.79 %	Nonperforming loans to total loans	0.56 %	0.79 %
Total past due loans to total loans	Total past due loans to total loans	0.21 %	0.20 %	Total past due loans to total loans	0.37 %	0.20 %
Allowance for credit losses on loans to total loans	Allowance for credit losses on loans to total loans	0.75 %	0.73 %	Allowance for credit losses on loans to total loans	0.77 %	0.73 %
Allowance for credit losses on loans to nonaccrual loans	Allowance for credit losses on loans to nonaccrual loans	139.04 %	92.02 %	Allowance for credit losses on loans to nonaccrual loans	136.89 %	92.02 %
Accruing loans 90 days or more past due						

Nonaccrual Loans

During the six nine months ended June 30, 2024 September 30, 2024, the Corporation made no changes in its practices or policies concerning the placement of loans into nonaccrual status.

The following table presents the activity in nonaccrual loans:

(Dollars in thousands)					
(Dollars in thousands)					
(Dollars in thousands)	Three Months		Six Months	Three Months	Nine Months
For the periods ended June 30,	2024	2023	2024	2023	
For the periods ended September 30,	2024	2023	2024	2023	
Balance at beginning of period					
Additions to nonaccrual status					
Loans returned to accruing status					
Loans charged-off					

Loans transferred to other real estate owned	
Payments, payoffs, and other changes	
Balance at end of period	

The following table presents additional detail on nonaccrual loans:

(Dollars in thousands)	(Dollars in thousands)				June 30, 2024									December 31, 2023						(Dollars in thousands)		
			Days Past Due																			
		Current																				
		Current																				
		Current	30-89		90 or More		Total Nonaccrual		% (1)		Current	30-89		90 or More		Total Nonaccrual		% (1)		30-89		90 or
Commercial:																						
Commercial real estate																						
Commercial real estate																						
Commercial real estate		$18,390	$—	$—	$—	$—	$18,390	$18,390	0.84	0.84 %	$32,827	$—	$—	$—	$—	$32,827	$32,827	1.56	1.56 %	$7,783	$10,476	$10,4
Commercial & industrial																						
Total commercial																						
Residential Real Estate:																						
Residential real estate																						
Residential real estate																						
Residential real estate																						
Consumer:																						
Home equity																						
Home equity																						
Home equity																						
Other																						
Total consumer																						
Total nonaccrual loans	Total nonaccrual loans	$22,070	$3,970	$3,970	$4,439	$4,439	$30,479	$30,479	0.54	0.54 %	$37,741	$4,133	$4,133	$2,744	$2,744	$44,618	$44,618	0.79	0.79 %	Total nonaccrual loans	$13,024	

(1) Percentage of nonaccrual loans to the total loans outstanding within the respective loan class.

There were no significant commitments to lend additional funds to borrowers whose loans were on nonaccrual status at June 30, 2024 September 30, 2024.

As of June 30, 2024 September 30, 2024, the composition of nonaccrual loans was 62% 61% commercial and 38% 39% residential and consumer. This compared to 75% commercial and 25% residential and consumer as of December 31, 2023.

Total nonaccrual loans decreased by $14.1 $13.5 million from the end of 2023, reflecting a decline in nonaccrual commercial real estate loans. Nonaccrual commercial real estate loans decreased by $14.4 $14.6 million from the balance at December 31, 2023, primarily due to one loan secured by a healthcare facility that returned to accruing status in the first quarter of 2024.

As of June 30, 2024 September 30, 2024, the balance of nonaccrual commercial real estate loans consisted of two collateral dependent loans that were loans. One loan for $10.5 million is secured by an office property in Massachusetts and is past due, as the loan matured in the third quarter of 2024. The other loan for $7.8 million is secured by an office property in Connecticut, is current with respect to payment terms. terms and was modified as a TLM in 2023. These loans were individually assessed for credit impairment and based on the estimated fair value of the collateral less estimated costs to sell (when appropriate), no specific reserves of $500 thousand were deemed necessary at June 30, 2024 September 30, 2024. Of the total carrying value, $10.5 million is secured by an office property in Massachusetts and $7.9 million is secured by an office property in Connecticut and was modified as a TLM in 2023.

As of June 30, 2024 September 30, 2024, the balance of nonaccrual residential mortgage loans was predominately secured by properties in Connecticut, Massachusetts, Connecticut, and Rhode Island. Included in total nonaccrual residential real estate loans at June 30, 2024 September 30,

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2024 were four loans purchased for portfolio and serviced by others amounting to $1.1 million. $933 thousand. Management monitors the collection efforts of its third-party servicers as part of its assessment of the collectability of nonperforming loans.

Past Due Loans

The following table presents past due loans by category:

(Dollars in thousands)	(Dollars in thousands) June 30, 2024 Amount	% (1)		December 31, 2023 Amount	% (1)		(Dollars in thousands) September 30, 2024 Amount	% (1)		December 31, 2023 Amount	% (1)	
Commercial:												
Commercial:												
Commercial:												
Commercial real estate												
Commercial real estate												
Commercial real estate	$—	—	— %	$—	—	— %	$10,476	0.50	0.50 %	$ —	—	— %
Commercial & industrial												
Total commercial												
Residential Real Estate:												
Residential real estate												
Residential real estate												
Residential real estate												
Consumer:												
Home equity												
Home equity												
Home equity												
Other												
Total consumer												
Total past due loans	Total past due loans $11,880	0.21	0.21 %	$11,345	0.20	0.20 %	Total past due loans $20,301	0.37	0.37 %	$11,345	0.20	0.20 %

(1) Percentage of past due loans to the total loans outstanding within the respective loan class.

As of both June 30, 2024 and December 31, 2023, the The composition of past due loans (loans past due 30 days or more) was 52% commercial and 48% residential and consumer as of September 30, 2024 and essentially all residential and consumer. consumer as of December 31, 2023.

Total past due loans increased by $535 thousand $9.0 million from the end of 2023. 2023, largely due to the $10.5 million nonaccrual commercial real estate loan discussed above under the caption “Nonaccrual Loans.”

Total past due loans included $8.4 $18.1 million of nonaccrual loans as of June 30, 2024 September 30, 2024, compared to $6.9 million as of December 31, 2023.

All loans 90 days or more past due at June 30, 2024 September 30, 2024 and December 31, 2023 were classified as nonaccrual.

Potential Problem Loans

The Corporation classifies certain loans as “substandard,” “doubtful,” or “loss” based on criteria consistent with guidelines provided by banking regulators. Potential problem loans include classified accruing commercial loans that were less than 90 days past due at June 30, 2024 September 30, 2024 and other loans for which known information about possible credit problems of the related borrowers causes management to have doubts as to the ability of such borrowers to comply with the present loan repayment terms and which may result in disclosure of such loans as nonperforming at some time in the future. Potential problem loans are not included in the amounts of nonaccrual loans presented above.

Potential problem loans are assessed for loss exposure using the methods described in Note 4 to the Unaudited Consolidated Financial Statements under the caption “Credit Quality Indicators.” Management cannot predict the extent to which economic conditions or other factors may impact borrowers and the potential problem loans. Accordingly, there can be no assurance that other loans will not become 90 days or more past due, be placed on nonaccrual, become modified, or require an increased allowance coverage and provision for credit losses on loans.

Management has identified $24.2 $25.1 million in potential problem loans at June 30, 2024 September 30, 2024, compared to $22.9 million at December 31, 2023. The balances of potential problem loans largely consisted of two CRE loans secured by office properties in Massachusetts and Connecticut. At June 30, 2024 September 30, 2024 and December 31, 2023, these loans were current with respect to payment terms.

Allowance for Credit Losses on Loans

The ACL on loans is management’s estimate of expected lifetime credit losses on loans carried at amortized cost. The ACL

on loans is established through a provision for credit losses recognized in earnings. The ACL on loans is reduced by charge-offs on loans and is increased by recoveries of amounts previously charged off.

The Corporation’s general practice is to identify problem credits early and recognize full or partial charge-offs as promptly as practicable when it is determined that the collection of loan principal is unlikely. Full or partial charge-offs on collateral dependent individually analyzed loans are recognized when the collateral is deemed to be insufficient to support the carrying value of the loan. The Corporation does not recognize a recovery when new appraisals indicate a subsequent increase in value.

Appraisals are generally obtained with values determined on an “as is” basis from independent appraisal firms for real estate collateral dependent commercial loans in the process of collection or when warranted by other deterioration in the borrower’s credit status. New appraisals are generally obtained for nonaccrual loans or when management believes it is warranted. The Corporation has continued to maintain appropriate professional standards regarding the professional qualifications of appraisers and has an internal review process to monitor the quality of appraisals.

For residential real estate loans and real estate collateral dependent consumer loans that are in the process of collection, valuations are obtained from independent appraisal firms with values determined on an “as is” basis.

The following table presents additional detail on the Corporation’s loan portfolio and associated allowance:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024					December 31, 2023					(Dollars in thousands)	September 30, 2024				
		Loans			Loans	Related Allowance	Allowance / Loans			Loans	Related Allowance	Allowance / Loans			Loans	Related Allowance	A
Individually analyzed loans	Individually analyzed loans	$20,431	$—	$—	—	— %	$34,640	$97	$97	0.28	0.28 %	Individually analyzed loans	$19,903	$500	$500	2.51	2.51 %
Pooled (collectively evaluated) loans (1)																	
Total	Total	$5,629,102	$42,378	$42,378	0.75	0.75 %	$5,647,706	$41,057	$41,057	0.73	0.73 %	Total	$5,514,889	$42,630	$42,630	0.77	0.77 %

(1) The amount reported for pooled loans excludes a $19 thousand negative basis adjustment associated with fair value hedges at September 30, 2024. See Note 6 to the Unaudited Consolidated Financial Statements for additional disclosure.

Management employs a process and methodology to estimate the ACL on loans that evaluates both quantitative and qualitative factors. The methodology for evaluating quantitative factors consists of two basic components. The first component involves pooling loans into portfolio segments for loans that share similar risk characteristics. The second component involves individually analyzed loans that do not share similar risk characteristics with loans that are pooled into portfolio segments.

The ACL for individually analyzed loans is measured using a DCF method based upon the loan's contractual effective interest rate, or at the loan's observable market price, or, if the loan was collateral dependent, at the fair value of the collateral.

The ACL for pooled loans is measured utilizing a DCF methodology to estimate credit losses for each pooled portfolio segment. The methodology incorporates a probability of default and loss given default framework. Loss given default is estimated based on historical credit loss experience. Probability of default is estimated using a regression model that incorporates econometric factors. Management utilizes forecasted econometric factors with a one-year reasonable and supportable forecast period and one-year straight-line reversion period in order to estimate the probability of default for each loan portfolio segment. The DCF methodology combines the probability of default, the loss given default, prepayment speeds, and remaining life of the loan to estimate a reserve for each loan. The sum of all the loan level reserves are aggregated for each portfolio segment and a loss rate factor is derived. Quantitative loss factors for pooled loans are also supplemented by certain qualitative risk factors reflecting management's view of how losses may vary from those represented by quantitative loss rates.

The ACL on loans amounted to $42.4 million $42.6 million at June 30, 2024 September 30, 2024, up by $1.3 million $1.6 million, or 3% 4%, from the balance at December 31, 2023. The ACL on loans as a percentage of total loans, also known as the reserve coverage ratio, was 0.75% 0.77% at June 30, 2024 September 30, 2024, compared to 0.73% at December 31, 2023.

The Corporation recorded a provision for credit losses on loans of $500 $300 thousand and $1.4 million $1.7 million, respectively, for the three and six nine months ended June 30, 2024 September 30, 2024. The provision for credit losses recognized in 2024 largely reflected continued, yet

subsiding, slowdown of loan prepayment speeds and modest specific reserve allocations on an individually analyzed nonaccrual commercial loan, growth and was partially offset by improvements a decline in our estimate of loan balances and relatively stable to improving forecasted economic conditions.

Net charge-offs totaled $27 $48 thousand for the three months ended June 30, 2024 September 30, 2024, compared to $37 $30 thousand for the same period in 2023. For the six nine months ended June 30, 2024 September 30, 2024, net charge-offs totaled $79 $127 thousand, compared to net charge-offs of $84 $114 thousand for the same period in 2023.

The ACL on loans is an estimate and ultimate losses may vary from management's estimate. Deteriorating conditions or assumptions could lead to further increases in the ACL on loans; conversely, improving conditions or assumptions could lead to further reductions in the ACL on loans.

The following table presents the allocation of the ACL on loans by portfolio segment. The total ACL on loans is available to absorb losses from any segment of the loan portfolio.

(Dollars in thousands)	(Dollars in thousands) June 30, 2024				December 31, 2023				(Dollars in thousands) September 30, 2024				December 31, 2023	
	Allocated ACL	Allocated ACL	ACL to Loans	Loans to Total Portfolio (1)	Allocated ACL		ACL to Loans	Loans to Total Portfolio (1)		Allocated ACL	ACL to Loans	Loans to Total Portfolio (1)		
Commercial:														
Commercial real estate														
Commercial real estate														
Commercial real estate	$25,766	1.18	1.18 %	39 %	$24,144	1.15	1.15 %	37 %	$25,758	1.23	1.23 %	38 %	$24,144	1.1

Commercial & industrial																	
Total commercial																	
Residential Real Estate:																	
Residential Real Estate:																	
Residential Real Estate:																	
Residential real estate																	
Residential real estate																	
Residential real estate																	
Consumer:																	
Home equity																	
Home equity																	
Home equity																	
Other																	
Total consumer																	
Total ACL on loans at end of period																	
Total ACL on loans at end of period																	
Total ACL on loans at end of period	$42,378	0.75	0.75 %	100 %	$41,057	0.73	0.73 %	100 %	$42,630	0.77	0.77 %	100 %	$41,057	0.7			

(1) Percentage of loans outstanding in respective class to total loans outstanding.

Sources of Funds

Our sources of funds include in-market deposits, wholesale brokered deposits, FHLB advances, other borrowings, and proceeds from the sales, maturities, and payments of loans and investment securities. The Corporation uses funds to originate and purchase loans, purchase investment securities, conduct operations, expand the branch network, and pay dividends to shareholders.

Deposits

The Corporation offers a wide variety of deposit products to consumer and business customers. Deposits provide an important source of funding for the Bank, as well as an ongoing stream of fee revenue.

The Bank is a participant in the DDM program, ICS program, and the CDARS program. The Bank uses these deposit sweep services to place customer and client funds into interest-bearing demand accounts, money market accounts, and/or time deposits issued by other participating banks. Customer and client funds are placed at one or more participating banks to ensure that each deposit customer is eligible for the full amount of FDIC insurance. As a program participant, we receive reciprocal amounts of deposits from other participating banks. We consider these reciprocal deposit balances to be in-market deposits as distinguished from traditional wholesale brokered deposits.

The following table presents a summary of deposits:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024		December 31, 2023		Change in Balance		(Dollars in thousands)	September 30, 2024		December 31, 2023	
		Amount	% of Total	Amount	% of Total	$	%		Amount	% of Total	Amount	% of Total
Noninterest-bearing demand deposits	Noninterest-bearing demand deposits	$645,661	13 13 %	$693,746	13 13 %	($48,085)	(7 (7 %)	Noninterest-bearing demand deposits	$665,706	13 13 %	$693,746	13 13 %

Interest-bearing demand deposits															
NOW accounts															
Money market accounts															
Savings accounts															
Time deposits (in-market)															
Total in-market deposits															
Wholesale brokered time deposits															
Wholesale brokered time deposits															
Wholesale brokered time deposits															
Total deposits															
Total deposits															
Total deposits	$4,976,126	100	100 %	$5,348,160	100	100 %	($372,034)	(7	(7 %)	$5,171,890	100	100 %	$5,348,160	100	100 %

Total deposits amounted to $5.0 billion $5.2 billion at June 30, 2024 September 30, 2024, compared to $5.3 billion at December 31, 2023.

Wholesale brokered time deposits decreased by $314.8 million $274.1 million, or 48% 42%, from December 31, 2023, reflecting maturities and a shift in wholesale funding mix based on pricing. See disclosure regarding FHLB advances under the caption “Borrowings” below.

In-market deposits, which exclude wholesale brokered time deposits, were down up by $57.2 million $97.8 million, or 1% 2%, from the balance at December 31, 2023. In-market Growing deposits continue continues to shift from relatively lower-cost be highly competitive in our market area and demand for higher-cost deposit products is strong. Washington Trust has made recent investments in technology to higher-cost products, due to elevated market interest rates enhance our customers’ experience and increased competition. we remain focused on maintaining and growing depositor relationships.

As of June 30, 2024 September 30, 2024, in-market deposits were approximately 61% 59% retail and 39% 41% commercial. Our in-market deposits are well-diversified by industry and customer type. The average size of our in-market deposit accounts was approximately $35 $36 thousand at June 30, 2024 September 30, 2024.

The following table presents a summary of the Bank’s uninsured deposits:

(Dollars in thousands)	(Dollars in thousands) June 30, 2024			December 31, 2023			(Dollars in thousands) September 30, 2024			December 31, 2023		
	Balance		% of Total Deposits	Balance		% of Total Deposits	Balance			Balance		% of Total Deposits
Uninsured Deposits:												
Uninsured deposits (1)												
Uninsured deposits (1)												
Uninsured deposits (1)	$1,249,480	25	25 %	$1,260,672	24	24 %	$1,360,176	26	26 %	$1,260,672	24	24 %
Less: affiliate deposits (2)												
Uninsured deposits, excluding affiliate deposits												

Less: fully-collateralized preferred deposits (3)													
Uninsured deposits, after exclusions	Uninsured deposits, after exclusions	$984,504	20	20 %	$963,700	18	18 %	Uninsured deposits, after exclusions	$1,053,480	20	20 %	$963,700	18	18 %

(1) Determined in accordance with regulatory reporting requirements, which includes affiliate deposits and fully-collateralized preferred deposits.
(2) Uninsured deposit balances of Washington Trust Bancorp, Inc. and its subsidiaries that are eliminated in consolidation.
(3) Uninsured deposits of states and political subdivisions, which are secured or collateralized as required by state law.

Borrowings

Borrowings primarily consist of FHLB advances, which are used as a source of funding for liquidity and interest rate risk management purposes.

FHLB advances totaled $1.6 $1.3 billion at June 30, 2024 September 30, 2024, up by $360.0 $110.0 million, or 30% 9%, from the balance at the end of 2023, reflecting a shift to utilize higher levels of FHLB advances and lower levels of wholesale brokered time certificates as a wholesale funding source.

For additional information regarding FHLB advances see Note 9 to the Unaudited Consolidated Financial Statements.

Liquidity and Capital Resources

Liquidity Management

Liquidity is the ability of a financial institution to meet maturing liability obligations and customer loan demand. The Corporation's primary source of liquidity is in-market deposits, which funded approximately 64% 65% of total average assets in the six nine months ended June 30, 2024 September 30, 2024. While the generally preferred funding strategy is to attract and retain low-cost deposits, the ability to do so is affected by competitive interest rates and terms in the marketplace. Other sources of funding include discretionary use of purchased liabilities (e.g., FHLB term advances and brokered deposits), cash flows from the investment securities portfolio, and loan repayments. Securities designated as available for sale may also be sold in response to short-term or long-term liquidity needs, although management has no intention to do so at this time.

The Corporation has a detailed liquidity funding policy and a contingency funding plan that provide for the prompt and comprehensive response to unexpected demands for liquidity. Management employs stress testing methodology to estimate needs for contingent funding that could result from unexpected outflows of funds in excess of "business as usual" cash flows. In management's estimation, risks are concentrated in two major categories: (1) runoff of in-market deposit balances; and (2) unexpected drawdown of loan commitments. Of the two categories, potential runoff of deposit balances would have the most significant impact on contingent liquidity. Our stress test scenarios, therefore, emphasize attempts to quantify deposits at risk over selected time horizons. In addition to these unexpected outflow risks, several other "business as usual" factors enter into the calculation of the adequacy of contingent liquidity including: (1) payment proceeds from loans and investment securities; (2) maturing debt obligations; and (3) maturing time deposits. The Corporation has established collateralized borrowing capacity with the FRBB and also maintains additional collateralized borrowing capacity with the FHLB in excess of levels used in the ordinary course of business. Borrowing capacity is impacted by the amount and type of assets available to be pledged.

The table below presents a summary of contingent liquidity balances by source:

(Dollars in thousands)	(Dollars in thousands)	June 30, 2024	December 31, 2023	(Dollars in thousands)	September 30, 2024	December 31, 2023
Contingent Liquidity:						
Federal Home Loan Bank of Boston (1)						
Federal Home Loan Bank of Boston (1)						
Federal Home Loan Bank of Boston (1)						
Federal Reserve Bank of Boston (2)						
Noninterest-bearing cash						
Unencumbered securities						
Total contingent liquidity						
Percentage of total contingent liquidity to uninsured deposits						
Percentage of total contingent liquidity to uninsured deposits						
Percentage of total contingent liquidity to uninsured deposits		128.2 %	149.8 %		125.9 %	149.8 %

Percentage of total contingent liquidity to uninsured deposits, after exclusions	Percentage of total contingent liquidity to uninsured deposits, after exclusions	162.7 %	195.9 %	Percentage of total contingent liquidity to uninsured deposits, after exclusions	162.6 %	195.9 %

(1) As of June 30, 2024 September 30, 2024 and December 31, 2023, loans with a carrying value of $3.5 $3.2 billion and $3.4 billion, respectively, and securities available for sale with carrying values of $87.5 $90.4 million and $94.3 million, respectively, were pledged to the FHLB resulting in this additional borrowing capacity.

(2) As of June 30, 2024 September 30, 2024 and December 31, 2023, loans with a carrying value of $87.5 $85.6 million and $71.0 million, respectively, and securities available for sale with a carrying value of $13.7 $13.8 million and $13.1 million, respectively, were pledged to the FRBB for the discount window resulting in this additional unused borrowing capacity.

In addition to the amounts presented above, the Bank also has had access to a $40.0 million unused line of credit with the FHLB at June 30, 2024 September 30, 2024 and December 31, 2023. Furthermore, availability of $66.0 million and $65.0 million, respectively, at June 30, 2024 and December 31, 2023, was utilized to collateralize institutional deposits through standby letters of credit with the FHLB.

The ALCO establishes and monitors internal liquidity measures to manage liquidity exposure. Liquidity remained within target ranges established by the ALCO during the six nine months ended June 30, 2024 September 30, 2024. Based on its assessment of the liquidity considerations described above, management believes the Corporation's sources of funding meet anticipated funding needs.

Contractual Obligations, Commitments, and Off-Balance Sheet Arrangements

In the ordinary course of business, the Corporation enters into contractual obligations that require future cash payments. These include payments related to lease obligations, time deposits with stated maturity dates, and borrowings. Also, in the ordinary course of business, the Corporation engages in a variety of financial transactions that, in accordance with GAAP, are

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not recorded in the financial statements, or are recorded in amounts that differ from the notional amounts. These financial

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transactions include commitments to extend credit, standby letters of credit, forward loan commitments, loan related derivative contracts and interest rate risk management contracts. For additional information on derivative financial instruments and financial instruments with off-balance sheet risk see Notes 6 and 16 to the Unaudited Consolidated Financial Statements.

Capital Resources

Total shareholders' equity amounted to $471.0 million $502.2 million at June 30, 2024 September 30, 2024, down up by $1.7 $29.5 million from December 31, 2023. Net income of $21.8 $32.7 million was offset by $19.3 million in dividend declarations and a decline an increase of $5.2 $24.0 million in the AOCL component of shareholders' equity. equity were partially offset by $29.0 million in dividend declarations. The decline increase in AOCL largely reflected a decrease increases in the fair value of available for sale debt securities due to changes in market interest rates, which was partially offset by the amortization of a loss on a previously terminated cash flow hedge. rates. See Note 6 to the Unaudited Consolidated Financial Statements for additional discussion regarding the previously terminated cash flow hedge.

The Corporation Washington Trust declared a quarterly dividend of 56 cents per share for the three months ended June 30, 2024 September 30, 2024, unchanged from the 56 cents per share declared for the same period in 2023. On a year-to-date basis, dividend declarations totaled $1.12 $1.68 per share in 2024, unchanged from the $1.12 $1.68 per share declared in 2023.

The ratio of total equity to total assets amounted to 7.03% and 6.56%, respectively, at both June 30, 2024 September 30, 2024 and December 31, 2023. Book value per share was $27.61 $29.44 at June 30, 2024 September 30, 2024, compared to $27.75 at December 31, 2023.

The Bancorp and the Bank are subject to various regulatory capital requirements and are considered "well capitalized," with a total risk-based capital ratio of 11.81% 12.21% at June 30, 2024 September 30, 2024, compared to 11.58% at December 31, 2023.

See Note 10 to the Unaudited Consolidated Financial Statements for additional discussion regarding shareholders' equity.

Asset/Liability Management and Interest Rate Risk

Interest rate risk is the risk to earnings due to changes in interest rates. The ALCO is responsible for establishing policy guidelines on liquidity and acceptable exposure to interest rate risk. Quarterly, the ALCO reports on the status of liquidity and interest rate risk matters to the Corporation's Audit Committee. The objective of the ALCO is to manage assets and funding sources to produce results that are consistent with the Corporation's liquidity, capital adequacy, growth, risk, and profitability goals.

The Corporation utilizes the size and duration of the investment securities portfolio, the size and duration of the wholesale funding portfolio, interest rate contracts, and the pricing and structure of loans and deposits, to manage interest rate risk. The interest rate contracts may include interest rate swaps, caps, floors, and collars. These interest rate contracts involve, to varying degrees, credit risk and interest rate risk. Credit risk is the possibility that a loss may occur if a counterparty to a transaction fails to perform according to terms of the contract. The notional amount of the interest rate contracts is the amount upon which interest and other payments are based. The notional amount is not exchanged, and therefore, should not be taken as a measure of credit risk. See Note 6 to the Unaudited Consolidated Financial Statements for additional information.

The ALCO uses income simulation to measure interest rate risk inherent in the Corporation's financial instruments at a given point in time by showing the effect of interest rate shifts on net interest income over a 12-month horizon and a 13- to 24-month horizon. The simulations assume that the size and general composition of the Corporation's balance sheet remain static over the simulation horizons, with the exception of certain deposit mix shifts from low-cost savings to higher-cost time deposits in selected interest rate scenarios. Additionally, the simulations take into account the specific repricing, maturity, call options, and prepayment characteristics of differing financial instruments that may vary under different interest rate scenarios. Mortgage-backed securities and residential real estate loans involve a level of risk that unforeseen changes in prepayment speeds may cause related cash flows to vary significantly in differing rate environments. Such changes could affect the level of reinvestment risk associated with cash flow from these instruments, as well as their market value. Changes in prepayment speeds could also increase or decrease the amortization of premium or accretion of discounts related to such instruments, thereby affecting interest income. The characteristics of financial instrument classes are reviewed periodically by the ALCO to ensure their accuracy and consistency.

The increase of the Federal Funds target rate in recent years has resulted in higher rates paid on deposit balances and a shift of low-cost balances into higher-cost alternatives, which could continue into the future, particularly if interest rates remain elevated. As such, the ALCO has modeled deposit shifts out of these low-cost categories into higher-cost alternatives in the rising rate simulation scenarios presented above. Deposit balances may also be subject to possible outflow to non-bank alternatives in a rising rate environment, as well as due to heightened uncertainty in the banking industry. environment. This may cause interest rate sensitivity to differ from the results as presented. Another significant simulation assumption is the sensitivity of savings deposits to fluctuations in interest rates. Income simulation results assume that changes in both savings

deposit rates and balances are related to changes in short-term interest rates. The relationship between short-term interest rate changes and deposit rate and balance changes may differ from the ALCO's estimates used in income simulation.

The ALCO reviews simulation results to determine whether the Corporation's exposure to a decline in net interest income remains within established tolerance levels over the simulation horizons and to develop appropriate strategies to manage this exposure. As of June 30, 2024 September 30, 2024 and December 31, 2023, net interest income simulations indicated that exposure to changing interest rates over the simulation horizons remained within tolerance levels established by the Corporation. All changes are measured in comparison to the projected net interest income that would result from an "unchanged" rate scenario where both interest rates and the composition of the Corporation's balance sheet remain stable.

The ALCO regularly reviews a wide variety of interest rate shift scenario results to evaluate interest rate risk exposure, including parallel changes in interest rates and scenarios showing the effect of steepening or flattening changes in the yield curve. Because income simulations assume that the Corporation's balance sheet will remain static over the simulation horizon, the results do not reflect adjustments in strategy that the ALCO could implement in response to rate shifts. It should also be noted that the static balance sheet assumption does not necessarily reflect the Corporation's expectation for future balance sheet growth, which is a function of the business environment and customer behavior.

While the ALCO reviews and updates simulation assumptions and also periodically back-tests the simulation results to ensure that the assumptions are reasonable and current, income simulation may not always prove to be an accurate indicator of interest rate risk or future NIM. Over time, the repricing, maturity, and prepayment characteristics of financial instruments and the composition of the Corporation's balance sheet may change to a different degree than estimated.

The following table sets forth the estimated change in net interest income from an unchanged rate scenario over the periods indicated for parallel changes in market interest rates using the Corporation's on- and off-balance sheet financial instruments as of June 30, 2024 September 30, 2024 and December 31, 2023. Interest rates are assumed to shift by parallel rate changes as shown in the table below. Further, deposits are assumed to have certain minimum rate levels below which they will not fall. It should be noted that the rate scenarios shown do not necessarily reflect the ALCO's view of the "most likely" change in interest rates over the periods indicated.

	June 30, 2024		December 31, 2023		September 30, 2024		December 31, 2023	
	Months 1 - 12	Months 13 - 24	Months 1 - 12	Months 13 - 24	Months 1 - 12	Months 13 - 24	Months 1 - 12	Months 13 - 24
100 basis point rate decrease	(3.56)%	1.18 %	(3.38)%	0.94 %	(3.62) %	0.42 %	(3.38)%	0.94 %

200 basis point rate decrease
300 basis point rate decrease
100 basis point rate increase
200 basis point rate increase
300 basis point rate increase

The relative change in interest rate sensitivity from December 31, 2023, as shown in the above table, was attributable to changes in balance sheet composition and market interest rates. As The changes in balance sheet composition included a temporary increase in rate-sensitive cash balances on deposit at correspondent banks, reductions in loans, and a lower level of June 30, 2024, the wholesale funding given in-market deposit growth. Furthermore, additional interest rate management derivative contracts were executed to hedge interest rate risk.

The ALCO estimates that negative exposure of net interest income in Year 1 to falling rates as compared to an unchanged rate scenario results from a more rapid decline in earning asset yields compared to rates paid on deposits. If market interest rates were to fall and remain lower for a sustained period, certain savings and time deposit rates could decline change, interest-earning assets would reprice more slowly and by a lesser amount quickly than other market interest rates. For simulation purposes, interest-bearing liabilities. In-market deposit rate changes are anticipated modeled to lag behind other market interest rates in both timing pace and magnitude. Asset yields would likely decline more rapidly than deposit costs as holdings mature or reprice, since cash flow from mortgage-related Additionally, prepayments of loans and redemption of callable securities would generally increase as market interest rates fall. The negative exposure in down rate scenarios reflects the insensitivity of certain deposit rates to market interest rate

declines decrease as they approach their floors. The positive exposure to falling rates in Year 2 is attributable to continued downward repricing of liabilities as time deposits and wholesale funding are replaced with lower rates as they mature.

As of June 30, 2024, the positive exposure of net interest income in Year 1 to rising rates as compared to an unchanged rate scenario results from a more rapid projected relative rate of increase in asset yields than funding costs over the near term. As mentioned above, for simulation purposes, deposit rate changes are anticipated to lag behind other market interest rates in both timing and magnitude. The negative exposure to rising rates in Year 2 is due to a higher level of longer-term fixed rate assets, as well as larger proportion of wholesale funds to total sources of funds. Fixed rate assets would not reprice upward in a rising rate environment. Wholesale funds generally would reprice more quickly and by a greater amount than the repricing of in-market deposits in response to changes in market interest rates. Although asset yields would increase in a rising interest rate environment, the cumulative impact of relative growth in rate-sensitive higher-cost deposit categories and wholesale funds suggests that the increase in the Corporation's cost of funds could result in a relative decline in net interest income in Year 2 compared to an unchanged rate scenario. rise.

Additionally, the Corporation monitors the potential change in market value of its available for sale debt securities in changing interest rate environments. The purpose is to determine market value exposure that may not be captured by income simulation, but which might result in changes to the Corporation's capital position. Results are calculated using industry-standard analytical techniques and securities data.

The following table summarizes the potential change in market value of the Corporation's available for sale debt securities as of June 30, 2024 September 30, 2024 and December 31, 2023 resulting from immediate parallel rate shifts:

(Dollars in thousands)

Security Type

Security Type

Security Type	Down 100 Basis Points	Up 200 Basis Points	Down 100 Basis Points	Up 200 Basis Points
Obligations of U.S. government-sponsored enterprise securities (callable)				

Obligations of U.S. government-sponsored enterprise securities (callable)
Obligations of U.S. government-sponsored enterprise securities (callable)
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises
Obligations of states and political subdivisions
Trust preferred debt and other corporate debt securities
Total change in market value as of June 30, 2024
Total change in market value as of September 30, 2024
Total change in market value as of December 31, 2023

Critical Accounting Policies and Estimates

Estimates and assumptions are necessary in the application of certain accounting policies and procedures and can be susceptible to significant change. Critical accounting policies are defined as those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the Corporation's financial condition or results of operations.

Management considers its accounting policy relating to the ACL on loans to be a critical accounting policy. There have been no material changes in the Corporation's critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Recently Issued Accounting Pronouncements

See Note 2 to the Unaudited Consolidated Financial Statements for details of recently issued accounting pronouncements and their expected impact on the Corporation's financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information regarding quantitative and qualitative disclosures about market risk appears under Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the caption "Asset/Liability Management and Interest Rate Risk."

For factors that could adversely impact Washington Trust's future results of operations and financial condition, see Part II, Item 1A below and the section labeled "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as updated by our Quarterly Reports on Form 10-Q and other filings submitted to the SEC.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, the Corporation carried out an evaluation under the supervision and with the participation of the Corporation's management, including the Corporation's principal executive officer and principal financial officer, of the Corporation's disclosure controls and procedures as of the period ended June 30, 2024 September 30, 2024. Based upon that evaluation, the principal executive officer and principal financial officer concluded that the Corporation's disclosure controls and procedures are effective and designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Corporation's management including its Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosures. The Corporation will continue to review and document its disclosure controls and procedures and consider such changes in future evaluations of the effectiveness of such controls and procedures, as it deems appropriate.

Internal Control Over Financial Reporting

There has been no change in the Corporation's internal controls over financial reporting during the quarter ended June 30, 2024 September 30, 2024 that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

The Corporation is involved in various claims and legal proceedings arising out of the ordinary course of business. Management is of the opinion, based on its review with counsel of the development of such matters to date, that the ultimate disposition of such matters will not materially affect the consolidated financial position or results of operations of the Corporation.

Item 1A. Risk Factors

There have been no material changes in the risk factors described in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 26, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 5. Other Information

Insider Trading Arrangements

During the three months ended June 30, 2024 September 30, 2024, none of the Corporation’s directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

(a) Exhibits. The following exhibits are included as part of this Form 10-Q:

Exhibit Number	
10.1	2024 Executive Bonus Plan, effective January 1, 2024 - Filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, as filed with the Securities and Exchange Commission on May 28, 2024 (1) (2)
10.2	Wealth Management Business Building Incentive Plan, effective January 1, 2024 - Filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K, as filed with the Securities and Exchange Commission on May 28, 2024(1) (2)
10.3	Restricted Stock Unit Award Agreement for Employees Under Washington Trust Bancorp, Inc. 2022 Long Term Incentive Plan - Filed herewith. (2)
10.4	Performance Restricted Stock Unit Award Agreement for Employees Under Washington Trust Bancorp, Inc. 2022 Long Term Incentive Plan - Filed herewith. (2)
10.5	Restricted Stock Unit Award Agreement for Non-Employee Directors Under Washington Trust Bancorp, Inc. 2022 Long Term Incentive Plan - Filed herewith. (2)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Filed herewith.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Furnished herewith. (3) (1)
101	The following materials from Washington Trust Bancorp, Inc.’s Quarterly Report on Form 10-Q for the period ended June 30, 2024 September 30, 2024 formatted in Inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders’ Equity, (v) the Consolidated Statements of Cash Flows, and (vi) related Notes to these consolidated financial statements.
104	The cover page from the Corporation’s Quarterly Report on Form 10-Q for the period ended June 30, 2024 September 30, 2024 has been formatted in Inline XBRL and contained in Exhibit 101.

(1) Not filed herewith. In accordance with Rule 12b-32 promulgated pursuant to the Exchange Act, reference is made to the documents previously filed with the SEC, which are incorporated by reference herein.

(2) Management contract or compensatory plan or arrangement.

(3) These certifications are not “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference into any filing under the Securities Act or the Securities Exchange Act.

Signatures

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

			WASHINGTON TRUST BANCORP, INC.
			(Registrant)
Date: August 6, November 7, 2024		By:	/s/ Edward O. Handy III
			Edward O. Handy III
			Chairman and Chief Executive Officer
			(principal executive officer)
Date: August 6, November 7, 2024		By:	/s/ Ronald S. Ohsberg
			Ronald S. Ohsberg
			Senior Executive Vice President, Chief Financial Officer, and Treasurer
			(principal financial officer)
Date: August 6, November 7, 2024		By:	/s/ Maria N. Janes
			Maria N. Janes
			Executive Vice President, Chief Accounting Officer, and Controller
			(principal accounting officer)

EXHIBIT 10.3

RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR EMPLOYEES
UNDER WASHINGTON TRUST BANCORP, INC.
2022 LONG TERM INCENTIVE PLAN

Name of Grantee: #ParticipantName#

No. of Restricted Stock Units: #QuantityGranted#

Grant Date: #GrantDate#

Pursuant to the Washington Trust Bancorp, Inc. 2022 Long Term Incentive Plan as amended through the date hereof (the “Plan”), Washington Trust Bancorp, Inc. (the “Company”) hereby grants an award of the number of Restricted Stock Units listed above (an “Award”) to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value $0.0625 per share (the “Stock”), of the Company.

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Paragraph 2 of this Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Restricted Stock Units. The restrictions and conditions of Paragraph 1 of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains an employee of the Company or a Subsidiary on such Dates. If a series of Vesting Dates is specified, then the restrictions and conditions in Paragraph 1 shall lapse only with respect to the number of Restricted Stock Units specified as vested on such date.

Incremental Number of Restricted Stock Units Vested	Vesting Date
#VestQty_1# (#Vest%_1#%)	#VestDate_1#

The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 2.

Notwithstanding the foregoing, the Grantee shall become vested in the Restricted Stock Units prior to the Vesting Date in the following circumstances:

(a) In the case of and subject to the consummation of a Sale Event, provided that the Grantee remains an employee of the Company or a Subsidiary through the date of such Sale Event, any Restricted Stock Units that have not vested and have not previously been forfeited shall become fully vested as of immediately prior to the effective time of the Sale Event.

(b) In the event of the Grantee's death, provided that the Grantee was an employee of the Company or a Subsidiary immediately prior to the date of the Grantee's death, any Restricted Stock Units that have not vested and have not previously been forfeited shall become fully vested on the date of the Grantee's death.

(c) In the event of the Grantee's Permanent Disability, provided that the Grantee was an employee of the Company or a Subsidiary immediately prior to the date of the Grantee's Permanent Disability, the Grantee shall become fully vested in a number of his Restricted Stock Units determined by multiplying the number of Restricted Stock Units credited to the Grantee by a fraction, the numerator of which shall be the number of full months from the Grant Date to the date of the Grantee's Permanent Disability and the denominator of which shall be **#VestingMonths#**. For purposes of this Award, "Permanent Disability" shall mean that the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or the

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Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or a Subsidiary.

(d) Upon the Grantee's termination due to Retirement prior to the Vesting Date, the Grantee shall become fully vested in a number of his Restricted Stock Units determined by multiplying the number of Restricted Stock Units credited to the Grantee by a fraction, the numerator of which shall be the number of full months from the Grant Date to the date of the Grantee's Retirement and the denominator of which shall be **#VestingMonths#**. For purposes of this Award, "Retirement" shall mean the Grantee's termination of employment with the Company or a Subsidiary after attaining age 65 or, if later, the fifth anniversary of employment; or after attaining age 55 with at least ten years of service.

3. Termination of Employment. Except as set forth in Paragraph 2 above, if the Grantee's employment with the Company and its Subsidiaries terminates for any reason prior to the satisfaction of the vesting conditions set forth in Paragraph 2 above, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

4. Dividend Equivalents. Upon the issuance of shares of Stock to the Grantee pursuant to Paragraph 5 below, the Company shall also provide the Grantee with a lump sum cash payment in an amount equal to the amount of dividends per share paid by the Company from the Grant Date through the share issuance date multiplied by the number of shares of Stock actually issued to the Grantee.

5. Issuance of Shares of Stock. As soon as practicable following each Vesting Date, or the date of earlier vesting in accordance with Paragraph 2 above (but in no event later than two and one-half months after the end of the year in which such Vesting Date or vesting, as applicable, occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 2 of this Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares; provided, that if the Grantee becomes vested in the Restricted Stock Units on or following the date he becomes Retirement-eligible then such issuance shall occur in the year in which such vesting occurs or, if later, by the 15th day of the third calendar month following such vesting date. The issuance of shares of Stock may be made in book entry form.

(a) Notwithstanding the foregoing, in the event the Grantee becomes vested in the Restricted Stock Units on account of his Retirement, if the Grantee is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder ("Section 409A") upon his Retirement, the shares of Stock shall not be issued to the Grantee until the seventh month after the Grantee's "separation from service" within the meaning of Section 409A.

(b) Notwithstanding the foregoing, if the Grantee has met the age or age and service requirement for Retirement and a Sale Event occurs prior to the issuance of shares of Stock, if the Sale Event qualifies as a "change in control event" within the meaning of Section 409A, the shares of Stock shall be issued to the Grantee as soon as practicable following the Sale Event. If the Sale Event does not qualify as a "change in control event" within the meaning of Section 409A, the shares of Stock shall be issued to the Grantee upon the earliest of (i) the Vesting Date, (ii) the Grantee's death, or (iii) the Grantee's "separation from service" within the meaning of Section 409A; provided, however, that if the Grantee is a "specified employee" within the meaning of Section 409A upon his separation from service, the shares of Stock shall not be issued until the seventh month after the Grantee's separation from service.

6. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

7. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required minimum tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

8. Section 409A. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A as "short-term deferrals" as described in Section 409A, or otherwise compliant with Section 409A.

9. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Grantee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

10. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

11. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

12. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

13. Clawback. If the Grantee is or becomes an "Executive Officer," as defined in the Washington Trust Bancorp, Inc. Incentive Compensation Clawback and Forfeiture Policy, the Restricted Stock Units, any shares of Stock issued upon settlement of the Restricted Stock Units, and any dividend equivalents pursuant to Paragraph 4 of this Agreement, shall be subject to the Clawback Policy.

WASHINGTON TRUST BANCORP, INC.

By:

Kristen L. DiSanto
Senior Executive Vice President
Chief Human Resources Officer
and Corporate Secretary

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated:#AcceptanceDate#

#Signature#
Grantee's Signature

#ParticipantName#

EXHIBIT 10.4

PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR EMPLOYEES
UNDER THE WASHINGTON TRUST BANCORP, INC.
2022 LONG TERM INCENTIVE PLAN

Name of Grantee: #ParticipantName#

No. of Performance Restricted Stock Units: #QuantityGranted#

Grant Date: #GrantDate#

Vesting Date: #VestDate_1#

Pursuant to the Washington Trust Bancorp, Inc. 2022 Long Term Incentive Plan as amended through the date hereof (the "Plan"), Washington Trust Bancorp, Inc. (the "Company") hereby grants an award of the number of Performance Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Performance Restricted Stock Unit shall relate to one share of Common Stock, par value $0.0625 per share (the "Stock"), of the Company.

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Performance Restricted Stock Units have vested as provided in Paragraph 2 of this Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Performance Restricted Stock Units. The restrictions and conditions of Paragraph 1 of this Agreement shall lapse on the Vesting Date so long as the Grantee remains an employee of the Company or a Subsidiary on such Date except as otherwise provided herein, and subject to attainment of the Company's performance goals as set forth herein

The actual number of shares of Stock earned by the Grantee (the "Earned Shares") will vary depending upon the Company's performance during the Performance Measurement Period with respect to the following metrics:

Metric	Weighting
#Metric 1#	#Metric1_Weighting#
#Metric 2#	#Metric2_Weighting#
#Metric 3#	#Metric3_Weighting#

relative to the same metrics over the same period of the Peer Group.

The Company's relative performance ranking in #Metric1#, #Metric2# and #Metric3# over the entire Performance Measurement Period will be used to determine the actual number of Earned Shares pursuant to the following table:

Company's Performance vs. Peer Group's Performance	Percentage of Target Shares Earned
Below 25th percentile	0%
25th percentile	50%
50th percentile	100%
75th percentile	150%
100th percentile	200%

Percentiles that fall between whole numbers will be rounded to the nearest whole number. The Company must achieve threshold performance at the 25th percentile for the applicable metric for any shares to become Earned Shares based on that metric. Payouts range from 50% to 200% of the target award based on a straight line interpolation for performance from the 25th percentile to the 100th percentile.

Once performance results for the Company and the Peer Group are available, the Administrator shall certify performance achievement within thirty (30) days. Upon certification by the Administrator, and subject to continued employment of the Grantee by the Company through the Vesting Date except as otherwise provided herein, the Earned Shares shall be issued and delivered to the Grantee, either via book entry or actual stock certificates, and the Grantee's name shall be entered as the stockholder of record on the books of the Company, within ten (10) days following such certification or Vesting Date, if later. Thereupon, the Grantee shall have all the rights of a shareholder with respect to such Earned Shares, including voting and dividend rights.

Notwithstanding the foregoing, in the event of the Grantee's death, provided that the Grantee was an employee of the Company or a Subsidiary immediately prior to the date of the Grantee's death, any Performance Restricted Stock Units that have not vested and have not previously been forfeited shall become fully vested on the date of the Grantee's death.

Further, notwithstanding the foregoing, in the event of Grantee's termination due to Retirement or Permanent Disability, provided that the Grantee was an employee of the Company or a Subsidiary immediately prior to the date of the Grantee's termination due to Retirement or Permanent Disability, the requirement for the Grantee to be employed on the Vesting Date will be waived and the Earned Shares, determined in accordance with the following sentence, shall be issued and delivered to the Grantee, either via book entry or actual stock certificates, and the Grantee's name shall be entered as the stockholder of record on the books of the Company, within ten (10) days following the Administrator's certification of performance achievement. In such case, the actual number of shares of Stock to be issued to the Grantee hereunder shall be determined by multiplying the number of Earned Shares determined by the Administrator by a fraction, the numerator of which shall be in the case of Grantee's termination due to Retirement, the number of full calendar months from the Grant Date through the Grantee's termination due to Retirement and, in the case of Grantee's termination due to Permanent Disability, the number of full calendar months from the Grant Date through the date of Grantee's Permanent Disability, and in each case the denominator of which shall be **#VestingMonths#**. For this purpose, "Retirement" shall mean the Grantee's termination of employment with the Company or a Subsidiary after attaining age 65 or, if later, the fifth anniversary of employment; or after attaining age 55 with at least ten years of service; and "Permanent Disability" shall mean that the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months or the Grantee is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or a Subsidiary.

For purposes of this Agreement, the following terms shall have the following meanings:

(a) *Performance Measurement Period*: **#MeasurementPeriod#**. Performance will be assessed over the entire Performance Measurement Period.

(b) *Shortened Performance Measurement Period*: The period from **#PerformanceStart#** through the date of a Sale Event of the Company. Performance will be assessed as available for the Shortened Performance Measurement Period. Calendar year performance will be used for each completed year; and for any partial years, year-to-date performance through the completed calendar quarter immediately preceding or coinciding with the date of such Sale Event of the Company. Performance for a partial year will be weighted accordingly.

(c) *Peer Group*: SNL Index of banks and thrifts located in New England and Mid-Atlantic with assets of **#PeerGroupSize#** as constituted at the beginning of the Performance Measurement Period or Shortened Performance Measurement Period, as applicable.

The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 2.

Notwithstanding anything in the Plan to the contrary, in the case of and subject to the consummation of a Sale Event prior to the end of the Performance Measurement Period, provided that the Grantee remains an employee of the Company or a Subsidiary through the date of such Sale Event except as otherwise provided herein, the Administrator shall determine the number of Earned Shares in accordance with the principles set forth in this Paragraph 2 based upon the Company's performance relative to the Peer Group's during the Shortened Performance Measurement Period, or target if greater. In the

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case of and subject to the consummation of a Sale Event after the end of the Performance Measurement Period but prior to the Vesting Date, provided that the Grantee remains an employee of the Company or a Subsidiary through the date of such Sale Event except as otherwise provided herein, the Administrator shall determine the number of Earned Shares to be issued to the Grantee in accordance with the provisions of Paragraph 2. The requirement that the Grantee be employed by the Company through the Vesting Date shall be waived in the event of a Sale Event, provided that the Grantee must remain an employee of the Company or a Subsidiary through the date of the Sale Event unless such requirement has previously been waived due to the Grantee's death, termination due to Retirement or Permanent Disability. Notwithstanding the foregoing, in the event the Sale Event occurs prior to the completion of at least one full calendar quarter in the Shortened Performance Measurement Period no shares will become Earned Shares and no shares of Stock will be issued to the Grantee pursuant to this Award.

3. Termination of Employment. Except as set forth in Paragraph 2 above, if the Grantee's employment with the Company and its Subsidiaries terminates for any reason prior to the satisfaction of the vesting conditions set forth in Paragraph 2 above, any Performance Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Performance Restricted Stock Units.

4. Dividend Equivalents. Upon the issuance of shares of Stock to the Grantee pursuant to Paragraph 5 below, the Company shall also provide the Grantee with a lump sum cash payment in an amount equal to the amount of dividends per share paid by the Company from the Grant Date through the share issuance date multiplied by the number of shares of Stock actually issued to the Grantee.

5. Issuance of Shares of Stock.

(a) In general. Generally, shares will be delivered to the Grantee as provided in Paragraph 2 above.

(b) Sale Event. If a Sale Event qualifies as a "change in control event" within the meaning of Section 409A, Earned Shares (or cash equivalent if shares of Stock are no longer available) shall be issued to the Grantee immediately following the Sale Event, subject to certification of performance achievement of the Company within twenty (20) days after performance results for the Company and the Peer Group become available. If a Sale Event does not qualify as a "change in control event" within the meaning of Section 409A, and subject to certification of performance achievement of the Company within twenty (20) days after performance results for the Company and the Peer Group become available, the Earned Shares (or cash equivalent if shares of Stock are no longer available) shall be issued to the Grantee upon the earliest of (i) the Vesting Date, (ii) the Grantee's death, or (iii) the Grantee's "separation from service" within the meaning of Section 409A; provided, however, that if the Grantee is a "specified employee" within the meaning of Section 409A upon his separation from service, the issuance shall be delayed until the seventh month after the Grantee's separation from service.

6. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

7. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required tax withholding obligation to be satisfied, in whole or in part, by withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding amount due.

8. Section 409A. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A as "short-term deferrals" as described in Section 409A, or otherwise compliant with Section 409A.

9. No Obligation to Continue Employment. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Grantee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of the Grantee at any time.

10. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

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11. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

12. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

13. Clawback. If the Company is required to prepare an accounting restatement or due to the material noncompliance with any financial reporting requirement under the Federal securities laws, the Grantee is required to reimburse the Company for the value of shares of Stock issued under this Award that would not have been Earned Shares based on the restated financial results. Notwithstanding the foregoing, if the Grantee is or becomes an "Executive Officer," as defined in the Washington Trust Bancorp, Inc. Incentive Compensation Clawback and Forfeiture Policy, the Performance Restricted Stock Units, any shares of Stock issued upon settlement of the Performance Restricted Stock Units, and any dividend equivalents pursuant to Paragraph 4 of this Agreement, shall be subject to the Clawback Policy.

WASHINGTON TRUST BANCORP, INC.

By:

Edwin J. Santos, Chairperson
Compensation and Human Resources Committee

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: #AcceptanceDate#

#Signature#
Grantee's Signature

#ParticipantName#

EXHIBIT 10.5

RESTRICTED STOCK UNIT AWARD AGREEMENT

FOR NON-EMPLOYEE DIRECTORS
UNDER THE WASHINGTON TRUST BANCORP, INC.
2022 LONG TERM INCENTIVE PLAN

Name of Grantee: #ParticipantName#

No. of Restricted Stock Units: #QuantityGranted#

Grant Date: #GrantDate#

Pursuant to the Washington Trust Bancorp, Inc. 2022 Long Term Incentive Plan as amended through the date hereof (the "Plan"), Washington Trust Bancorp, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value $0.0625 per share (the "Stock") of the Company.

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Paragraph 2 of this Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Restricted Stock Units. The restrictions and conditions of Paragraph 1 of this Agreement shall lapse on #VestDate_1# (the "Vesting Date") so long as the Grantee is then, and since the Grant Date has continuously been, an active member of the Board.

The Administrator may at any time accelerate the vesting schedule specified in this Paragraph 2.

Notwithstanding the foregoing, the Grantee shall become vested in the Restricted Stock Units prior to the Vesting Date in the following circumstances:

(a) In the case of, and subject to, the consummation of a Sale Event, provided that the Grantee remains in service as a member of the Board through the date of such Sale Event, any Restricted Stock Units that have not vested and have not previously been forfeited shall become fully vested as of immediately prior to the effective time of the Sale Event.

(b) In the event of the Grantee's death, provided that the Grantee was in service as a member of the Board immediately prior to the date of the Grantee's death, any Restricted Stock Units that have not vested and have not previously been forfeited shall become fully vested on the date of the Grantee's death.

(c) In the event of the Grantee's Permanent Disability, provided that the Grantee was in service as a member of the Board immediately prior to the date of the Grantee's Permanent Disability, the Grantee shall become fully vested in a number of his Restricted Stock Units determined by multiplying the number of Restricted Stock Units credited to the Grantee by a fraction, the numerator of which shall be the number of full months from the Grant Date to the date of the Grantee's Permanent Disability and the denominator of which shall be #VestingMonths#. For purposes of this Award, "Permanent Disability" shall mean that the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(d) Upon the Retirement of the Grantee prior to the Vesting Date, any Restricted Stock Units that have not vested and have not previously been forfeited shall become fully vested. For purposes of this Award, "Retirement" shall mean the Grantee's cessation of service as a Director as of the Annual Meeting date following his or her attainment of age 72.

3. Termination of Service. Except as set forth in Paragraph 2 above, if the Grantee's service with the Company and its Subsidiaries terminates for any reason prior to the satisfaction of the vesting conditions set forth in Paragraph 2 above, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

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4. Dividend Equivalents. Upon the issuance of shares of Stock to the Grantee pursuant to Paragraph 5 below, the Company shall also provide the Grantee with a lump sum cash payment in an amount equal to the amount of dividends per share paid by the Company from the Grant Date through the share issuance date multiplied by the number of shares of Stock actually issued to the Grantee.

5. Issuance of Shares of Stock. As soon as practicable following the Vesting Date, or the date of earlier vesting in accordance with Paragraph 2 above (but in no event later than two and one-half months after the end of the year in which such vesting occurs), the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Paragraph 2 of this Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares. The issuance of shares may be made in book entry form.

6. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan unless a different meaning is specified herein.

7. Section 409A of the Code. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code, or otherwise compliant with Section 409A.

8. No Obligation to Continue as a Director. Neither the Plan nor this Award confers upon the Grantee any rights with respect to continuance as a Director.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

11. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

WASHINGTON TRUST BANCORP, INC.

By:

Kristin L. DiSanto
Senior Executive Vice President
Chief Human Resources Officer and Corporate Secretary

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: #AcceptanceDate#

#Signature#
Grantee's Signature

#ParticipantName#

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Edward O. Handy III, Chairman and Chief Executive Officer of Washington Trust Bancorp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, for the period ended June 30, 2024 September 30, 2024, of Washington Trust Bancorp, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during

(e) the Registrant's most recent fiscal quarter (the Registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:	August 6, November 7, 2024	By:	/s/ Edward O. Handy III
			Edward O. Handy III
			Chairman and Chief Executive Officer
			(principal executive officer)

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald S. Ohsberg, Senior Executive Vice President, Chief Financial Officer and Treasurer of Washington Trust Bancorp, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, for the period ended June 30, 2024 September 30, 2024, of Washington Trust Bancorp, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date:	August 6, November 7, 2024	By:	/s/ Ronald S. Ohsberg
			Ronald S. Ohsberg
			Senior Executive Vice President, Chief Financial Officer and Treasurer
			(principal financial officer)

EXHIBIT 32.1

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned officer of Washington Trust Bancorp, Inc. (the “Corporation”), hereby certifies that the Corporation’s Quarterly Report on Form 10-Q for the period ended June 30, 2024 September 30, 2024 to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date:	August 6, November 7, 2024	By:	/s/ Edward O. Handy III
			Edward O. Handy III
			Chairman and Chief Executive Officer
			(principal executive officer)

The undersigned officer of Washington Trust Bancorp, Inc. (the “Corporation”), hereby certifies that the Corporation’s Quarterly Report on Form 10-Q for the period ended June 30, 2024 September 30, 2024 to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date:	August 6, November 7, 2024	By:	/s/ Ronald S. Ohsberg
			Ronald S. Ohsberg
			Senior Executive Vice President, Chief Financial Officer and Treasurer
			(principal financial officer)

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.