

REFINITIV

DELTA REPORT

10-Q

WASH - WASHINGTON TRUST BANCORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 2063

CHANGES	434
DELETIONS	1075
ADDITIONS	554

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

September 30,
2023 March 31,
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

(State or other jurisdiction of incorporation or organization)

05-0404671

(IRS Employer Identification No.)

23 Broad Street

Westerly, Rhode Island

(Address of principal executive offices)

02891

(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
COMMON STOCK, \$.0625 PAR VALUE PER SHARE

Trading Symbol(s)

WASH

Name of each exchange on which registered

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, or a non-accelerated filer, 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 **October 31, 2023** **April 30, 2024** was **17,030,985**, **17,054,366**.

FORM 10-Q
WASHINGTON TRUST BANCORP, INC. AND SUBSIDIARIES

For the Quarter Ended **September 30, 2023** March 31, 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

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PART I. Financial Information

Item 1. Financial Statements

Washington Trust Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets (unaudited)
(Dollars in thousands, except par value)

September	December
30, 2023	31, 2022

		March 31, 2024	March 31, 2024	December 31, 2023
Assets:	Assets:			
Cash and due from banks				
Cash and due from banks				
Cash and due from banks	Cash and due from banks	\$109,432	\$115,492	
Short-term investments	Short-term investments	3,577	2,930	
Mortgage loans held for sale, at fair value	Mortgage loans held for sale, at fair value	10,550	8,987	
Available for sale debt securities, at fair value (amortized cost of \$1,170,105, net of allowance for credit losses on securities of \$0 at September 30, 2023; and amortized cost of \$1,166,340; net of allowance for credit losses on securities of \$0 at December 31, 2022)	Available for sale debt securities, at fair value (amortized cost of \$1,170,105, net of allowance for credit losses on securities of \$0 at September 30, 2023; and amortized cost of \$1,166,340; net of allowance for credit losses on securities of \$0 at December 31, 2022)	958,990	993,928	
Available for sale debt securities, at fair value (amortized cost of \$1,137,057, net of allowance for credit losses on securities of \$0 at March 31, 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 \$1,137,057, net of allowance for credit losses on securities of \$0 at March 31, 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 \$1,137,057, net of allowance for credit losses on securities of \$0 at March 31, 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 \$1,137,057, net of allowance for credit losses on securities of \$0 at March 31, 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	52,668	43,463	
Federal Home Loan Bank stock, at cost				
Federal Home Loan Bank stock, at cost				
Loans:	Loans:			
Total loans				
Total loans				
Total loans	Total loans	5,611,115	5,110,139	

Less:	Less:		
allowance for credit losses on loans	allowance for credit losses on loans	40,213	38,027
Net loans	Net loans	5,570,902	5,072,112
Premises and equipment, net	Premises and equipment, net	31,976	31,550
Operating lease right-of-use assets	Operating lease right-of-use assets	27,882	27,156
Investment in bank-owned life insurance	Investment in bank-owned life insurance	103,003	102,182
Goodwill	Goodwill	63,909	63,909
Identifiable intangible assets, net	Identifiable intangible assets, net	3,919	4,554
Other assets	Other assets	246,667	193,788
Total assets	Total assets	\$7,183,475	\$6,660,051
Liabilities:	Liabilities:		
Deposits:	Deposits:		
Deposits:			
Noninterest-bearing deposits			
Noninterest-bearing deposits			
Noninterest-bearing deposits	Noninterest-bearing deposits	\$773,261	\$858,953
Interest-bearing deposits	Interest-bearing deposits	4,642,302	4,160,009
Total deposits	Total deposits	5,415,563	5,018,962
Federal Home Loan Bank advances	Federal Home Loan Bank advances	1,120,000	980,000
Junior subordinated debentures	Junior subordinated debentures	22,681	22,681
Junior subordinated debentures			
Junior subordinated debentures			
Operating lease liabilities	Operating lease liabilities	30,554	29,558
Other liabilities	Other liabilities	163,273	155,181
Total liabilities	Total liabilities	6,752,071	6,206,382
Commitments and contingencies (Note 16)	Commitments and contingencies (Note 16)		
Shareholders' Equity:	Shareholders' Equity:		

Common stock of \$0.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,019,239 shares outstanding at September 30, 2023 and 17,363,457 shares issued and 17,182,753 shares outstanding at December 31, 2022	1,085	1,085
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Common stock of \$0.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,033,174 shares outstanding at March 31, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023

Common stock of \$0.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,033,174 shares outstanding at March 31, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023

Common stock of \$0.0625 par value; authorized 60,000,000 shares; 17,363,457 shares issued and 17,033,174 shares outstanding at March 31, 2024 and 17,363,457 shares issued and 17,030,987 shares outstanding at December 31, 2023

Paid-in capital	Paid-in capital	126,310	127,056
Retained earnings	Retained earnings	498,521	492,043
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(178,734)	(157,800)
Treasury stock, at cost; 344,218 shares at September 30, 2023 and 180,704 shares at December 31, 2022		(15,778)	(8,715)

Treasury stock, at cost; 330,283 shares at March 31, 2024 and 332,470 shares at December 31, 2023			
Total shareholders' equity	Total shareholders' equity	431,404	453,669

Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$7,183,475	\$6,660,051
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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		Nine Months	
Periods ended September 30,		2023	2022	2023	2022
Three months ended March 31,					
Three months ended March 31,					
Three months ended March 31,					
Interest income:					
Interest income:					
Interest income: Interest income:					
Interest and fees on loans	Interest and fees on loans	\$70,896	\$45,125	\$196,094	\$115,657
Interest and fees on loans					
Interest and fees on loans					
Interest on mortgage loans held for sale	Interest on mortgage loans held for sale	332	361	725	851
Interest on mortgage loans held for sale					
Interest on mortgage loans held for sale					
Taxable interest on debt securities					
Taxable interest on debt securities					
Taxable interest on debt securities Taxable interest on debt securities		7,271	6,061	21,868	15,209
Dividends on Federal Home Loan Bank stock	Dividends on Federal Home Loan Bank stock	878	88	2,333	218
Dividends on Federal Home Loan Bank stock					
Dividends on Federal Home Loan Bank stock					
Other interest income					
Other interest income					
Other interest income Other interest income		1,344	503	3,693	769
Total interest and dividend income	Total interest and dividend income	80,721	52,138	224,713	132,704
Total interest and dividend income					
Interest expense:					
Interest expense:					
Interest expense: Interest expense:					
Deposits	Deposits	34,069	6,656	83,362	13,722
Deposits					
Deposits					
Federal Home Loan Bank advances	Federal Home Loan Bank advances	12,497	3,234	35,775	3,891
Federal Home Loan Bank advances					
Federal Home Loan Bank advances					
Junior subordinated debentures					

Junior subordinated debentures					
Junior subordinated debentures	Junior subordinated debentures	404	206	1,132	443
Total interest expense	Total interest expense	46,970	10,096	120,269	18,056
Total interest expense					
Total interest expense					
Net interest income					
Net interest income					
Net interest income	Net interest income	33,751	42,042	104,444	114,648
Provision for credit losses	Provision for credit losses	500	800	2,000	(2,100)
Provision for credit losses					
Provision for credit losses					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses	Net interest income after provision for credit losses	33,251	41,242	102,444	116,748
Noninterest income:	Noninterest income:				
Noninterest income:					
Noninterest income:					
Wealth management revenues					
Wealth management revenues					
Wealth management revenues	Wealth management revenues	8,948	9,525	26,659	30,122
Mortgage banking revenues	Mortgage banking revenues	2,108	2,047	5,106	7,630
Mortgage banking revenues					
Mortgage banking revenues					
Card interchange fees					
Card interchange fees					
Card interchange fees	Card interchange fees	1,267	1,287	3,667	3,754
Service charges on deposit accounts	Service charges on deposit accounts	674	819	2,118	2,250
Service charges on deposit accounts					
Service charges on deposit accounts					
Service charges on deposit accounts	Service charges on deposit accounts				
Loan related derivative income	Loan related derivative income	1,082	1,041	1,278	2,011
Loan related derivative income					
Loan related derivative income					
Income from bank-owned life insurance					
Income from bank-owned life insurance					
Income from bank-owned life insurance	Income from bank-owned life insurance	710	684	2,754	1,900
Other income	Other income	437	400	1,252	1,147
Other income					
Other income					
Total noninterest income					
Total noninterest income					

Total noninterest income	Total noninterest income	15,226	15,803	42,834	48,814
Noninterest expense:	Noninterest expense:				
Noninterest expense:					
Noninterest expense:					
Salaries and employee benefits	Salaries and employee benefits				
Salaries and employee benefits	Salaries and employee benefits				
Salaries and employee benefits	Salaries and employee benefits	21,622	21,609	63,994	62,992
Outsourced services	Outsourced services	3,737	3,552	10,854	10,169
Outsourced services	Outsourced services				
Outsourced services	Outsourced services				
Net occupancy	Net occupancy				
Net occupancy	Net occupancy				
Net occupancy	Net occupancy	2,387	2,234	7,240	6,708
Equipment	Equipment	1,107	939	3,185	2,795
Legal, audit and professional fees	Legal, audit and professional fees	1,058	693	2,932	2,140
Equipment	Equipment				
Equipment	Equipment				
Legal, audit, and professional fees	Legal, audit, and professional fees				
Legal, audit, and professional fees	Legal, audit, and professional fees				
Legal, audit, and professional fees	Legal, audit, and professional fees				
FDIC deposit insurance costs	FDIC deposit insurance costs				
FDIC deposit insurance costs	FDIC deposit insurance costs				
FDIC deposit insurance costs	FDIC deposit insurance costs	1,185	430	3,428	1,198
Advertising and promotion	Advertising and promotion	789	799	1,624	1,874
Advertising and promotion	Advertising and promotion				
Advertising and promotion	Advertising and promotion				
Amortization of intangibles	Amortization of intangibles				
Amortization of intangibles	Amortization of intangibles				
Amortization of intangibles	Amortization of intangibles	211	215	635	648
Other expenses	Other expenses	2,294	2,596	7,078	6,839
Other expenses	Other expenses				
Other expenses	Other expenses				
Total noninterest expense	Total noninterest expense				
Total noninterest expense	Total noninterest expense				
Total noninterest expense	Total noninterest expense	34,390	33,067	100,970	95,363
Income before income taxes	Income before income taxes				
Income before income taxes	Income before income taxes	14,087	23,978	44,308	70,199
Income before income taxes	Income before income taxes				
Income before income taxes	Income before income taxes				
Income tax expense	Income tax expense	2,926	5,310	9,079	15,091
Income tax expense	Income tax expense				
Income tax expense	Income tax expense				
Net income	Net income				
Net income	Net income				
Net income	Net income	\$11,161	\$18,668	\$35,229	\$55,108

Net income available to common shareholders	Net income available to common shareholders	\$11,140	\$18,615	\$35,160	\$54,944
Net income available to common shareholders					
Weighted average common shares outstanding - basic					
Weighted average common shares outstanding - basic					
Weighted average common shares outstanding - basic	Weighted average common shares outstanding - basic	17,019	17,174	17,034	17,269
Weighted average common shares outstanding - diluted	Weighted average common shares outstanding - diluted	17,041	17,298	17,063	17,389
Weighted average common shares outstanding - diluted					
Weighted average common shares outstanding - diluted					
Per share information:	Per share information:	Basic earnings per common share	\$0.65	\$1.08	\$2.06
	Diluted earnings per common share	\$0.65	\$1.08	\$2.06	
				\$3.18	
Per share information:					
Per share information:					
		Diluted earnings per common share			
		Diluted earnings per common share			
		Diluted earnings per common share			

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

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Washington Trust Bancorp, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss) (unaudited)

(Dollars in thousands)

	Three Months		Nine Months	
Periods ended September 30,	2023	2022	2023	2022
Three months ended March 31,				
Three months ended March 31,				
Net income	Net income	\$11,161	\$18,668	\$35,229
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:			
Other comprehensive income (loss), net of tax:				
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 available for sale debt securities	(32,785)	(47,067)	(29,414)	(132,469)	
Net change in fair value of cash flow hedges	Net change in fair value of cash flow hedges	2,833	(6,973)	8,345	(20,281)	
Net change in fair value of cash flow hedges						
Net change in fair value of cash flow hedges						
Net change in defined benefit plan obligations	Net change in defined benefit plan obligations	45	326	135	976	
Total other comprehensive loss, net of tax		(29,907)	(53,714)	(20,934)	(151,774)	
Total comprehensive (loss) income		(\$18,746)	(\$35,046)	\$14,295	(\$96,666)	
Net change in defined benefit plan obligations						
Net change in defined benefit plan obligations						
Total other comprehensive (loss) income, net of tax						
Total other comprehensive (loss) income, net of tax						
Total other comprehensive (loss) income, net of tax						
Total comprehensive income						
Total comprehensive income						
Total comprehensive income						

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

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Washington Trust Bancorp, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity (unaudited)
(Dollars and shares in thousands, except per share amounts)

	Accumulated								For the three months ended March 31, 2024	Accumulated							
	Common				Other					Common				Other			
	Shares	Common Stock	Paid-in Capital	Retained Earnings	Loss	Treasury Stock	Total	Shares	Common Stock	Paid-in Capital	Retained Earnings	Loss	Treasury Stock	Total			
For the three months ended September 30, 2023																	
September 30, 2023	Outstanding	Stock	Capital	Earnings	Loss	Stock	Total										
Balance at June 30, 2023	17,019	\$1,085	\$125,685	\$496,996	(\$148,827)	(\$15,778)	\$459,161										
For the three months ended March 31, 2024																	
March 31, 2024	Shares	Common Stock	Paid-in Capital	Retained Earnings	Loss	Treasury Stock	Total										
Balance at December 31, 2023																	
Net income	Net income	—	—	—	11,161	—	—	—	—	—	—	—	—	—	—	—	—
Total other comprehensive loss, net of tax	Total other comprehensive loss, net of tax	—	—	—	(29,907)	—	—	(29,907)	—	—	—	—	—	—	—	—	—

Cash dividends declared (\$0.56 per share)	Cash dividends declared (\$0.56 per share)	—	—	—	(9,636)	—	—	(9,636)
Share-based compensation	Share-based compensation	—	—	624	—	—	—	624
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	—	—	1	—	—	—	1
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	—	—	1	—	—	—	1
Balance at September 30, 2023	17,019	\$1,085	\$126,310	\$498,521	(\$178,734)	(\$15,778)	\$431,404	
Balance at March 31, 2024								
Balance at March 31, 2024								
Balance at March 31, 2024								

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	17,183	\$1,085	\$127,056	\$492,043	(\$157,800)	(\$8,715)	\$453,669
Net income	—	—	—	35,229	—	—	35,229
Total other comprehensive loss, net of tax	—	—	—	—	(20,934)	—	(20,934)
Cash dividends declared (\$1.68 per share)	—	—	—	(28,751)	—	—	(28,751)
Share-based compensation	—	—	1,569	—	—	—	1,569
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered	36	—	(2,315)	—	—	1,678	(637)
Treasury stock purchased under 2023 Repurchase Program	(200)	—	—	—	—	(8,741)	(8,741)
Balance at September 30, 2023	17,019	\$1,085	\$126,310	\$498,521	(\$178,734)	(\$15,778)	\$431,404

For the three months ended March 31, 2023	Common Shares Outstanding	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss		
					Treasury Stock	Total	
Balance at December 31, 2022	17,183	\$1,085	\$127,056	\$492,043	(\$157,800)	(\$8,715)	\$453,669
Net income	—	—	—	12,812	—	—	12,812
Total other comprehensive income, net of tax	—	—	—	—	16,040	—	16,040
Cash dividends declared (\$0.56 per share)	—	—	—	(9,624)	—	—	(9,624)
Share-based compensation	—	—	858	—	—	—	858
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered	3	—	(180)	—	—	149	(31)
Treasury stock purchased under 2023 Repurchase Program	(200)	—	—	—	—	(8,741)	(8,741)
Balance at March 31, 2023	16,986	\$1,085	\$127,734	\$495,231	(\$141,760)	(\$17,307)	\$464,983

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)

	Accumulated						Total
	Common	Common	Paid-in	Retained	Other	Comprehensive	
For the three months ended September 30, 2022	Shares Outstanding	Stock	Capital	Earnings	Loss	Treasury Stock	
Balance at June 30, 2022	17,190	\$1,085	\$126,079	\$475,889	(\$118,041)	(\$8,378)	\$476,634
Net income	—	—	—	18,668	—	—	18,668
Total other comprehensive loss, net of tax	—	—	—	—	(53,714)	—	(53,714)
Cash dividends declared (\$0.54 per share)	—	—	—	(9,394)	—	—	(9,394)
Share-based compensation	—	—	976	—	—	—	976
Treasury stock purchased under 2021 Repurchase Program	(19)	—	—	—	—	(896)	(896)
Balance at September 30, 2022	17,171	\$1,085	\$127,055	\$485,163	(\$171,755)	(\$9,274)	\$432,274

	Accumulated						Total
	Common	Common	Paid-in	Retained	Other	Comprehensive	
For the nine months ended September 30, 2022	Shares Outstanding	Stock	Capital	Earnings	Loss	Treasury Stock	
Balance at December 31, 2021	17,331	\$1,085	\$126,511	\$458,310	(\$19,981)	(\$1,117)	\$564,808
Net income	—	—	—	55,108	—	—	55,108
Total other comprehensive loss, net of tax	—	—	—	—	(151,774)	—	(151,774)
Cash dividends declared (\$1.62 per share)	—	—	—	(28,255)	—	—	(28,255)
Share-based compensation	—	—	2,589	—	—	—	2,589
Exercise of stock options, issuance of other compensation-related equity awards, net of awards surrendered	34	—	(2,045)	—	—	—	1,322
Treasury stock purchased under 2021 Repurchase Program	(194)	—	—	—	—	(9,479)	(9,479)
Balance at September 30, 2022	17,171	\$1,085	\$127,055	\$485,163	(\$171,755)	(\$9,274)	\$432,274

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

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Washington Trust Bancorp, Inc. and Subsidiaries
Consolidated Statement of Cash Flows (unaudited)

(Dollars in thousands)

Nine months ended September 30, 2023		2023		Nine months ended September 30, 2022		2022	
Three months ended March 31,		Three months ended March 31, 2024		Three months ended March 31, 2023		2024	
Cash flows from operating activities:	Cash flows from operating activities:						
Net income	Net income	\$35,229	\$55,108				
Net income	Net income						
Net income	Net income						

Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses			
Provision for credit losses			
Provision for credit losses	Provision for credit losses	2,000	(2,100)
Depreciation of premises and equipment	Depreciation of premises and equipment	3,006	2,554
Net amortization of premiums and discounts on debt securities and loans	Net amortization of premiums and discounts on debt securities and loans	1,033	2,485
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	Amortization of intangibles	635	648
Share-based compensation	Share-based compensation	1,569	2,589
Tax benefit from stock option exercises and other equity awards		—	71
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	(2,754)	(1,900)
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	Net gains on loan sales, including changes in fair value	(3,446)	(6,164)
Proceeds from sales of loans, net	Proceeds from sales of loans, net	169,392	262,907
Loans originated for sale		(168,892)	(242,153)
Increase in operating lease right-of-use assets		(726)	(1,096)

Increase in operating lease liabilities	996	1,179
Increase in other assets	(38,002)	(27,734)
Increase in other liabilities	19,913	25,451
Net cash provided by operating activities	19,953	71,845
Cash flows from investing activities:		
Available for sale debt securities:		
Mortgage-backed		
Purchases of: backed	(39,967)	(203,826)
Available for sale debt securities: Other	(20,221)	(10,747)
Available for sale debt securities: Mortgage-backed	55,088	97,495
Proceeds from sales of loans, net		
Available for sale debt securities: Other	250	—
Net purchases of Federal Home Loan Bank stock	(9,205)	(19,909)
Purchases of other equity investments, net	(375)	(375)
Proceeds from sales of loans, net		
Loans originated for sale		
Decrease in operating lease right-of-use assets		
Decrease in operating lease right-of-use assets		
Decrease in operating lease right-of-use assets		
Decrease in operating lease liabilities		
Increase in other assets		
Increase (decrease) 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) redemptions of			
Federal Home Loan Bank stock			
Net (purchases) redemptions of			
Federal Home Loan Bank stock			
Net (purchases) redemptions of			
Federal Home Loan Bank stock			
Net increase in loans	Net increase in loans	(494,909)	(571,950)
Net increase in loans			
Net increase in loans			
Purchases of loans			
Purchases of loans			
Purchases of loans	Purchases of loans	(5,428)	(1,764)
Purchases of premises and equipment	Purchases of premises and equipment	(3,524)	(3,824)
Purchases of bank-owned life insurance		—	(7,000)
Purchases of premises and equipment			
Purchases of premises and equipment			
Proceeds from bank-owned life insurance			
Proceeds from bank-owned life insurance			
Proceeds from bank-owned life insurance	Proceeds from bank-owned life insurance	1,932	—

Equity investments in real estate limited partnerships	Equity investments in real estate limited partnerships	(7,167)	(1,861)
Purchases of other equity investments			
Net cash used in investing activities	Net cash used in investing activities	(523,526)	(723,761)
Net cash used in investing activities			
Cash flows from financing activities:			
Net increase in deposits	396,601	89,806	
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	2,895,000	1,946,112	
Repayments of Federal Home Loan Bank advances	Repayments of Federal Home Loan Bank advances	(2,755,000)	(1,391,112)
Purchases of treasury stock	(8,741)	(9,479)	
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			
Net proceeds from stock option exercises and issuance of other equity awards, net of awards surrendered			
Cash dividends paid	Cash dividends paid	(29,063)	(28,342)

Net cash provided by financing activities	Net cash provided by financing activities	498,160	606,262
Net decrease in cash and cash equivalents		(5,413)	(45,654)
Net cash provided by financing activities			
Net cash provided by financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	118,422	178,493
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$113,009	\$132,839
Noncash Activities:	Noncash Activities:		
Noncash Activities:			
Loans charged-off	Loans charged-off	\$157	\$122
Loans transferred to property acquired through foreclosure or repossession	Loans transferred to property acquired through foreclosure or repossession	683	—
Commitment for equity investments in real estate limited partnerships	Commitment for equity investments in real estate limited partnerships	3,967	8,360
Supplemental Disclosures:	Supplemental Disclosures:		
Interest payments	Interest payments	\$107,270	\$15,677
Interest payments			
Interest payments	Interest payments		
Income tax payments	Income tax payments	6,826	13,021

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

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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 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, 2022** December 31, 2023.

The 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 Bancorp owns the common stock of two capital trusts, which have issued trust preferred securities. These capital trusts are variable interest entities in which the Bancorp is not the primary beneficiary and, therefore, are not consolidated. The capital trusts' only assets are junior subordinated debentures issued by the Bancorp, which were acquired by the capital trusts using the proceeds from the issuance of the trust preferred securities and common stock. The Bancorp's equity interest in the capital trusts, which is classified in other assets, and the junior subordinated debentures are included in the Unaudited Consolidated Balance Sheets. Interest expense on the junior subordinated debentures is included in the Unaudited Consolidated Statements of Income.

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 Adopted in 2023 Pending Adoption

Financial Instruments Segment Reporting - Credit Losses Topic 280

Accounting Standards Update No. 2023-07, "Segment Reporting (Topic 280) - ASC 326

ASU No. 2022-02, "Troubled Debt Restructurings and Vintage Improvements to Reportable Segment Disclosures" ("ASU 2022-02" 2023-07"), was issued in **March 2022** November 2023 to enhance and provide updates additional transparency on segment disclosures, including disclosure of significant segment expense provided to the accounting treatment for TDRs and related disclosures requirements, chief operating decision maker ("CODM"), as well as modifying disclosing the disclosure requirement associated 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 the existing credit quality indicators "vintage" disclosure. With respect to TDRs, early adoption permitted. The provisions under ASU 2022-02 eliminates the recognition and measurement guidance for TDRs under current GAAP and instead requires that the Corporation evaluate whether the modification represents a new loan or a continuation of an existing loan, consistent with the current GAAP treatment for other loan modifications. In addition, ASU 2022-02 eliminates existing disclosure requirements on TDRs and replaces with enhanced disclosure requirements related to certain loan modifications made to borrowers experiencing financial difficulty. ASU 2022-02 also provides an update to the existing credit quality indicators "vintage" tabular disclosure requiring current period gross write-offs to 2023-07 should be disclosed by year of origination for each loan segment. The Corporation adopted the provisions of ASU 2022-02 on January 1, 2023 applied on a prospective retrospective basis. Historical disclosures on TDRs were removed from this report in accordance with the provisions of this ASU. The adoption of this ASU did 2023-07 is not expected to have a material impact on the consolidated Corporation's financial statements. See Note 4

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 additional information regarding modifications 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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Business Combinations - ASC 805

ASU No. 2021-08, "Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU 2021-08"), was issued in October 2021 to clarify the accounting for contract cost assets and contract liabilities acquired in a business combination. Under current GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination at fair value on the acquisition date. The provisions of ASU 2021-08 clarify that contract cost assets and contract liabilities acquired in a business combination should be accounted for in accordance with ASC 606, as if the acquirer had originated the contracts. The Corporation adopted the provisions of ASU 2021-08 on January 1, 2023 on a prospective basis. The adoption of ASU 2021-08 did not have a material impact on the Corporation's consolidated financial statements.

Accounting Standards Pending Adoption

There were no new accounting standards issued in 2023 that are applicable to the Corporation and pending adoption.

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:

Individual name issuer trust preferred debt securities						
Corporate bonds						
Corporate bonds						
Corporate bonds	Corporate bonds	13,179	—	(1,215)	—	11,964
Total available for sale debt securities	Total available for sale debt securities	\$1,170,105	\$16	(\$211,131)	\$—	\$958,990

(Dollars in thousands)	(Dollars in thousands)					
		Amortized Cost	Unrealized Gains	Unrealized Losses	ACL	Fair Value
December 31, 2022						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
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December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
December 31, 2023						
Available for Sale Debt Securities:	Available for Sale Debt Securities:					
Obligations of U.S. government-sponsored enterprises	Obligations of U.S. government-sponsored enterprises	\$231,203	\$1	(\$31,622)	\$—	\$199,582
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	912,581	269	(138,748)	—	774,102
Individual name issuer trust preferred debt securities	Individual name issuer trust preferred debt securities	9,387	—	(627)	—	8,760
Individual name issuer trust preferred debt securities	Individual name issuer trust preferred debt securities					

Corporate bonds					
Corporate bonds					
Corporate bonds	Corporate bonds	13,169	—	(1,685)	— 11,484
Total available for sale debt securities	Total available for sale debt securities	\$1,166,340	\$270	(\$172,682)	\$— \$993,928

Accrued interest receivable on available for sale debt securities totaled \$3.1 million and \$3.7 million, respectively, as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

As of September 30, 2023 At March 31, 2024 and December 31, 2022 December 31, 2023, securities with a fair value of \$291.7 million and \$294.8 million \$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)	Amortized Cost	Fair Value
March 31, 2024		
Due in one year or less	\$86,697	\$72,753
Due after one year to five years	514,848	445,618
Due after five years to ten years	265,420	224,319
Due after ten years	270,092	227,370
Total debt securities	\$1,137,057	\$970,060

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

(Dollars in thousands)	Amortized Cost	Fair Value
September 30, 2023		
Due in one year or less	\$103,283	\$83,196
Due after one year to five years	509,654	422,408
Due after five years to ten years	312,960	255,998
Due after ten years	244,208	197,388
Total debt securities	\$1,170,105	\$958,990

Included in the above table are debt securities with an amortized cost balance of \$253.0 million and a fair value of \$217.2 million at September 30, 2023 March 31, 2024 that are callable at the discretion of the issuers. Final maturities of the callable securities range from 93 months to 13 years, with call features ranging from 1 month to 104 months.

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)	(Dollars in thousands)	Less than 12 Months	12 Months or Longer	Total	(Dollars in thousands)	Less than 12 Months	12 Months or Longer	12 Months or Longer	Total

September 30, 2023		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses		
March 31, 2024														
Obligations of U.S. government-sponsored enterprises	Obligations of U.S. government-sponsored enterprises	2	\$29,326	(\$674)	21	\$187,236	(\$33,715)	23	\$216,562	(\$34,389)				
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	30	61,703	(2,968)	154	658,490	(171,927)	184	720,193	(174,895)				
Individual name issuer trust preferred debt securities	Individual name issuer trust preferred debt securities	—	—	—	3	8,765	(632)	3	8,765	(632)				
Corporate bonds	Corporate bonds	—	—	—	4	11,964	(1,215)	4	11,964	(1,215)				
Total	Total	32	\$91,029	(\$3,642)	182	\$866,455	(\$207,489)	214	\$957,484	(\$211,131)				

(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	
December 31, 2022										December 31, 2023						
Obligations of U.S. government-sponsored enterprises	Obligations of U.S. government-sponsored enterprises	4	\$20,115	(\$638)	18	\$169,466	(\$30,984)	22	\$189,581	(\$31,622)						
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	95	288,777	(24,960)	66	471,355	(113,788)	161	760,132	(138,748)						
Individual name issuer trust preferred debt securities	Individual name issuer trust preferred debt securities	—	—	—	3	8,760	(627)	3	8,760	(627)						
Corporate bonds	Corporate bonds	—	—	—	4	11,484	(1,685)	4	11,484	(1,685)						
Total	Total	99	\$308,892	(\$25,598)	91	\$661,065	(\$147,084)	190	\$969,957	(\$172,682)						

There were no debt securities on nonaccrual status at September 30, 2023 March 31, 2024 and 2022 2023 and, therefore there was no accrued interest related to debt securities reversed against interest income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

2023.

As of **September 30, 2023** **March 31, 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 **would** **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 these **debt** **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. **As a result, there was** **Therefore**, no **ACL** **was** recorded at both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

continue to make timely principal and interest payments, and none of these securities were past due at **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 2024**, there was one individual name issuer trust preferred debt security with an amortized cost of \$2.0 million and unrealized losses of **\$216** **\$192** thousand that was rated below investment grade by S&P. We noted no downgrades to below investment grade between **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 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 **September 30, 2023** **March 31, 2024**, there was one corporate bond debt security with an amortized cost of \$2.0 million and unrealized losses of **\$98** **\$46** thousand that was rated below investment grade by S&P. We noted no downgrades to below investment grade between **September 30, 2023** **March 31, 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.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Note 4 - Loans

The following table presents a summary of loans:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Commercial: Commercial:						
Commercial real estate (1)						
Commercial real estate (1)						
Commercial real estate (1)						
real estate (1) real estate (1) \$2,063,383 \$1,829,304						

Commercial & industrial (2)	Commercial & industrial (2)	611,565	656,397
Total commercial	Total commercial	2,674,948	2,485,701
Residential Real Estate:	Residential Real Estate:		
Residential real estate (3)	Residential real estate (3)	2,611,100	2,323,002
Residential real estate (3)	Residential real estate (3)		
Consumer:	Consumer:		
Home equity	Home equity	305,683	285,715
Other (4)	Other (4)	19,384	15,721
Total consumer	Total consumer	325,067	301,436
Total loans (5)	Total loans (5)	\$5,611,115	\$5,110,139

(1) CRE consists of commercial mortgages primarily secured by 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 real estate.

(3) Residential real estate consists of mortgage and homeowner construction loans secured by one- to four-family residential properties.

(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 \$12.8 million \$13.1 million and \$11.6 million \$13.0 million, respectively, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 and net unamortized premiums on loans purchased from and serviced by other financial institutions of \$296 \$273 thousand and \$318 \$286 thousand, respectively, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Loan balances exclude accrued interest receivable of \$22.0 \$23.8 million and \$17.6 \$22.9 million, respectively, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

As of September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, loans amounting to \$3.0 billion and \$2.4 billion \$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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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)	(Dollars in thousands)	Days Past Due					
		Total					
		Over	90	Due	Current	Total Loans	
September 30, 2023		30-59	60-89	90	Due	Current	Total Loans
March 31, 2024							
March 31, 2024					Current	30-59	60-89
Commercial: Commercial:						90 or More	Total Past Due
Commercial real estate							Total Loans
Commercial real estate							
Commercial real estate	Commercial real estate	\$—	\$—	\$—	\$—	\$2,063,383	\$2,063,383
Commercial & industrial	Commercial & industrial	3	1	—	4	611,561	611,565
Total commercial	Total commercial	3	1	—	4	2,674,944	2,674,948
Residential: Residential							
Real Estate: Real Estate:							
Residential real estate	Residential real estate	3,789	2,562	1,434	7,785	2,603,315	2,611,100
Residential real estate							
Residential real estate							
Consumer: Consumer:							
Home equity							
Home equity							
Home equity	Home equity	1,823	62	40	1,925	303,758	305,683
Other	Other	16	3	—	19	19,365	19,384
Total consumer	Total consumer	1,839	65	40	1,944	323,123	325,067
Total loans	Total loans	\$5,631	\$2,628	\$1,474	\$9,733	\$5,601,382	\$5,611,115

(Dollars in thousands)	(Dollars in thousands)	Days Past Due					
		Total					
		Over	90	Due	Current	Total Loans	
December 31, 2022		30-59	60-89	90	Due	Current	Total Loans
December 31, 2023							
December 31, 2023					Current	30-59	60-89
Commercial: Commercial:						90 or More	Total Past Due
Commercial real estate							Total Loans
Commercial real estate							
Commercial real estate	Commercial real estate	\$1,187	\$—	\$—	\$1,187	\$1,828,117	\$1,829,304
Commercial & industrial	Commercial & industrial	265	—	—	265	656,132	656,397
Total commercial	Total commercial	1,452	—	—	1,452	2,484,249	2,485,701
Residential: Residential							
Real Estate: Real Estate:							
Residential real estate	Residential real estate	4,793	303	3,779	8,875	2,314,127	2,323,002
Residential real estate							
Residential real estate							
Consumer: Consumer:							
Home equity							
Home equity							

Home equity	Home equity	1,103	132	—	1,235	284,480	285,715
Other	Other	16	—	—	16	15,705	15,721
Total consumer	Total consumer	1,119	132	—	1,251	300,185	301,436
Total loans	Total loans	\$7,364	\$435	\$3,779	\$11,578	\$5,098,561	\$5,110,139

Included in past due loans as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, were nonaccrual loans of **\$5.7** **\$5.1** million and **\$7.2** **\$6.9** million, respectively. In addition, all loans 90 days or more past due at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** were classified as nonaccrual.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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 a period of time, 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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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

(Dollars in thousands)	September 30, 2023	December 31, 2022
Commercial:		
Commercial real estate	\$22,609	\$—
Commercial & industrial	696	—
Total commercial	23,305	—
Residential Real Estate:		
Residential real estate	9,446	11,894
Consumer:		
Home equity	901	952
Other	—	—
Total consumer	901	952
Total nonaccrual loans	\$33,652	\$12,846
Accruing loans 90 days or more past due	\$—	\$—

No ACL was deemed necessary on nonaccrual loans with carrying values of \$15.8 million and \$6.5 million, respectively, as of September 30, 2023 and December 31, 2022.

(Dollars in thousands)	March 31, 2024			December 31, 2023		
	Nonaccrual Loans			Nonaccrual Loans		
	With an ACL	Without an ACL	Total	With an ACL	Without an ACL	Total
Commercial:						
Commercial real estate	\$—	\$18,729	\$18,729	\$10,997	\$21,830	\$32,827
Commercial & industrial	—	668	668	—	682	682
Total commercial	—	19,397	19,397	10,997	22,512	33,509

Residential Real Estate:						
Residential real estate	8,590	1,132	9,722	8,495	1,131	9,626
Consumer:						
Home equity	1,591	—	1,591	1,483	—	1,483
Other	—	—	—	—	—	—
Total consumer	1,591	—	1,591	1,483	—	1,483
Total nonaccrual loans	\$10,181	\$20,529	\$30,710	\$20,975	\$23,643	\$44,618
Accruing loans 90 days or more past due			\$—			\$—

Nonaccrual loans of \$27.9 million \$25.6 million and \$5.7 million \$37.7 million, respectively, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were current as to the payment of principal and interest.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, nonaccrual loans secured by one- to four-family residential property amounting to \$803 \$3.2 million and \$960 thousand, and \$2.9 million, respectively, were in process of foreclosure.

There were no significant commitments to lend additional funds to borrowers whose loans were on nonaccrual status at September 30, 2023 March 31, 2024.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

The following table presents interest income recognized on nonaccrual loans:

(Dollars in thousands)	(Dollars in thousands)	Three Months		Nine Months	
Periods ended September 30,		2023	2022	2023	2022
(Dollars in thousands)					
(Dollars in thousands)					
Three months ended March 31,					
Three months ended March 31,					
Three months ended March 31,					
Commercial:					
Commercial:	Commercial:				
Commercial real estate	Commercial real estate	\$474	\$—	\$1,344	\$—
Commercial real estate					
Commercial real estate					
Commercial & industrial					
Commercial & industrial					
Commercial & industrial	Commercial & industrial	9	—	35	—
Total commercial	Total commercial	483	—	1,379	—
Total commercial					
Total commercial					
Residential Real Estate:					
Residential Real Estate:	Residential Real Estate:				
Residential Real Estate:	Residential real estate	82	77	341	242
Residential real estate					
Residential real estate					
Consumer:					
Consumer:	Consumer:				
Consumer:	Consumer:				

Home equity	Home equity	22	9	59	21
Home equity					
Home equity					
Other					
Other					
Other	Other	1	—	3	3
Total consumer	Total consumer	23	9	62	24
Total consumer					
Total consumer					
Total	Total	\$588	\$86	\$1,782	\$266
Total					
Total					

Troubled Loan Modifications

As disclosed in Note 2, in the course of resolving problem loans, the Corporation adopted ASU 2022-02, which eliminated may choose to modify the accounting guidance for TDRs and added enhanced disclosures with respect to contractual terms of certain modifications for borrowers experiencing financial difficulty. Effective January 1, 2023, a 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. If both The decision to modify a loan, versus aggressively enforcing the collection of the

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loan, may benefit the Corporation by increasing the ultimate probability of collection.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

aforementioned criteria are met, then the modification is considered a TLM and subject to the enhanced disclosure requirements.

In the course of resolving problem loans, the Corporation may choose to modify the contractual terms of loans to borrowers who are experiencing financial difficulty. Such 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. The following is a description of each of these types of modifications:

- Principal forgiveness results in the reduction in the outstanding principal balance of the loan and can result voluntarily through renegotiated contractual terms with the borrower or involuntarily through a bankruptcy proceeding.
- An interest rate reduction results in the contractual interest rate being reduced from the original agreement.
- A maturity extension represents an extension of the term of the loan beyond its original contractual maturity date.
- An other-than-insignificant payment delay is a deferral arrangement with the borrower, which allows them to delay a scheduled loan payment to a later date. The Corporation considers that a three months or less payment delay generally would be considered insignificant.
- A combination includes loans that have undergone more than one of the above loan modification types.

The following tables present the carrying value at September 30, 2023, of TLMs made during the periods indicated, segregated by class of loans and type of concession granted:

(Dollars in thousands)	Maturity Extension	Total	% (1)
Three months ended September 30, 2023			
Commercial:			
Commercial real estate	\$13,963	\$13,963	1 %
Commercial & industrial	—	—	—
Total commercial	13,963	13,963	1
Total	\$13,963	\$13,963	— %

(1) Represents the period end total carrying value of TLMs as a percentage of the period end total loan balance by class.

(Dollars in thousands)	Maturity Extension	Total	% (1)
Nine months ended September 30, 2023			
Commercial:			
Commercial real estate	\$13,963	\$13,963	1 %
Commercial & industrial	—	—	—

Total commercial	13,963	13,963	1
Total	\$13,963	\$13,963	— %

(1) Represents the period end total carrying value of TLMs as a percentage of the period end total loan balance by class.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

The following tables present the financial effect of TLMs made during the periods indicated, segregated by class of loans:

	Weighted Average Maturity Extension (in months)
Three months ended September 30, 2023	
Commercial:	
Commercial real estate	9
Commercial & industrial	0
Total commercial	9
Total	9

	Weighted Average Maturity Extension (in months)
Nine months ended September 30, 2023	
Commercial:	
Commercial real estate	9
Commercial & industrial	0
Total commercial	9
Total	9

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 nine months:

(Dollars in thousands)	Days Past Due			Total Past Due	Current	Total Loans
	30-59	60-89	Over 90			
September 30, 2023						
Commercial:						
Commercial real estate	\$—	\$—	\$—	\$—	\$13,963	\$13,963
Commercial & industrial	—	—	—	—	—	—
Total commercial	—	—	—	—	13,963	13,963
Total loans	\$—	\$—	\$—	\$—	\$13,963	\$13,963

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

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 the modified contractual terms for that period of time, it would be removed from this classification.

The following table presents the carrying value at March 31, 2024, of TLMs made during the period indicated, segregated by class of loans and type of concession granted:

(Dollars in thousands)	Maturity Extension	Total	% of Loan Class (1)
Three months ended March 31, 2024			
Commercial:			

Commercial real estate	\$—	\$—	— %
Commercial & industrial	668	668	—
Total commercial	668	668	—
Total	\$668	\$668	— %

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

During the three months ended March 31, 2023, there were no TLMs.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

The following table presents the financial effect of TLMs made during the period indicated, segregated by class of loans:

	Weighted Average Maturity Extension (in months)
Three months ended March 31, 2024	
Commercial:	
Commercial real estate	—
Commercial & industrial	120
Total commercial	120
Total	120

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

(Dollars in thousands)	March 31, 2024	Days Past Due				Total Past Due	Total Loans
		Current	30-59	60-89	90 or More		
Commercial:							
Commercial real estate	\$21,692	\$—	\$—	\$—	\$—	\$—	\$21,692
Commercial & industrial	668	—	—	—	—	—	668
Total commercial	22,360	—	—	—	—	—	22,360
Total loans	\$22,360	\$—	\$—	\$—	\$—	\$—	\$22,360
(Dollars in thousands)							
(Dollars in thousands)	December 31, 2023	Days Past Due				Total Past Due	Total Loans
		Current	30-59	60-89	90 or More		
Commercial:							
Commercial real estate	\$21,830	\$—	\$—	\$—	\$—	\$—	\$21,830
Commercial & industrial	—	—	—	—	—	—	—
Total commercial	21,830	—	—	—	—	—	21,830
Total loans	\$21,830	\$—	\$—	\$—	\$—	\$—	\$21,830

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 September 30, 2023 March 31, 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 individually analyze such loans. Prior to January 1, 2023, individually analyzed loans also included TDRs.

As of September 30, 2023 March 31, 2024 and December 31, 2023, individually analyzed loans amounted to \$24.4 \$34.2 million and \$34.6 million, respectively, all of which were considered collateral dependent. As of December 31, 2022, individually analyzed loans amounted to \$10.0 million, of which \$8.5 million were considered collateral dependent.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023		December 31, 2022		(Dollars in thousands)	March 31, 2024	December 31, 2023				
		Carrying Value		Related Allowance								
		Carrying Value	Related Allowance	Carrying Value	Related Allowance							
Commercial: Commercial:												
Commercial real estate (1)												
Commercial real estate (1)												
Commercial real estate (1)	Commercial real estate (1)	\$22,610	\$596	\$2,103	\$—							
Commercial & industrial (2)	Commercial & industrial (2)	696	—	—	—							
Total commercial	Total commercial	23,306	596	2,103	—							
Residential: Real Estate:												
Residential real estate (3)	Residential real estate (3)	1,131	—	5,760	—							
Consumer:												
Home equity (3)	Home equity (3)	—	—	592	—							
Other	Other	—	—	—	—							
Total consumer	Total consumer	—	—	592	—							
Residential real estate (3)												
Residential real estate (3)												
Total	Total	\$24,437	\$596	\$8,455	\$—							
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,

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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.

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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 **September 30, 2023** **March 31, 2024**:

(Dollars in thousands)		Term Loans Amortized Cost by Origination Year										Revolving Loans Amortized to Term						
												Revolving	Loans	Converted	Amortized	to Term		
		2023	2022	2021	2020	2019	Prior	Cost	Loans	Total	2023	2022	2021	2020	Prior	Cost	Loans	Total
		2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	
Commercial: Commercial:																		
CRE:	CRE:																	
CRE:																		
CRE:																		
Pass	Pass																	
Pass	Pass	\$302,233	\$583,256	\$410,502	\$177,443	\$168,873	\$336,078	\$11,100	\$1,123	\$1,990,608								
Special Mention	Special Mention	2,328	—	—	15	11,232	16,724	—	—	—	30,299							
Classified	Classified	13,963	—	16,340	—	3,527	8,646	—	—	—	42,476							
Total CRE	Total CRE	318,524	583,256	426,842	177,458	183,632	361,448	11,100	1,123	2,063,383								
CRE gross charge-offs		—	—	—	—	—	—	—	—	—	—							
Gross charge-offs																		
C&I:	C&I:																	
C&I:																		
C&I:																		
Pass	Pass																	
Pass	Pass	52,415	127,319	54,688	50,663	74,709	150,767	87,783	623	598,967								
Special Mention	Special Mention	11,258	—	—	—	182	—	—	267	11,707								
Classified	Classified	—	—	195	—	696	—	—	—	891								
Total C&I	Total C&I	63,673	127,319	54,883	50,663	75,587	150,767	87,783	890	611,565								
C&I gross charge-offs (1)		25	—	—	—	—	—	—	—	—	25							
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:																	
Residential real estate:	Residential real estate:																	

Residential real estate:										
Current										
Current										
Current	Current	403,050	819,106	675,297	259,565	116,126	330,171	—	—	2,603,315
Past Due	Past Due	—	—	—	893	—	6,892	—	—	7,785
Total residential real estate	Total residential real estate	403,050	819,106	675,297	260,458	116,126	337,063	—	—	2,611,100
Residential real estate gross charge-offs										
Gross charge-offs										
Consumer:	Consumer:	—	—	—	—	—	—	—	—	—
Consumer:	Consumer:	—	—	—	—	—	—	—	—	—
Consumer:	Consumer:	—	—	—	—	—	—	—	—	—
Home equity:	Home equity:	—	—	—	—	—	—	—	—	—
Home equity:	Home equity:	—	—	—	—	—	—	—	—	—
Home equity:	Home equity:	—	—	—	—	—	—	—	—	—
Current	Current	21,023	15,936	7,473	3,023	2,145	4,577	238,970	10,611	303,758
Past Due	Past Due	—	—	—	—	—	358	314	1,253	1,925
Total home equity	Total home equity	21,023	15,936	7,473	3,023	2,145	4,935	239,284	11,864	305,683
Home equity gross charge-offs	Home equity gross charge-offs	—	—	—	—	—	—	—	—	—
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	—	—
Other:	Other:	—	—	—	—	—	—	—	—	—
Other:	Other:	—	—	—	—	—	—	—	—	—
Other:	Other:	—	—	—	—	—	—	—	—	—
Current	Current	—	—	—	—	—	—	—	—	—
Current	Current	6,197	3,674	3,758	1,045	143	4,307	241	—	19,365
Past Due	Past Due	16	—	—	—	—	—	3	—	19
Total other	Total other	6,213	3,674	3,758	1,045	143	4,307	244	—	19,384
Other gross charge-offs	Other gross charge-offs	—	—	—	—	—	—	—	—	—
(1)	(1)	124	—	8	—	—	—	—	—	132
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	—	—
Gross charge-offs	Gross charge-offs	—	—	—	—	—	—	—	—	—
Total loans	Total loans	\$812,483	\$1,549,291	\$1,168,253	\$492,647	\$377,633	\$858,520	\$338,411	\$13,877	\$5,611,115
Total loans	Total loans	—	—	—	—	—	—	—	—	—
Total loans	Total loans	—	—	—	—	—	—	—	—	—
Total gross charge-offs	Total gross charge-offs	\$149	\$—	\$8	\$—	\$—	\$—	\$—	\$—	\$157

(1) Gross charge-offs in 2023 represent charge-offs of business and consumer account overdraft balances.

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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, 2022 December 31, 2023:

(Dollars in thousands)	(Dollars in thousands)	Term Loans Amortized Cost by Origination Year																			
Revolving																					
Revolving Loans																					
Loans Converted																					
Amortized to Term																					
2022	2021	2020	2019	2018	Prior	Cost	Loans	Total	2022	2021	2020										
2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023										
2023																					
Revolving																					
Loans																					
Amortized																					
Converted to Term																					
Cost																					
Loans																					
Total																					
Commercial: Commercial:																					
CRE:	CRE:																				
CRE:																					
CRE:																					
Pass	Pass	\$591,596	\$383,062	\$177,286	\$170,259	\$148,371	\$242,061	\$6,243	\$1,437	\$1,720,315											
Special Mention	Special Mention	20,579	22,324	328	24,270	28,676	10,564	146	—	106,887											
Classified	Classified	—	—	503	—	1,187	412	—	—	2,102											
Total CRE	Total CRE	612,175	405,386	178,117	194,529	178,234	253,037	6,389	1,437	1,829,304											
Gross charge-offs																					
C&I:	C&I:																				
C&I:																					
C&I:																					
Pass	Pass	127,152	63,180	71,265	86,470	85,011	114,241	90,987	745	639,051											
Special Mention	Special Mention	13,566	—	—	—	1,427	—	1,426	—	16,419											
Classified	Classified	—	225	—	7	—	—	695	—	927											
Total C&I	Total C&I	140,718	63,405	71,265	86,477	86,438	114,241	93,108	745	656,397											
Gross charge-offs																					
Residential Real Estate:																					
Residential Real Estate:																					
Residential Real Estate:	Residential Real Estate:																				
Residential real estate:	Residential real estate:																				
Residential real estate:	Residential real estate:																				
Current	Current	838,566	707,760	277,613	123,098	72,541	294,549	—	—	2,314,127											
Past Due	Past Due	—	600	—	266	2,315	5,694	—	—	8,875											
Total residential real estate	Total residential real estate	838,566	708,360	277,613	123,364	74,856	300,243	—	—	2,323,002											

Gross charge-offs										
Consumer:										
Consumer:										
Consumer: Consumer:										
Home equity: Home equity:										
Home equity:										
Home equity:										
Current Current										
Current	Current	20,665	8,308	3,742	2,406	1,947	3,139	235,004	9,268	284,479
Past Due	Past Due	—	—	—	—	68	98	548	522	1,236
Total home equity	Total home equity	20,665	8,308	3,742	2,406	2,015	3,237	235,552	9,790	285,715
Gross charge-offs										
Other: Other:										
Other:										
Other:										
Current Current										
Current	Current	4,231	4,287	1,676	299	235	4,726	251	—	15,705
Past Due	Past Due	16	—	—	—	—	—	—	—	16
Total other	Total other	4,247	4,287	1,676	299	235	4,726	251	—	15,721
Gross charge-offs										
Total Loans	Total Loans	\$1,616,371	\$1,189,746	\$532,413	\$407,075	\$341,778	\$675,484	\$335,300	\$11,972	\$5,110,139
Total Loans										
Total Loans										
Total gross charge-offs										

Consistent with industry practice, 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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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 **September 30, 2023** **March 31, 2024**:

(Dollars in thousands)	Commercial	Consumer				
		Residential				
		Total	Real Estate	Home Equity	Total Consumer	Total
		CRE	C&I	Commercial	Estate	

		CRE		CRE		CRE		C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning	Beginning													
Balance	Balance	\$22,026	\$9,428	\$31,454	\$6,442	\$1,039	\$408	\$1,447	\$39,343					
Charge-offs	Charge-offs													
Charge-offs	Charge-offs	—	(5)	(5)	—	—	(39)	(39)	(44)					
Recoveries	Recoveries	—	1	1	—	7	6	13	14					
Provision	Provision	1,659	(1,002)	657	276	(54)	21	(33)	900					
Ending	Ending													
Balance	Balance	\$23,685	\$8,422	\$32,107	\$6,718	\$992	\$396	\$1,388	\$40,213					

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

(Dollars in thousands)		Commercial			Consumer				
		CRE	C&I	Total Commercial	Residential Real Estate		Home Equity	Other	Total Consumer
Beginning Balance		\$18,435	\$10,356	\$28,791	\$7,740	\$1,115	\$381	\$1,496	\$38,027
Charge-offs		—	(25)	(25)	—	—	(132)	(132)	(157)
Recoveries		—	10	10	—	10	23	33	43
Provision		5,250	(1,919)	3,331	(1,022)	(133)	124	(9)	2,300
Ending Balance		\$23,685	\$8,422	\$32,107	\$6,718	\$992	\$396	\$1,388	\$40,213

The following table presents the activity in the ACL on loans for the three months ended September 30, 2022 March 31, 2023:

(Dollars in thousands)		Commercial			Consumer				
		CRE	C&I	Total Commercial	Residential	Real Estate	Home	Total	Total
CRE	CRE	CRE	C&I	Total Commercial	Residential Real Estate	Home Equity	Other	Total Consumer	Total
Beginning	Beginning								
Balance	Balance	\$17,197	\$10,332	\$27,529	\$7,308	\$1,040	\$440	\$1,480	\$36,317
Charge-offs	Charge-offs								
Charge-offs	Charge-offs	—	(10)	(10)	—	—	(53)	(53)	(63)
Recoveries	Recoveries	—	1	1	—	—	8	8	9
Provision	Provision	414	24	438	139	31	(8)	23	600
Ending	Ending								
Balance	Balance	\$17,611	\$10,347	\$27,958	\$7,447	\$1,071	\$387	\$1,458	\$36,863

The following table presents the activity in the ACL on loans for the nine months ended September 30, 2022:

(Dollars in thousands)		Commercial			Consumer				
		CRE	C&I	Total Commercial	Residential	Real Estate	Home	Other	Total Consumer
Beginning Balance		\$18,933	\$10,832	\$29,765	\$7,860	\$1,069	\$394	\$1,463	\$39,088
Charge-offs		—	(19)	(19)	—	—	(103)	(103)	(122)
Recoveries		145	22	167	21	4	34	38	226
Provision		(1,467)	(488)	(1,955)	(434)	(2)	62	60	(2,329)

Ending Balance	\$17,611	\$10,347	\$27,958	\$7,447	\$1,071	\$387	\$1,458	\$36,863
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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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 caps, swaps, and floors, 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) 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. 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Corporation had interest rate swap contracts that were designated as cash flow hedges to hedge the interest rate risk associated with short-term borrowings. See Note 9 for additional disclosure on borrowings.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Additionally, the Corporation had 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 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 **September 30, 2023** **March 31, 2024**, the remaining unamortized balance of the loss included in the AOCL component of shareholders' equity was **\$22.2** **\$17.9** million, or **\$16.9** **\$13.3** 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.

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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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)	September 30, 2023		December 31, 2022		(Dollars in thousands)	March 31, 2024		December 31, 2023	
		Fair Value		Fair Value			Fair Value		Fair Value	
		Notional Amounts	Derivative Assets	Derivative Liabilities	Notional Amounts	Derivative Assets	Derivative Liabilities	Notional Amounts	Derivative Assets	Derivative Liabilities
Fair Value										
Notional Amounts										
Derivatives Designated as Cash Flow Hedging Instruments:	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)	\$140,000	\$3,639	\$—	\$320,000	\$548	\$31,178			
Interest rate swaps (1)										
Interest rate swaps (1)										
Derivatives not Designated as Hedging Instruments:										
Derivatives not Designated as Hedging Instruments:										
Derivatives not Designated as Hedging Instruments:	Derivatives not Designated as Hedging Instruments:									
Loan related derivative contracts:	Loan related derivative contracts:									
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						
Interest rate contracts with customers	Interest rate contracts with customers	962,174	1,839	80,658	935,099	32 68,137
Mirror contracts with counterparties	Mirror contracts with counterparties	962,174	80,277	1,841	935,099	67,797 61
Risk participation agreements	Risk participation agreements	319,002	1	—	282,191	— 2
Mortgage loan commitments:	Mortgage loan commitments:					
Mortgage loan commitments:						
Mortgage loan commitments:						
Interest rate lock commitments						
Interest rate lock commitments						
Interest rate lock commitments	Interest rate lock commitments	30,722	334	20	12,201	144 4
Forward sale commitments	Forward sale commitments	45,433	192	139	23,150	58 150
Gross amounts	Gross amounts					
		86,282	82,658		68,579	99,532
Less: amounts offset (2)	Less: amounts offset (2)					
		1,841	1,841		23,524	23,524
Derivative balances, net of offset	Derivative balances, net of offset					
		84,441	80,817		45,055	76,008
Less: collateral pledged (3)	Less: collateral pledged (3)					
		—	—		—	7,716
Net amounts	Net amounts	\$84,441	\$80,817		\$45,055	\$68,292

(1) The fair value of derivative assets includes accrued interest receivable of \$262 thousand and \$24 thousand, respectively, at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

The There was no accrued interest payable included in the fair value of derivative liabilities includes accrued interest payable of \$856 thousand at December 31, 2022 March 31, 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)	(Dollars in thousands)	Gain (Loss) Recognized in Other Comprehensive Income (Loss), Net of Tax		
(Dollars in thousands)	(Dollars in thousands)			Gain Recognized in Other Comprehensive Income (Loss), Net of Tax
		Three Months	Nine Months	
Periods ended September 30,		2023	2022	2023 2022
Three months ended March 31,				

Three months ended March 31,	
Three months ended March 31,	
Derivatives Designated as Cash Flow Hedging Instruments:	
Derivatives Designated as Cash Flow Hedging Instruments:	
Derivatives Designated as Cash Flow Hedging Instruments:	
Derivatives Designated as Cash Flow Hedging Instruments:	
Interest rate risk management contracts:	
Interest rate risk management contracts:	
Interest rate swaps	
Total	
Total	
Total	

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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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)	(Dollars in thousands)	Amount of Gain (Loss) Recognized in Noninterest Income				
		Three Months		Nine Months		
		Statement of Income				
Periods ended September 30,	Location	2023	2022	2023	2022	
Three months ended March 31,						
Three months ended March 31,						
Three months ended March 31,						

Derivatives not Designated as Hedging Instruments:						
Derivatives not Designated as Hedging Instruments:						
Derivatives not Designated as Hedging Instruments:						
Derivatives not Designated as Hedging Instruments:	Derivatives not Designated as Hedging Instruments:					
Loan related derivative contracts:	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	Interest rate contracts with customers					
Interest rate contracts with customers	Interest rate contracts with customers	Loan related derivative income	(\$18,684)	(\$33,605)	(\$28,044)	(\$93,227)
Mirror interest rate contracts with counterparties	Mirror interest rate contracts with counterparties	Loan related derivative income	20,291	34,646	29,815	95,189
Mirror interest rate contracts with counterparties	Mirror interest rate contracts with counterparties					
Mirror interest rate contracts with counterparties	Mirror interest rate contracts with counterparties					
Risk participation agreements	Risk participation agreements	Loan related derivative income	(525)	—	(493)	49
Mortgage loan commitments:	Mortgage loan commitments:					
Mortgage loan commitments:	Mortgage loan commitments:					
Interest rate lock commitments	Interest rate lock commitments					
Interest rate lock commitments	Interest rate lock commitments	Mortgage banking revenues	(17)	(516)	174	(1,238)
Interest rate lock commitments	Interest rate lock commitments	Mortgage banking revenues	456	998	814	4,729
Forward sale commitments	Forward sale commitments					
Forward sale commitments	Forward sale commitments					
Total	Total		\$1,521	\$1,523	\$2,266	\$5,502
Total						
Total						

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)	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Aggregate fair value	Aggregate fair value	\$10,550	\$8,987		
Aggregate principal balance	Aggregate principal balance	10,445	8,860		
Difference between fair value and principal balance	Difference between fair value and principal balance	\$105	\$127		

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 to a decrease in~~ ~~in~~ mortgage banking revenues of ~~\$39~~ ~~\$69~~ thousand for the three months ended September 30, 2023 and ~~\$21~~ thousand for the nine months ended September 30, 2023. This ~~March 31, 2024~~, compared to ~~decreases to an increase in~~ ~~in~~ mortgage banking revenues of ~~\$521~~ ~~\$24~~ thousand for the same period in 2023.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

for the three months ended September 30, 2022 and \$1.3 million for the nine months ended September 30, 2022.

There were no mortgage loans held for sale 90 days or more past due as of ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~December 31, 2022~~ ~~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 ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~December 31, 2022~~ ~~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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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.

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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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)	(Dollars in thousands)	Quoted Prices in Active Markets for Identical Assets			Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Assets	Observable Inputs (Level 1)	Unobservable Inputs (Level 2)			
September 30, 2023	Total	1)	(Level 2)	(Level 3)	Total	(Level 1)	
March 31, 2024					March 31, 2024	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)
Assets:	Assets:					Total	(Level 1)
Available for sale debt securities:	Available for sale debt securities:					(Level 2)	(Level 3)
Available for sale debt securities:	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	Obligations of U.S. government-sponsored enterprises	\$216,562	\$—	\$216,562	\$—
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	721,699	—	721,699	—
Individual name issuer trust preferred debt securities	Individual name issuer trust preferred debt securities	8,765	—	8,765	—
Individual name issuer trust preferred debt securities	Individual name issuer trust preferred debt securities				
Corporate bonds	Corporate bonds	11,964	—	11,964	—
Mortgage loans held for sale	Mortgage loans held for sale	10,550	—	10,550	—
Derivative assets	Derivative assets	84,441	—	84,441	—
Total assets at fair value on a recurring basis	Total assets at fair value on a recurring basis	\$1,053,981	\$—	\$1,053,981	\$—
Total assets at fair value on a recurring basis					
Liabilities:	Liabilities:				
Derivative liabilities	Derivative liabilities				
Derivative liabilities	Derivative liabilities				
Derivative liabilities	Derivative liabilities	\$80,817	\$—	\$80,817	\$—
Total liabilities at fair value on a recurring basis	Total liabilities at fair value on a recurring basis	\$80,817	\$—	\$80,817	\$—
Total liabilities at fair value on a recurring basis					
Total liabilities at fair value on a recurring basis					

(Dollars in thousands)	(Dollars in thousands)	Quoted Prices in Active Markets for Identical Assets			(Dollars in thousands)	
		Significant Other Inputs	Other Inputs	Significant Unobservable Inputs		
		Assets	Observable Inputs	Unobservable Inputs		
December 31, 2022		Total	1)	(Level 2)	(Level 3)	
December 31, 2023		December 31, 2023	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
Assets:		Total	(Level 1)	(Level 2)	(Level 3)	
Available for sale debt securities:	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	\$199,582	\$—	\$199,582	\$—	
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	774,102	—	774,102	—	
Individual name issuer trust preferred debt securities	Individual name issuer trust preferred debt securities	8,760	—	8,760	—	
Corporate bonds	Corporate bonds	11,484	—	11,484	—	
Mortgage loans held for sale	Mortgage loans held for sale					
Mortgage loans held for sale	Mortgage loans held for sale	8,987	—	8,987	—	
Derivative assets	Derivative assets	45,055	—	45,055	—	

Total assets at fair value on a recurring basis	Total assets at fair value on a recurring basis	\$1,047,970	\$—	\$1,047,970	\$—
<hr/>					
Total assets at fair value on a recurring basis					
<hr/>					
Liabilities:	Liabilities:				
Derivative liabilities					
Derivative liabilities					
Derivative liabilities	Derivative liabilities	\$76,008	\$—	\$76,008	\$—
Total liabilities at fair value on a recurring basis	Total liabilities at fair value on a recurring basis	\$76,008	\$—	\$76,008	\$—
<hr/>					
Total liabilities at fair value on a recurring basis					
<hr/>					

Items Recorded at Fair Value on a Nonrecurring Basis

The following table presents the carrying value of assets held at September 30, 2023, which were written down to fair value during the nine months ended September 30, 2023 March 31, 2024.

(Dollars in thousands)	Quoted Prices in Active Markets for Identical Assets			
	Total	(Level 1)	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:				
Collateral dependent individually analyzed loan	\$8,050	\$—	\$—	\$8,050
Total assets at fair value on a nonrecurring basis	\$8,050	\$—	\$—	\$8,050

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

The following table presents the carrying value of assets held at December 31, 2023, which were no assets written down to fair value during the twelve months ended December 31, 2022 December 31, 2023.

(Dollars in thousands)	Quoted Prices in Active Markets for Identical Assets			
	Total	(Level 1)	Significant Other Observable Inputs	Significant Unobservable Inputs
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 valuation techniques and unobservable inputs for assets measured at fair value on a nonrecurring basis.

(Dollars in thousands)	Fair Value	Valuation Technique	Unobservable Input	Range of Inputs Utilized (Weighted Average)
September 30, 2023				
Collateral dependent individually analyzed loan	\$8,050	Appraisals of collateral	Discount for costs to sell Appraisal adjustments	0% 0%

basis for which the Corporation has utilized Level 3 inputs to determine fair value:

(Dollars in thousands)	Fair Value	Valuation Technique	Unobservable Input	Inputs Utilized (Weighted Average)
December 31, 2023				
Collateral dependent individually analyzed loans	\$8,050	Appraisals of collateral	Discount for costs to sell Appraisal adjustments	0% 0%
Loan servicing rights	8,512	Discounted cash flow	Discount rates Prepayment rates	10% - 14% (10%) 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 below as of in the periods indicated. The tables exclude financial instruments for which the carrying value approximates fair value such as cash and cash equivalents, FHLB stock, accrued interest receivable, BOLI, non-maturity deposits and accrued interest payable. The Corporation considers cash and cash equivalents, accrued interest receivable and accrued interest payable as Level 1 measurements within the fair value hierarchy. The Corporation considers FHLB stock, BOLI and non-maturity deposits as Level 2 measurements below:

(Dollars in thousands)	Carrying Amount	Fair Value	Total Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
September 30, 2023			(Level 1)	(Level 2)	(Level 3)
Financial Assets:					
Loans, net of allowance for credit losses on loans	\$5,570,902	\$5,338,585	\$—	\$—	\$5,338,585
Financial Liabilities:					
Time deposits	\$1,779,984	\$1,761,907	\$—	\$1,761,907	\$—
FHLB advances	1,120,000	1,114,070	—	1,114,070	—
Junior subordinated debentures	22,681	18,999	—	18,999	—

(Dollars in thousands)	Quoted Prices in Active Markets for Significant Identical Assets	Total Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
December 31, 2022	Carrying Amount	Fair Value	(Level 1)	(Level 2)	(Level 3)
March 31, 2024					
March 31, 2024					
Financial Assets:					
Cash and cash equivalents					
Cash and cash equivalents					

Cash and cash equivalents						
Loans, net of allowance for credit losses on loans	Loans, net of allowance for credit losses on loans	\$5,072,112	\$4,929,449	\$—	\$—	\$4,929,449
Loans, net of allowance for credit losses on loans						
Loans, net of allowance for credit losses on loans						
FHLB stock						
Investment in BOLI						
Financial Liabilities:	Financial Liabilities:					
Liabilities:	Liabilities:					
Financial Liabilities:						
Financial Liabilities:						
Non-maturity deposits						
Non-maturity deposits						
Non-maturity deposits						
Time deposits	Time deposits	\$1,122,882	\$1,137,219	\$—	\$1,137,219	\$—
FHLB advances	FHLB advances	980,000	978,590	—	978,590	—
Junior subordinated debentures	Junior subordinated debentures	22,681	18,963	—	18,963	—

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

	December 31, 2023	Carrying Amount	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
				Total				
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)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Noninterest-bearing:	Noninterest-bearing:					
Demand deposits		\$773,261	\$858,953			
Noninterest-bearing demand deposits						
Noninterest-bearing demand deposits						
Noninterest-bearing demand deposits						
Interest-bearing:	Interest-bearing:					
Interest-bearing demand deposits (1)		490,217	333,197			
Interest-bearing demand deposits						
Interest-bearing demand deposits						
Interest-bearing demand deposits						
NOW accounts	NOW accounts	745,778	871,875			
Money market accounts	Money market accounts	1,111,797	1,255,805			
Savings accounts	Savings accounts	514,526	576,250			
Time deposits (2)		1,779,984	1,122,882			
Time deposits (1)						
Total interest-bearing deposits	Total interest-bearing deposits	4,642,302	4,160,009			
Total deposits	Total deposits	\$5,415,563	\$5,018,962			

(1) Includes wholesale brokered demand deposit balances of \$0 and \$31,153, respectively, as of September 30, 2023 and December 31, 2022.

(2) Includes wholesale brokered time deposit balances of \$668,042 \$673.7 million and \$327,044, \$654.1 million, respectively, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

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

(Dollars in thousands)	(Dollars in thousands)	Weighted Average	(Dollars in thousands)	Scheduled Maturity	Weighted Average Rate
		Maturity	Rate		
October 1, 2023 to December 31, 2023	\$1,198,713	4.51 %			
2024	430,047	4.08			
April 1, 2024 to December 31, 2024					
31, 2024				\$1,518,477	4.74 %
2025	2025	73,281	2.68		
2026	2026	32,102	2.68		
2027	2027	42,803	3.54		
2028 and thereafter		3,038	2.97		

Balance at September 30, 2023	\$1,779,984	4.27 %	
2028			
2029 and thereafter			
Balance at March 31, 2024	Balance at March 31, 2024	\$1,830,236	4.49 %

Time certificates of deposit in denominations of \$250 thousand or more totaled **\$292.1 million** **\$297.5 million** and **\$200.9 million** **\$271.2 million**, respectively, at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Note 9 - Borrowings

Advances payable to the FHLB amounted to **\$1.1 billion** **\$1.2 billion** at both **March 31, 2024** and **\$980.0 million** **December 31, 2023**.

At **March 31, 2024**, **respectively**, at **September 30, 2023** and **December 31, 2022**, the Corporation has interest rate swaps with a notional amount of **\$120.0 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the Bank had access to a \$40.0 million unused line of credit with the FHLB. Additionally, the Bank had **standby letter** letters of credit with the FHLB of **\$115.0 million** **\$66.0 million** and **\$215.0 million** **\$65.0 million**, respectively, at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. **This** **The** standby letter letters of credit was executed in 2022 to collateralize an institutional deposit. The Bank had remaining available borrowing capacity of **\$1.0 billion** **\$999.4 million** and **\$1.1 billion**, and **\$668.3 million**, respectively, with the FHLB at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. The Bank pledges certain qualified investment securities and loans as collateral to the FHLB.

The following table presents maturities and weighted average interest rates on FHLB advances outstanding as of **September 30, 2023** **March 31, 2024**:

(Dollars in thousands)	(Dollars in thousands)	Weighted Average Rate		Scheduled Maturity	Weighted Average Rate
October 1, 2023 to December 31, 2023	\$215,000	5.53 %			
2024	265,000	5.03			
April 1, 2024 to December 31, 2024			April 1, 2024 to December 31, 2024		\$600,000 5.37 %
2025	2025	305,000 4.94			
2026	2026	165,000 4.54			
2027	2027	45,000 4.24			
2028 and thereafter	125,000	4.15			
Balance at September 30, 2023	\$1,120,000	4.90 %			
2028					
2029 and thereafter					
Balance at March 31, 2024	Balance at March 31, 2024			\$1,240,000	4.99 %

Note 10 - Shareholders' Equity

Stock Repurchase Program

The 2023 2024 Repurchase Program authorizes the repurchase of up to 850,000 shares, or approximately 5%, of the Corporation'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 2023 2024 Repurchase Program commenced on January 1, 2023 January 1, 2024 and expires on December 31, 2023 December 31, 2024, and may be modified, suspended, or discontinued at any time. During As of March 31, 2024, no shares have been repurchased under the nine months ended September 30, 2023, the Corporation repurchased 200,000 shares, at an average price of \$43.70 and a total cost of \$8.7 million, all of which was repurchased in January and February 2024 Repurchase Program.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Regulatory Capital Requirements

Capital levels at September 30, 2023 March 31, 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)		To Be "Well Capitalized"		(Dollars in thousands)		Actual	For Capital Adequacy Purposes		
			For Capital Adequacy Purposes	Under Prompt Corrective Action Provisions						
	Actual	Ratio	Amount	Ratio	Amount	Ratio				
September 30, 2023										
March 31, 2024										
Total Capital (to Risk-Weighted Assets):	Total Capital (to Risk-Weighted Assets):						Amount	Ratio		
Corporation	Corporation	\$606,512	11.48 %	\$422,709	8.00 %	N/A	614,486	11.62		
Bank	Bank	600,123	11.36	422,574	8.00	\$528,217	10.00 %	608,485		
Tier 1 Capital (to Risk-Weighted Assets):	Tier 1 Capital (to Risk-Weighted Assets):						11.51	11.51		
Corporation	Corporation	569,046	10.77	317,032	6.00	N/A	422,574	8.00		
Bank	Bank	562,657	10.65	316,930	6.00		422,935	8.00		
Common Equity Tier 1 Capital (to Risk-Weighted Assets):	Common Equity Tier 1 Capital (to Risk-Weighted Assets):						573,210	10.84		
Corporation	Corporation							317,307		
Bank	Bank									

Corporation	Corporation	547,050	10.35	237,774	4.50	N/A	N/A	551,214	10.42	10.42	237,980	237,980	4.50	
Bank	Bank	562,657	10.65	237,698	4.50	343,341	6.50							
Tier 1 Capital (to Average Assets): (1)	Tier 1 Capital (to Average Assets): (1)													
Corporation	Corporation	569,046	7.87	289,211	4.00	N/A	N/A							
Corporation	Corporation							573,210		7.81		293,494		
Bank	Bank	562,657	7.78	289,117	4.00	361,397	5.00							
December 31, 2022														
December 31, 2023														
December 31, 2023														
Total Capital (to Risk- Weighted Assets):	Total Capital (to Risk- Weighted Assets):													
Total Capital (to Risk- Weighted Assets):														
Total Capital (to Risk- Weighted Assets):														
Corporation	Corporation	605,005	12.37	391,363	8.00	N/A	N/A	611,220	11.58	11.58	422,259	422,259	8.00	8.00
Bank	Bank	588,090	12.02	391,260	8.00	489,074	10.00							
Tier 1 Capital (to Risk- Weighted Assets):	Tier 1 Capital (to Risk- Weighted Assets):													
Corporation	Corporation	571,794	11.69	293,522	6.00	N/A	N/A							
Corporation	Corporation							572,960		10.86		316,694		
Bank	Bank	554,879	11.35	293,445	6.00	391,260	8.00							
Common Equity Tier 1 Capital (to Risk- Weighted Assets):	Common Equity Tier 1 Capital (to Risk- Weighted Assets):													
Corporation	Corporation	549,798	11.24	220,142	4.50	N/A	N/A	550,964	10.44	10.44	237,521	237,521	4.50	4.50
Bank	Bank	554,879	11.35	220,083	4.50	317,898	6.50							
Tier 1 Capital (to Average Assets): (1)	Tier 1 Capital (to Average Assets): (1)													
Corporation	Corporation	571,794	8.65	264,295	4.00	N/A	N/A							
Corporation	Corporation							572,960		7.80		293,837		
Bank	Bank	554,879	8.40	264,177	4.00	330,222	5.00							

In addition to the minimum regulatory capital required for capital adequacy purposes outlined in the table above, the Corporation is and the Bank are required to maintain a minimum capital conservation buffer, in the form of common equity, of 2.50%, resulting in order 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 capital distributions 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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 table summarizes 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		2023		2022		For the three months ended		2024		2023	
For the three months ended						March 31,					
March 31,		ASC 606		ASC 606							
(Dollars in thousands)	(Dollars in thousands)	Revenue (1)	Revenue (2)	Revenue (1)	Revenue (2)	(Dollars in thousands)		Revenue (1)	ASC 606 Revenue (2)	Revenue (1)	ASC 606 Revenue (2)
Net interest income	Net interest income	\$33,751	\$—	\$42,042	\$—						
Noninterest income:	Noninterest income:										
	Wealth management revenues										
	Wealth management revenues										
Wealth management revenues	Wealth management revenues	8,948	8,948	9,525	9,525						
Mortgage banking revenues	Mortgage banking revenues	2,108	—	2,047	—						
Card interchange fees	Card interchange fees	1,267	1,267	1,287	1,287						

Service charges on deposit accounts	Service charges on deposit accounts	674	674	819	819
Loan related derivative income	Loan related derivative income	1,082	—	1,041	—
Income from bank-owned life insurance	Income from bank-owned life insurance	710	—	684	—
Other income	Other income	437	329	400	316

Other income

Other income

Total noninterest income	Total noninterest income	15,226	11,218	15,803	11,947
Total revenues	Total revenues	\$48,977	\$11,218	\$57,845	\$11,947

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

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

(Dollars in thousands)	For the nine months ended September 30,		2023		2022	
			ASC 606 Revenue		ASC 606 Revenue	
	Revenue (1)	(2)	Revenue (1)	(2)	Revenue (1)	(2)
Net interest income	\$104,444	\$—	\$114,648	\$—	\$114,648	\$—
Noninterest income:						
Wealth management revenues	26,659	26,659	30,122	30,122	30,122	30,122
Mortgage banking revenues	5,106	—	7,630	—	7,630	—
Card interchange fees	3,667	3,667	3,754	3,754	3,754	3,754
Service charges on deposit accounts	2,118	2,118	2,250	2,250	2,250	2,250
Loan related derivative income	1,278	—	2,011	—	2,011	—
Income from bank-owned life insurance	2,754	—	1,900	—	1,900	—
Other income	1,252	949	1,147	880	1,147	880
Total noninterest income	42,834	33,393	48,814	37,006	48,814	37,006
Total revenues	\$147,278	\$33,393	\$163,462	\$37,006	\$163,462	\$37,006

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

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

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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

(Dollars in thousands)	(Dollars in thousands)	Three Months		Nine Months	
		2023	2022	2023	2022
Periods ended September 30,					
(Dollars in thousands)					
(Dollars in thousands)					
Three months ended March 31,					
Three months ended March 31,					
Three months ended March 31,					
Revenue recognized at a point in time:					
Revenue recognized at a point in time:					

Revenue recognized at a point in time:	Revenue recognized at a point in time:				
Card interchange fees	Card interchange fees	\$1,267	\$1,287	\$3,667	\$3,754
Card interchange fees					
Card interchange fees					
Service charges on deposit accounts					
Service charges on deposit accounts					
Service charges on deposit accounts	Service charges on deposit accounts	423	628	1,406	1,782
Other income	Other income	267	249	764	692
Other income					
Other income					
Revenue recognized over time:					
Revenue recognized over time:					
Revenue recognized over time:	Revenue recognized over time:				
Wealth management revenues	Wealth management revenues	8,948	9,525	26,659	30,122
Wealth management revenues					
Wealth management revenues					
Service charges on deposit accounts					
Service charges on deposit accounts					
Service charges on deposit accounts	Service charges on deposit accounts	251	191	712	468
Other income	Other income	62	67	185	188
Total revenues from contracts in scope of Topic 606		\$11,218	\$11,947	\$33,393	\$37,006
Other income					
Other income					
Total revenues from contracts with customers in scope of ASC 606					
Total revenues from contracts with customers in scope of ASC 606					
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 ~~\$6.4~~ ~~\$5.7~~ million and ~~\$5.1~~ ~~\$5.5~~ million, respectively, at ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~December 31, 2022~~ ~~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 ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~December 31, 2022~~ ~~December 31, 2023~~ and were included in other liabilities in the Unaudited Consolidated Balance Sheets.

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

For commissions and incentives 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~~ ~~\$2.0 million~~ at both ~~March 31, 2024~~ and ~~\$2.1 million~~, respectively, at ~~September 30, 2023~~ and ~~December 31, 2022~~ ~~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. This transition period, will end 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. plan, and participants were notified of the termination. Work on the qualified pension plan termination process has commenced and the qualified pension plan's assets are expected to be distributed in fiscal year 2025, pending completion of applicable regulatory approvals, including receipt of a determination letter from the Internal Revenue Service. 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 AOCI 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.

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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)	(Dollars in thousands)					Qualified Pension Plan	Non-Qualified Retirement Plans
		Three Months	Nine Months	Three Months	Nine Months		
Periods ended September 30,		2023	2022	2023	2022	2023	2022
Three months ended March 31,							
Three months ended March 31,							
Three months ended March 31,							
Net Periodic Benefit Cost:							
Net Periodic Benefit Cost:							
Net Periodic Benefit Cost:							
Benefit	Benefit						
Cost:	Cost:						
Service cost (1)	Service cost (1)	\$351	\$516	\$1,052	\$1,547	\$39	\$54
						\$117	\$163
Service cost (1)							
Service cost (1)							
Interest cost (2)	Interest cost (2)	884	592	2,655	1,776	176	105
						529	317
Interest cost (2)							
Interest cost (2)							
Expected return on plan assets (2)							
Expected return on plan assets (2)							

Expected return on plan assets (2)	Expected return on plan assets (2)	(1,147)	(1,159)	(3,442)	(3,476)	—	—	—	—
Recognized net actuarial loss (2)	Recognized net actuarial loss (2)	—	255	—	765	59	173	178	519
Recognized net actuarial loss (2)	Recognized net actuarial loss (2)	—	255	—	765	59	173	178	519
Net periodic benefit cost	Net periodic benefit cost	\$88	\$204	\$265	\$612	\$274	\$332	\$824	\$999
Net periodic benefit cost	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.

(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		Non-Qualified Retirement Plans		
	Plan	Retirement Plans	Plan	Plans	
For the nine months ended September 30,	2023	2022	2023	2022	
For the three months ended March 31,					
Measurement date	Measurement date	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2023
Equivalent single discount rate for benefit obligations	Equivalent single discount rate for benefit obligations	5.54%	3.00%	5.50%	2.89%
Equivalent single discount rate for service cost	Equivalent single discount rate for service cost	5.60	3.11	5.61	3.16
Equivalent single discount rate for interest cost	Equivalent single discount rate for interest cost	5.43	2.67	5.40	2.48
Expected long-term return on plan assets	Expected long-term return on plan assets	5.25	5.25	N/A	N/A
Rate of compensation increase	Rate of compensation increase	5.00	3.75	5.00	3.75
Measurement date	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 service cost	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
Expected long-term return on plan assets	Expected long-term return on plan assets	4.75	5.25	N/A	
Rate of compensation increase	Rate of compensation increase	0.50	5.00	N/A	5.00

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 table presents the statement of operations and total assets for Washington Trust's reportable segments:

(Dollars in thousands)	(Dollars in thousands)	Wealth Management Services				(Dollars in thousands)		Commercial Banking	Wealth Management Services	Consolidated Total
		Commercial Banking	Services	Consolidated Total						
Three months ended September 30,		2023	2022	2023	2022	2023	2022			
Three months ended March 31,								Three months ended March 31,	2024	2023
Net interest income	Net interest income	\$33,741	\$42,038	\$10	\$4	\$33,751	\$42,042			
Provision for credit losses	Provision for credit losses	500	800	—	—	500	800			
Net interest income after provision for credit losses	Net interest income after provision for credit losses	33,241	41,238	10	4	33,251	41,242			
Noninterest income	Noninterest income	6,105	6,043	9,121	9,760	15,226	15,803			
Noninterest expenses:	Noninterest expenses:									
Depreciation and amortization expense	Depreciation and amortization expense									
Depreciation and amortization expense	Depreciation and amortization expense	892	751	346	348	1,238	1,099			
Other noninterest expenses	Other noninterest expenses	25,719	23,995	7,433	7,973	33,152	31,968			
Total noninterest expenses	Total noninterest expenses	26,611	24,746	7,779	8,321	34,390	33,067			
Income before income taxes	Income before income taxes	12,735	22,535	1,352	1,443	14,087	23,978			

Income tax expense	Income tax expense	2,621	4,878	305	432	2,926	5,310
Net income	Net income	\$10,114	\$17,657	\$1,047	\$1,011	\$11,161	\$18,668
Total assets at period end	Total assets at period end	\$7,127,117	\$6,332,986	\$56,358	\$75,065	\$7,183,475	\$6,408,051
Total assets at period end							
Expenditures for long-lived assets	Expenditures for long-lived assets	498	1,206	6	137	504	1,343

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

(Dollars in thousands)	Commercial Banking		Wealth Management Services		Consolidated Total	
	2023	2022	2023	2022	2023	2022
Nine months ended September 30,						
Net interest income (expense)	\$104,407	\$114,709	\$37	(\$61)	\$104,444	\$114,648
Provision for credit losses	2,000	(2,100)	—	—	2,000	(2,100)
Net interest income (expense) after provision for credit losses	102,407	116,809	37	(61)	102,444	116,748
Noninterest income	15,679	18,174	27,155	30,640	42,834	48,814
Noninterest expenses:						
Depreciation and amortization expense	2,582	2,168	1,059	1,034	3,641	3,202
Other noninterest expenses	74,801	69,110	22,528	23,051	97,329	92,161
Total noninterest expenses	77,383	71,278	23,587	24,085	100,970	95,363
Income before income taxes	40,703	63,705	3,605	6,494	44,308	70,199
Income tax expense	8,226	13,423	853	1,668	9,079	15,091
Net income	\$32,477	\$50,282	\$2,752	\$4,826	\$35,229	\$55,108
Total assets at period end	\$7,127,117	\$6,332,986	\$56,358	\$75,065	\$7,183,475	\$6,408,051
Expenditures for long-lived assets	3,493	3,494	31	330	3,524	3,824

Note 14 - Other Comprehensive Income (Loss)

The following table presents the activity in other comprehensive income (loss):

Three months ended September 30,	2023	2022	Three months ended March 31,	2024	2023		
(Dollars in thousands)	(Dollars in thousands)	Pre-tax Amounts	Income Tax Benefit	Net of Tax	Pre-tax Amounts	Income Tax Benefit	Net of Tax
Available for Sale Debt	Available for Sale Debt						
Securities:	Securities:						
Change in fair value of available for sale debt securities							

Change in fair value of available for sale debt securities	Change in fair value of available for sale debt securities	(\$43,139)	\$10,354	(\$32,785)	(\$61,931)	\$14,864	(\$47,067)
Cash Flow Hedges:	Cash Flow Hedges:						
Cash Flow Hedges:							
Cash Flow Hedges:							
Change in fair value of cash flow hedges	Change in fair value of cash flow hedges	2,196	(527)	1,669	(10,250)	2,460	(7,790)
Net cash flow hedge losses reclassified into earnings (1)	Net cash flow hedge losses reclassified into earnings (1)	1,533	(369)	1,164	1,075	(258)	817
Net change in fair value of cash flow hedges	Net change in fair value of cash flow hedges	3,729	(896)	2,833	(9,175)	2,202	(6,973)
Defined Benefit Plan Obligations:	Defined Benefit Plan Obligations:						
Amortization of net actuarial losses (2)	Amortization of net actuarial losses (2)	59	(14)	45	428	(102)	326
Amortization of net actuarial losses (2)							
Total other comprehensive loss	(\$39,351)	\$9,444	(\$29,907)	(\$70,678)	\$16,964	(\$53,714)	
Amortization of net actuarial losses (2)							
Total other comprehensive (loss) income							
Total other comprehensive (loss) income							
Total other comprehensive (loss) income							

(1) For the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, the pre-tax amounts reclassified into earnings in the Unaudited Consolidated Statements of Income **include included** reductions of **\$2.2 million** **\$2.1 million** and **\$1.1 million** **\$2.8 million**, respectively, in interest and fees on loans, as well as reductions of **\$631 thousand** **\$493 thousand** and **\$3 thousand** **\$127 thousand**, respectively, in FHLB interest expense.

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

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

Nine months ended September 30, (Dollars in thousands)	2023			2022		
	Income Tax			Income Tax		
	Pre-tax Amounts	Benefit (Expense)	Net of Tax	Pre-tax Amounts	Benefit (Expense)	Net of Tax
Securities available for sale:						
Change in fair value of available for sale debt securities	(\$38,703)	\$9,289	(\$29,414)	(\$174,302)	\$41,833	(\$132,469)
Cash flow hedges:						
Change in fair value of cash flow hedges	4,938	(1,185)	3,753	(27,394)	6,574	(20,820)
Net cash flow hedge losses (gains) reclassified into earnings (1)	6,043	(1,451)	4,592	709	(170)	539
Net change in fair value of cash flow hedges	10,981	(2,636)	8,345	(26,685)	6,404	(20,281)
Defined benefit plan obligations:						
Amortization of net actuarial losses (2)	178	(43)	135	1,284	(308)	976
Total other comprehensive loss	(\$27,544)	\$6,610	(\$20,934)	(\$199,703)	\$47,929	(\$151,774)

(1) For the nine months ended September 30, 2023 and 2022, the pre-tax amounts reclassified into earnings in the Unaudited Consolidated Statements of Income include reductions of \$7.1 million and \$561 thousand, respectively, in interest and fees on loans, as well as a reduction of \$1.0 million and an increase of \$148 thousand, respectively, 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)	Net Unrealized Losses on Available For Sale Debt Securities			Net Unrealized Losses on Defined Flow Hedges Benefit Plan Obligations		
	Net Unrealized Losses on Cash			Total		
	For the three months ended September 30, 2023					
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 accumulated other comprehensive (loss) income	—	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)	Net Unrealized Losses on Available For Sale Debt Securities			Net Unrealized Losses on Defined Flow Hedges Benefit Plan Obligations		
	Net Unrealized Losses on Cash			Total		
	For the three months ended March 31, 2024					
Balance at December 31, 2023	(\$116,591)	(\$15,619)	(\$8,943)	(\$141,153)		
Other comprehensive (loss) income before reclassifications	(10,988)	1,979	—	(9,009)		
Amounts reclassified from AOCL	—	1,226	23	1,249		
Net other comprehensive (loss) income	(10,988)	3,205	23	(7,760)		
Balance at March 31, 2024	(\$127,579)	(\$12,414)	(\$8,920)	(\$148,913)		

(Dollars in thousands)	Net Unrealized Losses on Available For Sale Debt Securities			Net Unrealized Losses on Defined Flow Hedges Benefit Plan Obligations		
	Net Unrealized Losses on Cash			Total		
	For the nine months ended September 30, 2023					
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 accumulated other comprehensive (loss) income	—	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)		

(Dollars in thousands)	Net Unrealized	Net Unrealized	Net Unrealized	Total
	Losses on Available	Net Unrealized	Losses on Defined	
For the three months ended March 31, 2023	For Sale Debt	Losses on Cash	Benefit Plan	
For Sale Securities	Flow Hedges	Obligations		
Balance at December 31, 2022	(\$131,033)	(\$22,645)	(\$4,122)	(\$157,800)
Other comprehensive income before reclassifications	13,198	795	—	13,993
Amounts reclassified from AOCL	—	2,002	45	2,047
Net other comprehensive income	13,198	2,797	45	16,040
Balance at March 31, 2023	(\$117,835)	(\$19,848)	(\$4,077)	(\$141,760)

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Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

(Dollars in thousands)	Net Unrealized	Net Unrealized	Net Unrealized	Total
	Losses on Available	Net Unrealized	Losses on Defined	
For the three months ended September 30, 2022	For Sale Debt	Losses on Cash	Benefit Plan	
For Sale Securities	Flow Hedges	Obligations		
Balance at June 30, 2022	(\$92,197)	(\$17,321)	(\$8,523)	(\$118,041)
Other comprehensive loss before reclassifications	(47,067)	(7,790)	—	(54,857)
Amounts reclassified from accumulated other comprehensive loss	—	817	326	1,143
Net other comprehensive (loss) income	(47,067)	(6,973)	326	(53,714)
Balance at September 30, 2022	(\$139,264)	(\$24,294)	(\$8,197)	(\$171,755)

(Dollars in thousands)	Net Unrealized	Net Unrealized	Net Unrealized	Total
	Losses on Available	Net Unrealized	Losses on Defined	
For the nine months ended September 30, 2022	For Sale Debt	Losses on Cash	Benefit Plan	
For Sale Securities	Flow Hedges	Obligations		
Balance at December 31, 2021	(\$6,795)	(\$4,013)	(\$9,173)	(\$19,981)
Other comprehensive loss before reclassifications	(132,469)	(20,820)	—	(153,289)
Amounts reclassified from accumulated other comprehensive loss	—	539	976	1,515
Net other comprehensive (loss) income	(132,469)	(20,281)	976	(151,774)
Balance at September 30, 2022	(\$139,264)	(\$24,294)	(\$8,197)	(\$171,755)

Note 15 - Earnings per Common Share

The following table presents the calculation of EPS:

(Dollars and shares in thousands, except per share amounts)	(Dollars and shares in thousands, except per share amounts)	Three Months	Nine Months
Periods ended September 30,	2023	2022	2023
Three months ended March 31,			
Three months ended March 31,			

Three months ended March 31,

Earnings for basic and diluted earnings per common share:

Earnings for basic and diluted earnings per common share:

Earnings for basic and diluted earnings per common share:	Earnings for basic and diluted earnings per common share:				
Net income	Net income	\$11,161	\$18,668	\$35,229	\$55,108
Net income					
Net income					
Less: dividends and undistributed earnings allocated to participating securities					
Less: dividends and undistributed earnings allocated to participating securities					
Less: dividends and undistributed earnings allocated to participating securities	Less: dividends and undistributed earnings allocated to participating securities	(21)	(53)	(69)	(164)
Net income available to common shareholders	Net income available to common shareholders	\$11,140	\$18,615	\$35,160	\$54,944
Net income available to common shareholders					
Net income available to common shareholders					
Shares:					
Shares:	Shares:				
Weighted average common shares outstanding	17,019	17,174	17,034	17,269	
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	Dilutive effect of common stock equivalents	22	124	29	120
Weighted average diluted common shares outstanding	17,041	17,298	17,063	17,389	
Dilutive effect of common stock equivalents					
Dilutive effect of common stock equivalents					
Weighted average common shares outstanding for diluted EPS					
Weighted average common shares outstanding for diluted EPS					
Weighted average common shares outstanding for diluted EPS					
Earnings per common share:	Earnings per common share:				
Basic earnings per common share	\$0.65	\$1.08	\$2.06	\$3.18	
Diluted earnings per common share	\$0.65	\$1.08	\$2.06	\$3.16	
Earnings per common share:					
Earnings per common share:					
Basic EPS					
Basic EPS					
Basic EPS					
Diluted EPS					
Diluted EPS					
Diluted EPS					

Weighted average common stock equivalents, not included in common stock equivalents above because they were anti-dilutive, totaled 468,524 and 452,472, respectively, 464,011 for the three and nine months ended September 30, 2023 March 31, 2024, compared to 137,886 and 140,777, respectively, 303,982 for the same periods period in 2022, 2023.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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, forward 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 September 30, 2023 March 31, 2024 and December 31, 2022 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.

Financial Instruments Whose Notional Amounts Exceed the Amount of Credit Risk

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 these rate locks and mortgage loans held for sale, the Corporation enters into forward sale commitments. Both interest rate lock commitments and forward sale commitments are derivative financial instruments.

Loan Related Derivative Contracts

The Corporation's credit policies with respect to interest rate contracts with commercial borrowers are similar to those used for loans. The interest rate contracts with other counterparties are generally subject to bilateral collateralization terms.

Interest Rate Risk Management Contracts

The Corporation's interest rate risk management contracts consist of interest rate swap agreements in which the Corporation and another party agree to exchange interest payments (e.g., fixed-rate for variable-rate payments) computed on a notional principal amount. 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.

Condensed Notes to Unaudited Consolidated Financial Statements – (continued)

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

(Dollars in thousands)	September 30, 2023	December 31, 2022
Financial instruments whose contract amounts represent credit risk (unfunded commitments):		
Commitments to extend credit	\$1,242,728	\$1,308,873
Standby letters of credit	8,955	9,028
Financial instruments whose notional amounts exceed the amounts of credit risk:		
Mortgage loan commitments:		

Interest rate lock commitments	30,722	12,201
Forward sale commitments	45,433	23,150
Loan related derivative contracts:		
Interest rate contracts with customers	962,174	935,099
Mirror interest rate contracts with counterparties	962,174	935,099
Risk participation-in agreements	224,374	221,247
Interest rate risk management contracts:		
Interest rate swaps	140,000	320,000

See Note 6 for additional disclosure pertaining to derivative financial instruments.

(Dollars in thousands)	March 31, 2024	December 31, 2023
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	\$1,130,340	\$1,185,196
Standby letters of credit	9,815	9,323

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. **Unfunded commitments for home equity lines of credit and commercial demand loans are considered unconditionally cancellable for regulatory capital purposes and, therefore, are excluded from the calculation to estimate the ACL on unfunded commitments.** For each portfolio, estimated loss rates and funding factors are applied to the corresponding balance of unfunded commitments. The estimated loss rates applied to unfunded commitments are the same quantitative and qualitative loss rates applied to the corresponding on-balance sheet amounts in determining the ACL on loans. The estimated funding factor applied to unfunded commitments represents the likelihood that the funding will occur and is based upon the Corporation's average historical utilization rate for each portfolio.

The activity in the ACL on unfunded commitments for the three months ended **September 30, 2023** **March 31, 2024** is presented below:

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

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

(Dollars in thousands)		Commercial			Consumer						
					Residential Real						
		CRE	C&I	Total Commercial	Estate	Home Equity	Other	Total Consumer	Total		
Beginning Balance	Beginning Balance	\$1,236	\$988	\$2,224	\$50	\$—	\$16	\$16	\$2,290		
Provision	Provision	(140)	(120)	(260)	(36)	—	(4)	(4)	(300)		
Ending Balance	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 months ended **September 30, 2022** **March 31, 2023** is presented below:

(Dollars in thousands)		(Dollars in thousands)		Commercial				Consumer			
		Residential									
		Total		Real	Home	Total		Equity		Other	Consumer
		CRE	C&I	Commercial	Estate	Equity	Other	Consumer	Total	CRE	Total
		CRE	CRE	CRE	CRE	CRE	CRE	CRE	CRE	C&I	Total
Beginning	Beginning										
Balance	Balance	\$1,279	\$834	\$2,113	\$58	\$—	\$19	\$19	\$2,190		
Provision	Provision	185	25	210	(8)	—	(2)	(2)	200		
Provision	Provision										
Ending	Ending										
Balance	Balance	\$1,464	\$859	\$2,323	\$50	\$—	\$17	\$17	\$2,390		

The activity in the ACL on unfunded commitments for the nine months ended September 30, 2022 is presented below:

(Dollars in thousands)		Commercial			Consumer				
		Residential							
		CRE	C&I	Total Commercial	Estate	Home Equity	Other	Total Consumer	Total
		CRE	C&I	Total Commercial	Estate	Home Equity	Other	Total Consumer	Total
Beginning	Balance	\$1,267	\$816	\$2,083	\$62	\$—	\$16	\$16	\$2,161
Provision		197	43	240	(12)	—	1	1	229
Ending	Balance	\$1,464	\$859	\$2,323	\$50	\$—	\$17	\$17	\$2,390

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.

Other Matters

On September 27, 2023, the Bank entered into a settlement with the DOJ through an agreement to resolve allegations that it violated fair lending laws in the state of Rhode Island from 2016 to 2021. Under the settlement, the Bank will provide \$7.0 million in loan subsidies over a five-year period with the goal of increasing home mortgage loans, home improvement loans, and home refinance loans in specific census tracts in Rhode Island. Loan subsidies may include originating a loan for a home purchase, refinancing or home improvement at an interest rate below the otherwise prevailing market interest rate offered by Washington Trust and payment of the initial mortgage insurance premium on loans subject to such mortgage insurance. The cost of such subsidies will generally be recognized over the life of the respective loans. Loan subsidies may also include down payment assistance and closing cost assistance. The Bank also will commit \$2.0 million for focused community outreach and marketing efforts over a five-year period. The expenses associated with community outreach and marketing efforts will be recorded in the period in which the activities occur and are consistent with historical spending levels. In addition, the Bank will commit to opening two full-service branches in specific census tracts in Rhode Island, including the previously announced new branch in Olneyville, Rhode Island.

The settlement included no civil penalties levied against the Bank. The United States District Court for the District of Rhode Island approved the settlement on October 31, 2023. The settlement resolves all claims made by the DOJ against the Bank related to its lending practices in the state of Rhode Island from 2016 to 2021.

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Management's Discussion and Analysis

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, 2022** **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 nine months ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of the results for the full-year ended **December 31, 2023** **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, 2022** **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

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Management's Discussion and Analysis

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 **April 2023, January 2024**, we opened a new full-service branch in **Barrington, Smithfield, Rhode Island**. In addition, we **expect plan** to open a branch in **Smithfield, Rhode Island** late in the fourth quarter of 2023 and another branch in the Olneyville section of Providence later in **early 2024**.

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 **Note 4** and **Note 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 **future** earnings due to **changes 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 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.

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Management's Discussion and Analysis

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 **are responsible for reporting** **must report** on and **escalating** **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, 2022** **December 31, 2023**, as updated by our Quarterly Reports on Form 10-Q and other filings submitted to the SEC.

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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)	Three Months		Nine Months	
(Dollars in thousands)	(Dollars in thousands)				
		Change		Change	
Periods ended September 30,		2023	2022	\$	%
Three months ended March 31,				Change	
Three months ended March 31,				Change	
Three months ended March 31,				Change	
Net interest income					
Net interest income					
Net interest income					
Net interest income					
Net interest income					
Noninterest income	Noninterest income	\$33,751	\$42,042	(\$8,291)	(20 %)
Noninterest income	Noninterest income	15,226	15,803	(577)	(4)
Noninterest income					
Noninterest income					
Total revenues					
Total revenues	Total revenues	48,977	57,845	(8,868)	(15)
Provision for credit losses	Provision for credit losses	500	800	(300)	(38)
Provision for credit losses					
Noninterest expense					
Noninterest expense					
Noninterest expense	Noninterest expense	34,390	33,067	1,323	4
Income before income taxes	Income before income taxes	14,087	23,978	(9,891)	(41)
Income before income taxes					
Income tax expense					
Income tax expense					
Income tax expense	Income tax expense	2,926	5,310	(2,384)	(45)
Net income	Net income	\$11,161	\$18,668	(\$7,507)	(40 %)
Net income					
Net income					

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

	Three Months		Nine Months	
Periods ended September 30,	2023	2022	2023	2022
Three months ended March 31,				
Three months ended March 31,				
Three months ended March 31,				
Diluted earnings per common share				

Diluted earnings per common share					
Diluted earnings per common share	Diluted earnings per common share	\$0.65	\$1.08	\$2.06	\$3.16
Return on average assets (net income divided by average assets)	Return on average assets (net income divided by average assets)	0.62 %	1.19 %	0.68 %	1.23 %
Return on average assets (net income divided by average assets)	Return on average assets (net income divided by average assets)				
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)				
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)	9.65 %	15.16 %	10.19 %	14.35 %
Net interest income as a percentage of total revenues	Net interest income as a percentage of total revenues	69 %	73 %	71 %	70 %
Net interest income as a percentage of total revenues	Net interest income as a percentage of total revenues				
Noninterest income as a percentage of total revenues	Noninterest income as a percentage of total revenues	31 %	27 %	29 %	30 %
Noninterest income as a percentage of total revenues	Noninterest income as a percentage of total revenues				

Net income totaled \$11.2 million and \$35.2 million, respectively, \$10.9 million for the three and nine months ended September 30, 2023 March 31, 2024, compared to \$18.7 million and \$55.1 million down by 15%, respectively, from the \$12.8 million reported for the same periods period in 2022, 2023. Results in 2023 were impacted 2024 largely reflected lower net interest income, partially offset by steep increases in market interest rates and a decline in wealth management and mortgage banking revenues. higher noninterest income.

The decline in net interest income in 2023 2024 was driven by increased funding costs, higher rates paid on, and increases in, average interest-bearing liability balances, which offset the benefit of higher yields on, and growth in, average interest-earning asset balances. The decline in noninterest Noninterest income reflected lower wealth management asset-based revenues and AUA balances attributable to client asset outflows concentrated benefited from a \$2.1 litigation settlement received in the fourth first quarter of 2022. The decline in noninterest income also reflected lower 2024, as well as higher mortgage banking revenues as higher market interest rates have dampened mortgage activity. The and wealth management revenues. There was a modest decline in the provision for credit losses reflected loan growth, changes in asset and credit quality and reflected our estimate of forecasted economic conditions. 2024 as compared to the same period in 2023. The increase in noninterest expenses largely reflected increases an increase in FDIC deposit insurance costs and salaries and employee benefits. costs.

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Management's Discussion and Analysis

Average Balances / Net Interest Margin - Fully Taxable Equivalent Basis

The following table presents average balance and interest rate information. 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 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.

Three months ended	2023	2022	Change
September 30,			

Three months ended March 31,										Three months ended March 31,										2024				2023				Change	
(Dollars in thousands)	(Dollars in thousands)	Average Balance	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	(Dollars in thousands)	Average Balance	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	Average Rate	Yield/ Interest	Change		
Assets:	Assets:																												
Cash, federal funds sold and short-term investments		\$102,608	\$1,344	5.20	\$92,708	\$503	2.15	\$9,900	\$841	3.05																			
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	Mortgage loans held for sale	23,057	332	5.71	34,503	361	4.15	(11,446)	(29)	1.56																			
Taxable debt securities	Taxable debt securities	1,181,915	7,271	2.44	1,150,674	6,061	2.09	31,241	1,210	0.35																			
FHLB stock	FHLB stock	46,889	878	7.43	25,377	88	1.38	21,512	790	6.05																			
FHLB stock																													
FHLB stock																													
Commercial real estate																													
Commercial real estate																													
Commercial real estate	Commercial real estate	2,004,204	31,526	6.24	1,692,374	17,974	4.21	311,830	13,552	2.03																			
Commercial & industrial	Commercial & industrial	609,604	9,896	6.44	630,360	7,114	4.48	(20,756)	2,782	1.96																			
Total commercial	Total commercial	2,613,808	41,422	6.29	2,322,734	25,088	4.29	291,074	16,334	2.00																			
Residential real estate	Residential real estate	2,552,602	24,976	3.88	2,045,833	17,379	3.37	506,769	7,597	0.51																			
Home equity	Home equity	303,144	4,514	5.91	269,654	2,804	4.13	33,490	1,710	1.78																			
Other	Other	18,813	225	4.74	15,299	171	4.43	3,514	54	0.31																			
Total consumer	Total consumer	321,957	4,739	5.84	284,953	2,975	4.14	37,004	1,764	1.70																			
Total loans	Total loans	5,488,367	71,137	5.14	4,653,520	45,442	3.87	834,847	25,695	1.27																			
Total interest-earning assets	Total interest-earning assets	6,842,836	80,962	4.69	5,956,782	52,455	3.49	886,054	28,507	1.20																			
Noninterest-earning assets	Noninterest-earning assets	272,321			259,347			12,974																					
Total assets	Total assets	\$7,115,157			\$6,216,129			\$899,028																					
Total assets																													
Total assets																													
Liabilities and Shareholders' Equity:	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)	Interest-bearing demand deposits (in-market)	\$461,760	\$5,060	4.35	\$267,670	\$822	1.22	\$194,090	\$4,238	3.13
NOW accounts	NOW accounts	742,690	419	0.22	871,038	212	0.10	(128,348)	207	0.12
Money market accounts	Money market accounts	1,173,284	9,929	3.36	1,137,875	2,231	0.78	35,409	7,698	2.58
Savings accounts	Savings accounts	516,342	429	0.33	582,513	100	0.07	(66,171)	329	0.26
Time deposits (in-market)	Time deposits (in-market)	1,080,395	9,880	3.63	797,199	1,983	0.99	283,196	7,897	2.64
Interest-bearing in-market deposits	Interest-bearing in-market deposits	3,974,471	25,717	2.57	3,656,295	5,348	0.58	318,176	20,369	1.99
Wholesale brokered demand deposits	Wholesale brokered demand deposits	—	—	—	31,014	166	2.12	(31,014)	(166)	(2.12)
Wholesale brokered time deposits	Wholesale brokered time deposits	659,624	8,352	5.02	381,984	1,142	1.19	277,640	7,210	3.83
Wholesale brokered deposits	Wholesale brokered deposits	659,624	8,352	5.02	412,998	1,308	1.26	246,626	7,044	3.76
Total interest-bearing deposits	Total interest-bearing deposits	4,634,095	34,069	2.92	4,069,293	6,656	0.65	564,802	27,413	2.27
FHLB advances	FHLB advances	1,053,370	12,497	4.71	549,729	3,234	2.33	503,641	9,263	2.38
Junior subordinated debentures	Junior subordinated debentures	22,681	404	7.07	22,681	206	3.60	—	198	3.47
Total interest-bearing liabilities	Total interest-bearing liabilities	5,710,146	46,970	3.26	4,641,703	10,096	0.86	1,068,443	36,874	2.40
Total interest-bearing liabilities										
Noninterest-bearing demand deposits	Noninterest-bearing demand deposits	773,424			944,153			(170,729)		
Other liabilities	Other liabilities	173,572			143,043			30,529		
Other liabilities	Other liabilities									
Shareholders' equity	Shareholders' equity									
Shareholders' equity	Shareholders' equity	458,015			487,230			(29,215)		
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$7,115,157			\$6,216,129			\$899,028		
Total liabilities and 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)	Net interest income (FTE)									

Net interest income (FTE)	Net interest income (FTE)	\$33,992	\$42,359	(\$8,367)
Interest rate spread	Interest rate spread	1.43	2.63	(1.20)
Interest rate spread				
Interest rate spread				
Net interest margin	Net interest margin	1.97	2.82	(0.85)
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Management's Discussion and Analysis

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

(Dollars in thousands)	(Dollars in thousands)	2023	2022	Change
Three months ended				
September 30,		2023	2022	Change
Three months ended				
March 31,				
Three months ended				
March 31,				
Three months ended				
March 31,		2024	2023	Change
Commercial Commercial				
loans	loans	\$241	\$317	(\$76)

(Dollars in thousands)	2023			2022			Change		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets:									
Cash, federal funds sold and short-term investments	\$105,025	\$3,693	4.70	\$128,606	\$769	0.80	(\$23,581)	\$2,924	3.90
Mortgage loans held for sale	18,315	725	5.29	29,985	851	3.79	(11,670)	(126)	1.50
Taxable debt securities	1,192,536	21,868	2.45	1,106,632	15,209	1.84	85,904	6,659	0.61
FHLB stock	45,605	2,333	6.84	15,745	218	1.85	29,860	2,115	4.99
Commercial real estate	1,931,196	85,626	5.93	1,648,061	43,360	3.52	283,135	42,266	2.41
Commercial & industrial	618,415	28,423	6.14	628,574	19,456	4.14	(10,159)	8,967	2.00
Total commercial	2,549,611	114,049	5.98	2,276,635	62,816	3.69	272,976	51,233	2.29
Residential real estate	2,452,088	69,777	3.80	1,875,175	46,376	3.31	576,913	23,401	0.49
Home equity	293,957	12,355	5.62	257,814	6,753	3.50	36,143	5,602	2.12
Other	17,685	616	4.66	15,995	550	4.60	1,690	66	0.06
Total consumer	311,642	12,971	5.56	273,809	7,303	3.57	37,833	5,668	1.99
Total loans	5,313,341	196,797	4.95	4,425,619	116,495	3.52	887,722	80,302	1.43
Total interest-earning assets	6,674,822	225,416	4.52	5,706,587	133,542	3.13	968,235	91,874	1.39
Noninterest-earning assets	259,334			268,744			(9,410)		
Total assets	\$6,934,156			\$5,975,331			\$958,825		
Liabilities and Shareholders' Equity:									
Interest-bearing demand deposits (in-market)	\$385,180	\$11,788	4.09	\$255,014	\$1,114	0.58	\$130,166	\$10,674	3.51
NOW accounts	781,546	1,177	0.20	867,464	492	0.08	(85,918)	685	0.12

Money market accounts	1,208,436	26,807	2.97	1,193,599	3,984	0.45	14,837	22,823	2.52
Savings accounts	534,784	1,065	0.27	570,129	246	0.06	(35,345)	819	0.21
Time deposits (in-market)	971,333	22,417	3.09	800,037	5,997	1.00	171,296	16,420	2.09
Interest-bearing in-market deposits	3,881,279	63,254	2.18	3,686,243	11,833	0.43	195,036	51,421	1.75
Wholesale brokered demand deposits	5,368	177	4.41	17,197	212	1.65	(11,829)	(35)	2.76
Wholesale brokered time deposits	579,871	19,931	4.60	396,465	1,677	0.57	183,406	18,254	4.03
Wholesale brokered deposits	585,239	20,108	4.59	413,662	1,889	0.61	171,577	18,219	3.98
Total interest-bearing deposits	4,466,518	83,362	2.50	4,099,905	13,722	0.45	366,613	69,640	2.05
FHLB advances	1,025,788	35,775	4.66	285,590	3,891	1.82	740,198	31,884	2.84
Junior subordinated debentures	22,681	1,132	6.67	22,681	443	2.61	—	689	4.06
Total interest-bearing liabilities	5,514,987	120,269	2.92	4,408,176	18,056	0.55	1,106,811	102,213	2.37
Noninterest-bearing demand deposits	792,706			925,433			(132,727)		
Other liabilities	165,021			129,967			35,054		
Shareholders' equity	461,442			511,755			(50,313)		
Total liabilities and shareholders' equity	\$6,934,156			\$5,975,331			\$958,825		
Net interest income (FTE)		\$105,147			\$115,486			(\$10,339)	
Interest rate spread		1.60				2.58			(0.98)
Net interest margin		2.11				2.71			(0.60)

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Management's Discussion and Analysis

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

(Dollars in thousands)	2023	2022	Change
Nine months ended September 30,			
Commercial loans	\$703	\$838	(\$135)

Net Interest Income

Net interest income, the primary source of our operating income, totaled \$33.8 million and \$104.4 million, respectively, \$31.7 million for the three and nine months ended September 30, 2023 March 31, 2024, compared to \$42.0 million and \$114.6 million, respectively, \$37.2 million for the same periods period in 2022 2023. Net interest income is affected by the level of and changes in interest rates, and changes in the amount and composition of interest-earning assets and interest-bearing liabilities. Prepayment penalty income associated with loan payoffs is included in net interest income.

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

Net interest income includes the periodic recognition of prepayment penalty fee income associated with commercial loan payoffs. Prepayment penalty fee income amounted to \$71 \$20 thousand (or 0 and \$124 thousand, respectively, for the three months ended March 31, 2024 and 2023, and had no basis point benefit to NIM) and \$245 thousand (or 1 basis point benefit to NIM), respectively, for the three and nine months ended September 30, 2023, compared to \$30 thousand (or 0 basis point benefit to NIM) and \$168 thousand (or 1 basis point benefit to NIM), respectively, for the same periods NIM in 2022 either period.

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. Additionally, as PPP loans were forgiven by the SBA in the previous year, related unamortized net fee balances were accelerated and amortized, increasing net 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 \$1.0 million \$265 thousand for the nine three months ended September 30, 2023 March 31, 2024, compared \$2.5 million to \$324 thousand for the same period in 2022. This included no accelerated amortization of net deferred fee balances on PPP loans forgiven by the SBA in 2023, compared to \$21 thousand (or 0 basis points benefit to NIM) and \$1.2 million (or 3 basis points benefit to NIM), respectively, for the three and nine months ended September 30, 2022, 2023.

FTE net interest income for the three and nine months ended September 30, 2023 March 31, 2024 amounted to \$34.0 million and \$105.1 million, respectively, \$31.9 million, down by \$8.4 million and \$10.3 million \$5.5 million, respectively, or 15%, from the same periods period in 2022, 2023. For the three and nine months ended September 30, 2023 March 31, 2024, growth increases in average interest-earning assets interest-bearing liability balances, net of increased average interest-bearing liability balances contributed approximately \$1.4 million and \$3.5 million, respectively, of interest-earning assets, reduced net interest income, income by \$2.7 million. Increases in funding costs outpaced increases in asset yields, reducing net interest income by \$9.7 million and \$13.8 million, respectively, \$2.8 million for the three and nine months ended September 30, 2023 March 31, 2024.

NIM was 1.97% and 2.11%, respectively, 1.84% for the three and nine months ended September 30, 2023 March 31, 2024, compared to 2.82% and 2.71%, respectively, 2.33% for the same periods period in 2022, 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 nine months ended September 30, 2023 increased March 31, 2024 decreased by \$31.2 million and \$85.9 million, respectively, \$47.4 million, or 4%, from the average balances for the same periods period a year earlier primarily due to purchases of debt securities, routine pay-downs. The FTE rate of return on the securities portfolio for the three and nine months ended September 30, 2023 March 31, 2024 was 2.44% and 2.45% 2.49%, respectively, compared to 2.09% and 1.84%, respectively, 2.44% for the same periods in 2022, reflecting the impact of higher market interest rates period in 2023.

Total average loan balances for the three and nine months ended September 30, 2023 March 31, 2024 increased by \$834.8 million and \$887.7 million, respectively, \$527.6 million, or 10%, from the average loan balances for the comparable 2022 periods, 2023 period, largely reflecting growth in average balances of CRE and residential real estate and CRE loans. The yield on total loans for the three and nine months ended

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September 30, 2023 March 31, 2024 was 5.14% and 4.95% 5.38%, respectively, compared to 3.87% and 3.52%, respectively, 4.73% in the corresponding periods period in 2022, reflecting higher market interest rates, 2023.

Higher levels of wholesale funding were used in 2023 to fund balance sheet growth. The average balance of FHLB advances for the three and nine months ended September 30, 2023 March 31, 2024 increased by \$503.6 \$195.9 million, and \$740.2 million, respectively, or 19%, compared to the average balances balance for the same periods period in 2022, 2023. Due to increases in market interest rates, the average rate paid on such advances for the three and nine months ended September 30, 2023 March 31, 2024 was 4.71% and 4.66% 4.91%, respectively, up 39 basis points from 2.33% and 1.82%, respectively, 4.52% for the same periods period in 2022, 2023. Included in total average interest-bearing deposits were wholesale brokered deposits, which increased by \$246.6 million and \$171.6 million \$256.3 million, respectively, or 58%, from the same periods period in 2022. Due to increases in market interest rates, the 2023. The average rate paid on wholesale brokered deposits for the three and nine months ended September 30, 2023 March 31, 2024 was 5.02% and 4.59% 5.22%, respectively, compared to 1.26% and 0.61%, respectively, up by 145 basis points from 3.77% for the same periods period in 2022, 2023.

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As market interest rates rose, 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 nine months ended September 30, 2023 March 31, 2024 increased by \$318.2 \$204.7 million, and \$195.0 million, respectively, or 5%, from the average balances for the same periods period in 2022, 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 nine months ended September 30, 2023 March 31, 2024 was 2.57% and 2.18% 2.93%, respectively, compared to 0.58% and 0.43%, respectively, up by 127 basis points from 1.66% for the same periods period in 2022, 2023. The average balance of noninterest-bearing demand deposits for the three and nine months ended September 30, 2023 March 31, 2024 decreased by \$170.7 \$170.6 million and \$132.7 million, respectively, from the average balances for the same periods period in 2022, 2023.

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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 September 30, 2023 vs. 2022			Nine Months Ended September 30, 2023 vs. 2022			
		Change Due to			Change Due to			
		Volume	Rate	Net Change	Volume	Rate	Net Change	
(Dollars in thousands)								
(Dollars in thousands)								
Interest on interest-Interest on interest-								
Earning assets- Earning assets:								
Cash, federal funds sold and other short-term investments		\$59	\$782	\$841	(\$166)	\$3,090	\$2,924	
Interest on interest-Earning assets:								
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	Mortgage loans held for sale	(141)	112	(29)	(396)	270	(126)	
Mortgage loans held for sale								
Mortgage loans held for sale								
Taxable debt securities								
Taxable debt securities								
Taxable debt securities	Taxable debt securities	169	1,041	1,210	1,263	5,396	6,659	
FHLB stock	FHLB stock	128	662	790	873	1,242	2,115	
FHLB stock								
FHLB stock								
Commercial real estate								
Commercial real estate								
Commercial real estate	Commercial real estate	3,747	9,805	13,552	8,478	33,788	42,266	
Commercial & industrial	Commercial & industrial	(241)	3,023	2,782	(318)	9,285	8,967	
Commercial & industrial								
Commercial & industrial								
Total commercial								
Total commercial								
Total commercial	Total commercial	3,506	12,828	16,334	8,160	43,073	51,233	
Residential real estate	Residential real estate	4,716	2,881	7,597	15,799	7,602	23,401	
Residential real estate								
Residential real estate								
Home equity								
Home equity								
Home equity	Home equity	383	1,327	1,710	1,053	4,549	5,602	

Other	Other	41	13	54	59	7	66
Other							
Other							
Total consumer							
Total consumer							
Total consumer	Total consumer	424	1,340	1,764	1,112	4,556	5,668
Total loans	Total loans	8,646	17,049	25,695	25,071	55,231	80,302
Total loans							
Total loans							
Total interest income							
Total interest income							
Total interest income	Total interest income	8,861	19,646	28,507	26,645	65,229	91,874
Interest on Interest-Bearing Liabilities:							
Bearing Liabilities:	Bearing Liabilities:						
Interest on Interest-Bearing Liabilities:							
Interest on Interest-Bearing Liabilities:							
Interest-bearing demand deposits (in-market)							
Interest-bearing demand deposits (in-market)							
Interest-bearing demand deposits (in-market)	Interest-bearing demand deposits (in-market)	934	3,304	4,238	830	9,844	10,674
NOW accounts	NOW accounts	(35)	242	207	(54)	739	685
NOW accounts							
NOW accounts							
Money market accounts							
Money market accounts							
Money market accounts	Money market accounts	72	7,626	7,698	51	22,772	22,823
Savings accounts	Savings accounts	(13)	342	329	(17)	836	819
Savings accounts							
Savings accounts							
Time deposits (in-market)							
Time deposits (in-market)							
Time deposits (in-market)	Time deposits (in-market)	928	6,969	7,897	1,526	14,894	16,420
Interest-bearing in-market deposits	Interest-bearing in-market deposits	1,886	18,483	20,369	2,336	49,085	51,421
Interest-bearing in-market deposits							
Interest-bearing in-market deposits							
Wholesale brokered demand deposits							
Wholesale brokered demand deposits							
Wholesale brokered demand deposits	Wholesale brokered demand deposits	(83)	(83)	(166)	(217)	182	(35)
Wholesale brokered time deposits	Wholesale brokered time deposits	1,328	5,882	7,210	1,121	17,133	18,254
Wholesale brokered time deposits							
Wholesale brokered time deposits							
Wholesale brokered deposits							
Wholesale brokered deposits							

Wholesale brokered deposits	Wholesale brokered deposits	1,245	5,799	7,044	904	17,315	18,219
Total interest-bearing deposits	Total interest-bearing deposits	3,131	24,282	27,413	3,240	66,400	69,640
Total interest-bearing deposits							
FHLB advances	FHLB advances	4,380	4,883	9,263	19,902	11,982	31,884
FHLB advances							
FHLB advances							
Junior subordinated debentures							
Junior subordinated debentures							
Junior subordinated debentures	Junior subordinated debentures	—	198	198	—	689	689
Total interest expense	Total interest expense	7,511	29,363	36,874	23,142	79,071	102,213
Total interest expense							
Net interest income (FTE)	Net interest income (FTE)	\$1,350	(\$9,717)	(\$8,367)	\$3,503	(\$13,842)	(\$10,339)
Net interest income (FTE)							
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

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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.

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The following table presents the provision for credit losses:

(Dollars in thousands)	(Dollars in thousands)	Three Months		Nine Months	
(Dollars in thousands)	(Dollars in thousands)	Change		Change	
Periods ended September 30,		2023	2022	\$	%
				Change	
				Change	
				Change	
Three months ended March 31,					
Three months ended March 31,					
Three months ended March 31,					
Provision for credit losses on loans					

Provision for credit losses on loans									
Provision for credit losses on loans	Provision for credit losses on loans	\$900	\$600	\$300	50 %	\$2,300	(\$2,329)	\$4,629	199 %
Provision for credit losses on unfunded commitments	Provision for credit losses on unfunded commitments	(400)	200	(\$600)	(300)	(300)	229	(\$529)	(231)
Provision for credit losses on unfunded commitments									
Provision for credit losses	Provision for credit losses	\$500	\$800	(\$300)	(38 %)	\$2,000	(\$2,100)	\$4,100	195 %
Provision for credit losses									
Provision for credit losses									

The provisions recognized provided for loan growth and were reflective of continued slowdown of loan prepayment speeds and estimated forecasted economic conditions. The provision recognized in 2023 reflected loan growth, changes in asset and credit quality, and our current estimate of forecasted economic conditions. Econometric factors have been relatively stable in 2023 and the forecast also reflects a lower probability of a recession, with an anticipation of a "soft-landing" in the event of an economic slowdown.

On a year-to-date basis in 2022 a negative provision was recorded reflecting low loss rates and strong asset and credit quality that more than offset negative trends in economic forecasts and loan growth that was concentrated in residential real estate loans. included modest additional reserve allocation for commercial loans migrating to nonaccrual status.

Net charge-offs totaled \$30 \$52 thousand for the three months ended September 30, 2023 March 31, 2024, compared to net charge-offs of \$54 \$47 thousand for the same period in 2022. For the nine months ended September 30, 2023, net charge-offs totaled \$114 thousand, compared to net recoveries of \$104 thousand for the same period in 2022. 2023.

The ACL on loans was \$40.2 million \$41.9 million, or 0.72% of total loans, at September 30, 2023, compared to \$38.0 million, or 0.74% of total loans, at December 31, 2022 March 31, 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)	Three Months			Nine Months				
		2023	2022	\$	%	2023	2022	\$	%
Periods ended September 30,									
Change									
Change									
Change									
Three months ended March 31,									
Three months ended March 31,									
Three months ended March 31,									
Noninterest income:	Noninterest income:								
Noninterest income:									
Noninterest income:									
Wealth management revenues									
Wealth management revenues									
Wealth management revenues	Wealth management revenues	\$8,948	\$9,525	(\$577)	(6 %)	\$26,659	\$30,122	(\$3,463)	(11 %)
Mortgage banking revenues	Mortgage banking revenues	2,108	2,047	61	3	5,106	7,630	(2,524)	(33)

Mortgage banking revenues									
Mortgage banking revenues									
Card interchange fees									
Card interchange fees									
Card interchange fees	Card interchange fees	1,267	1,287	(20)	(2)	3,667	3,754	(87)	(2)
Service charges on deposit accounts	Service charges on deposit accounts	674	819	(145)	(18)	2,118	2,250	(132)	(6)
Service charges on deposit accounts									
Service charges on deposit accounts									
Loan related derivative income									
Loan related derivative income									
Loan related derivative income	Loan related derivative income	1,082	1,041	41	4	1,278	2,011	(733)	(36)
Income from bank-owned life insurance	Income from bank-owned life insurance	710	684	26	4	2,754	1,900	854	45
Income from bank-owned life insurance									
Income from bank-owned life insurance									
Other income									
Other income									
Other income	Other income	437	400	37	9	1,252	1,147	105	9
Total noninterest income	Total noninterest income	\$15,226	\$15,803	(\$577)	(4 %)	\$42,834	\$48,814	(\$5,980)	(12 %)
Total noninterest income									
Total noninterest income									

Noninterest Income Analysis

On a year-to-date basis, revenue from wealth management services represented 62% 54% of total noninterest income for both 2023 and 2022, the three months ended March 31, 2024, compared to 65% 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 such as commissions and other service fees, that are not primarily derived from the value of assets.

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

(Dollars in thousands)	(Dollars in thousands)	Three Months			Nine Months				
(Dollars in thousands)	(Dollars in thousands)	Change			Change				
Periods ended September 30,		2023	2022	\$	%	2023	2022	\$	%
Change									
Change									
Change									

Three months ended March 31,
 Three months ended March 31,
 Three months ended March 31,
Wealth management revenues:

Wealth management revenues:	Wealth management revenues:								
Asset-based revenues	Asset-based revenues	\$8,683	\$9,302	(\$619)	(7 %)	\$25,674	\$29,154	(\$3,480)	(12 %)
Asset-based revenues									
Asset-based revenues									
Transaction-based revenues									
Transaction-based revenues									
Transaction-based revenues	Transaction-based revenues	265	223	42	19	985	968	17	2
Total wealth management revenues	Total wealth management revenues	\$8,948	\$9,525	(\$577)	(6 %)	\$26,659	\$30,122	(\$3,463)	(11 %)
Total wealth management revenues									

Wealth management revenues for the three and nine months ended September 30, 2023 decreased March 31, 2024 increased by \$577 thousand, and \$3.5 million, respectively, or 8%, from the same periods period in 2022, 2023, reflecting a decrease 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 nine months ended September 30, 2023 decreased March 31, 2024 increased by 6% and 13%, respectively, 10% from the average balance for the same periods period in 2022, 2023.

The end of period AUA balance amounted to \$6.1 billion at September 30, 2023, March 31, 2024, up by \$269.9 million, or 4%, from the end of 2023, reflecting net investment appreciation and income. The following table presents the changes in wealth management AUA balances:

(Dollars in thousands)	(Dollars in thousands)				
(Dollars in thousands)					
(Dollars in thousands)					
		Three Months			Nine Months
Periods ended September 30,		2023	2022	2023	2022
Three months ended March 31,					
Three months ended March 31,					
Three months ended March 31,					
Wealth management assets under administration:					
Wealth management assets under administration:					
Wealth management assets under administration:	Wealth management assets under administration:				
Balance at the beginning of period	Balance at the beginning of period	\$6,350,260	\$6,650,097	\$5,961,990	\$7,784,211
Net investment appreciation (depreciation) & income		(154,269)	(239,762)	391,781	(1,444,785)
Balance at the beginning of period					
Balance at the beginning of period					
Net investment appreciation & income					
Net investment appreciation & income					
Net investment appreciation & income					
Net client asset (outflows) inflows					

Net client asset (outflows) inflows					
Net client asset (outflows) inflows	Net client asset (outflows) inflows	(64,596)	(87,578)	(222,376)	(16,669)
Balance at the end of period	Balance at the end of period	\$6,131,395	\$6,322,757	\$6,131,395	\$6,322,757
Balance at the end of period	Balance at the end of period				

AUA and related asset-based revenues were adversely impacted by client withdrawals associated with the departure of four client-facing advisors at the end of the third quarter of 2022. These four advisors were associated with approximately \$1.0 billion of AUA as of September 30, 2022. Through September 30, 2023, cumulative client asset withdrawals associated with the departure of the advisors amounted to \$672 million, of which \$68 million was withdrawn in the nine months ended September 30, 2023 and \$604 million was withdrawn in the fourth quarter of 2022. The cumulative withdrawals reduced wealth management revenues by approximately \$966 thousand and \$2.8 million, respectively, in the three and nine months ended September 30, 2023. We continue to expect that the full-year 2023 decline in revenues associated with these withdrawals will be approximately \$3.8 million. While there are cost savings in salaries and employee benefits expense associated with the departure of these advisors, they currently are being partially offset by a higher level of legal expenses also associated with this matter.

On a year-to-date basis, mortgage banking revenues represented 12% 15% of total noninterest income for 2023, three months ended March 31, 2024, compared to 16% 9% for 2022, 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:

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(Dollars in thousands)	(Dollars in thousands)	Three Months				Nine Months				
		2023	2022	\$	%	2023	2022	\$	%	
Periods ended September 30,										
Mortgage banking revenues:										
Mortgage banking revenues:										
Mortgage banking revenues:	Mortgage banking revenues:									
Realized gains on loan sales, net (1)	Realized gains on loan sales, net (1)	\$1,746	\$1,718	\$28	2 %	\$3,149	\$6,962	(\$3,813)	(55 %)	
Realized gains on loan sales, net (1)	Realized gains on loan sales, net (1)									
Realized gains on loan sales, net (1)	Realized gains on loan sales, net (1)									
Changes in fair value, net (2)	Changes in fair value, net (2)									
Changes in fair value, net (2)	Changes in fair value, net (2)									
Changes in fair value, net (2)	Changes in fair value, net (2)	(171)	(226)	55	24	297	(798)	1,095	137	

Loan servicing fee income, net	(3)	533	555	(22)	(4)	1,660	1,466	194	13
Loan servicing fee income, net	(3)								
Loan servicing fee income, net	(3)								
<u>Total mortgage banking revenues</u>									
Total mortgage banking revenues									
Total mortgage banking revenues									
Loans sold to the secondary market (4)	Loans sold to the secondary market (4)	\$2,108	\$2,047	\$61	3 %	\$5,106	\$7,630	(\$2,524)	(33 %)
Loans sold to the secondary market (4)	Loans sold to the secondary market (4)	\$88,621	\$75,324	\$13,297	18 %	\$182,512	\$285,193	(\$102,681)	(36 %)
Loans sold to the secondary market (4)	Loans sold to the secondary market (4)								
Loans sold to the secondary market (4)	Loans sold to the secondary market (4)								

(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 nine** months ended **September 30, 2023** **March 31, 2024**, mortgage banking revenues were up by **\$61 thousand** and down by **\$2.5 \$1.3 million**, respectively, or **101%**, compared to the same **periods** **period in 2022, 2023**. The **year-to-date decline increase** in mortgage banking revenues was mainly attributable to a **decline increases** in both sales volume

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Management's Discussion and a reduction in the sales yield. On a year-to-date basis, residential real estate loan origination, refinancing Analysis

and sales **activity decreased in response to increases in market interest rates and changes in the housing markets yield**. Mortgage banking revenues are also impacted by changes in the fair value of mortgage loans held for sale and forward loan commitments, which are primarily based on current market prices in the secondary market and correlate to changes in the size of the mortgage pipeline.

For the three months ended March 31, 2024, loan related derivative income increased by \$335 thousand, or 657%, from the same period in 2023, reflecting an increase in volume.

Income from BOLI for the **nine three** months ended **September 30, 2023** **March 31, 2024**, was **up down** by **\$854 \$426 thousand**, or **37%**, from the same period in **2022, 2023**, reflecting the recognition of **\$658 \$476 thousand** in non-taxable income in the first quarter of 2023 associated with the receipt of life insurance proceeds.

For Other income for the **nine three** months ended **September 30, 2023**, loan related derivative income decreased **March 31, 2024** was up by **\$733 thousand \$2.1 million**, or **601%**, from the same period in **2022, reflecting 2023**, due to the receipt of **\$2.1 million** in the first quarter of **2024** associated with a **decrease in commercial borrower interest rate swap transactions, litigation settlement**.

Noninterest Expense

The following table presents noninterest expense comparisons:

(Dollars in thousands)	(Dollars in thousands)	Three Months		Nine Months
(Dollars in thousands)	(Dollars in thousands)		Change	
Periods ended September 30,	2023	2022	\$	%
2023	2022			

					Change				
					Change				
					Change				
Three months ended March 31,									
Three months ended March 31,									
Three months ended March 31,									
Noninterest expense:									
Noninterest expense:									
Noninterest expense:	Noninterest expense:								
Salaries and employee benefits	Salaries and employee benefits	\$21,622	\$21,609	\$13	— %	\$63,994	\$62,992	\$1,002	2 %
Salaries and employee benefits	Salaries and employee benefits								
Outsourced services	Outsourced services								
Outsourced services	Outsourced services	3,737	3,552	185	5	10,854	10,169	685	7
Net occupancy	Net occupancy	2,387	2,234	153	7	7,240	6,708	532	8
Net occupancy	Net occupancy								
Equipment	Equipment								
Equipment	Equipment	1,107	939	168	18	3,185	2,795	390	14
Legal, audit and professional fees	Legal, audit and professional fees	1,058	693	365	53	2,932	2,140	792	37
Legal, audit and professional fees	Legal, audit and professional fees								
Legal, audit and professional fees	Legal, audit and professional fees								
FDIC deposit insurance costs	FDIC deposit insurance costs								
FDIC deposit insurance costs	FDIC deposit insurance costs	1,185	430	755	176	3,428	1,198	2,230	186
Advertising and promotion	Advertising and promotion								
Advertising and promotion	Advertising and promotion	789	799	(10)	(1)	1,624	1,874	(250)	(13)
Advertising and promotion	Advertising and promotion								
Amortization of intangibles	Amortization of intangibles								
Amortization of intangibles	Amortization of intangibles	211	215	(4)	(2)	635	648	(13)	(2)
Other	Other	2,294	2,596	(302)	(12)	7,078	6,839	239	3
Other	Other								
Total noninterest expense	Total noninterest expense	\$34,390	\$33,067	\$1,323	4 %	\$100,970	\$95,363	\$5,607	6 %
Total noninterest expense	Total noninterest expense								
Total noninterest expense	Total noninterest expense								

Noninterest Expense Analysis

Salaries and employee benefits expense, the largest component of noninterest expense, for the three and nine months ended **September 30, 2023** increased by \$13 thousand and \$1.0 million, respectively, **March 31, 2024** was essentially unchanged compared to the same periods period in **2022**. On a

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year-to-date basis, the increase largely reflected annual merit increases and higher staffing levels, partially offset by decreases in performance-based compensation accruals. 2023.

Outsourced services expense for the three and nine months ended **September 30, 2023** **March 31, 2024**, increased by \$185 \$284 thousand, and \$685 thousand, respectively, or 8%, compared to the same periods period in the prior year, due to changes to and expansion of services provided by third party vendors.

Net occupancy expense for the three and nine months ended **September 30, 2023** increased by \$153 thousand and \$532 thousand, respectively, compared to the same periods in 2022, primarily due to branch expansion.

Legal, audit and professional fees for the three and nine months ended **September 30, 2023** increased by \$365 thousand and \$792 thousand, respectively, compared to the same periods in 2022, largely reflecting higher legal expenses, third-party costs and volume-related increases.

FDIC deposit insurance costs for the three and nine months ended **September 30, 2023** **March 31, 2024** increased by \$755 \$569 thousand, and \$2.2 million, respectively, or 65%, compared to the same periods period in 2022, 2023, reflecting an increase the impact of growth in the FDIC's assets and a higher FDIC deposit assessment rate and growth in assets rate.

Income Taxes

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

(Dollars in thousands)	(Dollars in thousands)	Three Months	Nine Months
Periods ended September 30,	2023	2022	2023
Three months ended March 31,			
Three months ended March 31,			
Three months ended March 31,			
Income tax expense			
Income tax expense	\$2,926	\$5,310	\$9,079
Effective income tax rate	20.8 %	22.1 %	20.5 %
Effective income tax rate			21.5 %
Effective income tax rate			

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Management's Discussion and Analysis

The effective income tax rates for the three and nine months ended **September 30, 2023**, **March 31, 2024** and 2022 differed from the federal rate of 21%, primarily due to the benefits of tax-exempt income, income from BOLI, and federal tax credits, partially offset by state income tax expense.

The decrease in the effective tax rate for the three and nine months ended **September 30, 2023** compared to the same periods in 2022 largely reflected an increase in benefits from federal tax credits, tax-exempt income and BOLI income.

The Corporation's net deferred tax assets amounted to \$63.4 \$56.6 million at **September 30, 2023** **March 31, 2024**, compared to \$56.4 million \$53.8 million at **December 31, 2022** **December 31, 2023**. The Corporation has determined that a valuation allowance is not required for any of the deferred tax assets since it is more-likely-than-not that these

assets will be realized primarily through future reversals of existing taxable temporary differences or by offsetting projected future taxable income. Net deferred tax assets increased in **2023**, largely reflecting increases in deferred tax assets associated with a decline in fair value of securities available for sale **that** 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.

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Management's Discussion and Analysis

Commercial Banking

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

(Dollars thousands)	(Dollars thousands)	Three Months		Nine Months	
(Dollars in thousands)	(Dollars in thousands)				
Periods ended September 30,		2023	2022	\$	%
Three months ended March 31,				Change	
Three months ended March 31,				Change	
Three months ended March 31,				Change	
Net interest income					
Net interest income					
Net interest income					
Net interest income					
Net interest income					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					
Noninterest income					
Noninterest income					
Noninterest expense					
Noninterest expense					
Noninterest expense					
Income before income taxes					
Income before income taxes					
Income before income taxes					
Income before income taxes					
Income tax expense					
Income tax expense					
Income tax expense					

Net interest income for the Commercial Banking segment for the three and nine months ended September 30, 2023 March 31, 2024 decreased by \$8.3 million, and \$10.3 million, respectively, or 15%, from the same periods period in 2022. Net interest income was adversely impacted by higher rates paid on, and increases in, funding costs, but this was partially offset by growth in average interest-bearing liability balances, which offset by growth in and the benefit of higher yields on, and growth in, average interest-earning assets. asset balances.

The provision for credit losses for the three and nine months ended September 30, 2023 March 31, 2024 decreased by \$300 thousand and increased by \$4.1 million, respectively, from the same periods period in 2022. See additional discussion under the caption "Provision for Credit Losses." 2023.

Noninterest income derived from the Commercial Banking segment for the three and nine months ended September 30, 2023 March 31, 2024 was up by \$62 thousand and down by \$2.5 million, respectively, or 26%, from the comparable period in 2022. On a year-to-date basis, the decline 2023. The increase in Commercial Banking noninterest income in 2023 reflected lower higher mortgage banking revenues and loan related derivative income, partially offset by higher lower BOLI income. See additional discussion under the caption "Noninterest Income" above.

Commercial Banking noninterest expenses for the three and nine months ended **September 30, 2023** **March 31, 2024** were up by **\$1.9** **\$1.6** million, and **\$6.1** million, respectively, or **6%**, from the same **period** period in **2022** **2023**, with the largest increases in FDIC deposit insurance costs, salaries and employee benefits, legal expenses, net occupancy costs and outsourced services. See additional discussion under the caption "Noninterest Expense" above.

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Management's Discussion and Analysis

Wealth Management Services

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

For the three and nine months ended September 30, 2023 March 31, 2024, noninterest income derived from the Wealth Management Services segment decreased increased by \$639 thousand and \$3.5 \$2.7 million, respectively, or 31%, from the same periods period in 2022, largely 2023, reflecting income of \$2.1 million associated with a decrease litigation settlement, as well as an increase in asset-based revenues. See further discussion under the caption "Noninterest Income" above.

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Management's Discussion and Analysis

For the three and nine months ended September 30, 2023 March 31, 2024, noninterest expenses for the Wealth Management Services segment decreased by \$542 thousand, and \$768 thousand, and \$498 thousand, respectively, or 9%, from the comparable periods in 2022, largely reflecting decreases in salaries and employee benefits expense, partially offset by higher legal expenses.

Financial Condition

Summary

The following table presents selected financial condition data:

Dollars in thousands	(Dollars in thousands)			(Dollars in thousands)			Change	Change
		September	December					
		30,	31,					
		2023	2022	\$	%			
		March 31,				March 31,		
		2024				2024		
Cash and due from banks						Cash and due from banks		
Total securities	Total securities	958,990	993,928	(34,938)	(4)		\$102,136	\$86,824
Total loans	Total loans	5,611,115	5,110,139	500,976	10			\$15,312 18 %
Allowance for credit losses	Allowance for credit losses							
on loans	on loans	40,213	38,027	2,186	6			
Total assets	Total assets	7,183,475	6,660,051	523,424	8			
Total deposits	Total deposits	5,415,563	5,018,962	396,601	8			
FHLB advances	FHLB advances	1,120,000	980,000	140,000	14			
Total shareholders' equity	Total shareholders' equity	431,404	453,669	(22,265)	(5)			

Total assets amounted to \$7.2 billion at **September 30, 2023** **March 31, 2024**, up by **\$523.4 million** **\$46.3 million**, or **8%** **1%**, from the end of **2022**, largely **2023**.

Cash and due from banks increased by 15.3 million, or 18%, from December 31, 2023, reflecting loan growth, higher cash balances on deposit at correspondent banks.

The securities portfolio decreased by **\$34.9 million** \$30.3 million, or **4%** 3%, from the end of **2022, 2023**, reflecting routine pay-downs on mortgage-backed securities and a decrease in fair value of available for sale securities due to changes in market interest rates, partially offset by purchases of debt securities rates.

Total loans increased by **\$501.0 million** \$37.5 million, or **10%** 1%, from the end of **2022**, largely due to growth **2023**, with the increase concentrated in the residential real estate and commercial loan portfolios. loans.

Total deposits increased by \$396.6 million, or 8%, from deposit balances were comparable to the end of 2022, with increases in both wholesale brokered deposits 2023 and in-market deposits, reflective of a competitive rate environment. FHLB advances increased by **\$140.0 million** \$50.0 million, or **14%** 4%, from December 31, 2022. The increase in wholesale brokered deposits and FHLB advances reflected December 31, 2023, as higher levels of wholesale funding being utilized to fund balance sheet growth, were utilized.

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Management's Discussion and Analysis

Shareholders' equity decreased by **\$22.3 million** \$5.8 million, or 5%, as net 1%. Net income was offset by dividend declarations and a decrease in the AOCL component of shareholders' equity and an increase in treasury stock balances. The decrease in AOCL that reflected a decrease decline in the fair value of available for sale debt securities that was due to changes in market interest rates, as noted above.

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.

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Management's Discussion and Analysis

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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
		% of Amount	% of Total			
		Amount	Total			

	Amount		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	\$216,562	23 %	\$199,582	20 %	\$223,910	23	23 %
Mortgage-backed securities issued by U.S. government agencies and U.S. government-sponsored enterprises	721,699	75	774,102	78			
Individual name issuer trust preferred debt securities	8,765	1	8,760	1			
Individual name issuer trust preferred debt securities							
Corporate bonds							
Corporate bonds	11,964	1	11,484	1			
Total available for sale debt securities:	\$958,990	100 %	\$993,928	100 %			
Total available for sale debt securities:							

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Management's Discussion and Analysis

The securities portfolio represented 13% of total assets at **September 30, 2023** **March 31, 2024**, compared to **15%** **14%** of total assets at **December 31, 2022** **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 **\$34.9 million** **\$30.3 million**, or **4%** **3%**, from the end of **2022** **2023**. This decrease included **\$55.3 million** **\$15.3 million** of routine pay-downs on mortgage-backed securities and a decrease of **\$38.7 million** **\$14.7 million** (pre-tax) in the fair value of available for sale securities. These were partially offset by purchases of U.S.

government agency and U.S. government-sponsored debt securities, including mortgage-backed securities, totaling \$60.2 million, with a weighted average yield of 4.98%.

As of **September 30, 2023** **March 31, 2024**, the carrying amount of available for sale debt securities included net unrealized losses of **\$211.1** **\$167.0** million, compared to net unrealized losses of **\$172.4 million** **\$152.2 million** as of **December 31, 2022** **December 31, 2023**. The decrease in fair value of available for sale debt securities from the end of **2022** **2023** was 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** **\$5.7 billion** at **September 30, 2023** **March 31, 2024**, up by **\$501.0 million** **\$37.5 million**, or **10%** **1%**, from the end of **2022** **2023**.

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Management's Discussion and Analysis

The following is a summary of loans:

(Dollars in thousands)	September 30, 2023		December 31, 2022	
	Amount	% of Total	Amount	% of Total
Commercial:				
Commercial real estate (1)	\$2,063,383	37 %	\$1,829,304	36 %
Commercial & industrial (2)	611,565	11	656,397	13
Total commercial	2,674,948	48	2,485,701	49
Residential Real Estate:				
Residential real estate (3)	2,611,100	47	2,323,002	45
Consumer:				
Home equity	305,683	5	285,715	6
Other (4)	19,384	—	15,721	—
Total consumer	325,067	5	301,436	6
Total loans	\$5,611,115	100 %	\$5,110,139	100 %

(1) CRE consists of commercial mortgages primarily secured by 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 real estate.

(3) Residential real estate consists of mortgage and homeowner construction loans secured by one- to four-family residential properties.

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

(Dollars in thousands)	March 31, 2024		December 31, 2023	
	Amount	% of Total	Amount	% of Total
Commercial:				
Commercial real estate	\$2,158,518	38 %	\$2,106,359	37 %
Commercial & industrial	613,376	11	605,072	11
Total commercial	2,771,894	49	2,711,431	48
Residential Real Estate:				
Residential real estate	2,585,524	45	2,604,478	46
Consumer:				
Home equity	309,302	5	312,594	6
Other	18,512	1	19,203	—
Total consumer	327,814	6	331,797	6
Total loans	\$5,685,232	100 %	\$5,647,706	100 %

Commercial Loans

The commercial loan portfolio represented 49% of total loans at March 31, 2024, compared to 48% of total loans at September 30, 2023 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 \$644.1 million \$680.1 million and \$510.6 million \$652.7 million, respectively, at September 30, 2023 March 31, 2024 and December 31, 2022 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 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 real estate. C&I loans also include tax-exempt loans made to states and political

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Management's Discussion and Analysis

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.

Commercial Real Estate Loans

CRE loans totaled \$2.1 \$2.2 billion at September 30, 2023 March 31, 2024, up by \$234.1 million \$52.2 million, or 13% 2%, from the balance at December 31, 2022 December 31, 2023.

In 2023, 2024, CRE loan advances and originations and advances of approximately \$327 million \$87.3 million were partially offset by payments of approximately \$108 million. Included in the net increase in CRE were \$29.1 million and reclassifications of \$15 million from \$6.0 million to C&I.

Included Construction and development loans included in the CRE loan portfolio were amounted to \$237.7 million and \$214.6 million, respectively, as of March 31, 2024 and December 31, 2023. Unfunded commitments associated with these construction and development loans of \$193.3 million were \$246.5 million and \$164.1 million, \$304.7 million, respectively, as of September 30, 2023 at March 31, 2024 and December 31, 2022 December 31, 2023.

Shared national credit balances outstanding included in the CRE loans loan portfolio at March 31, 2024 and December 31, 2023, totaled \$36.0 \$54.0 million and \$10.5 \$47.4 million, respectively. At March 31, 2024 and December 31, 2023, balances of \$34.7 million and \$29.0 million, respectively, at September 30, 2023 and December 31, 2022. At September 30, 2023, \$19.7 million of the balance was included in the pass-rated category of commercial loan credit quality and \$16.3 balances of \$19.3 million of the balance was classified. At December 31, 2022, all of the balances and \$18.4 million, respectively, were included in the pass-rated classified category. All of the shared national credit balances included in CRE these loans were current with respect to contractual payment terms at both September 30, 2023 and December 31, 2022.

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Management's Discussion and Analysis

dates.

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

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023	
		Outstanding Balance	% of Total	Outstanding Balance	% of Total	Outstanding Balance	% of Total
Outstanding Balance							
Connecticut	Connecticut	\$771,517	37 %	\$691,780	38 %	Connecticut	\$832,389 39 39 %
Massachusetts	Massachusetts	656,754	32	566,717	31		\$815,975 39 39 %
Rhode Island	Rhode Island	431,724	21	387,759	21		
Subtotal	Subtotal	1,859,995	90	1,646,256	90		
All other states	All other states	203,388	10	183,048	10		
Total	Total	\$2,063,383	100 %	\$1,829,304	100 %	Total	\$2,106,359 100 100 %

The following table presents a summary of CRE loans by property type segmentation:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023			December 31, 2022			March 31, 2024			December 31, 2023		
		Outstanding Count	% of Balance	Total	Outstanding Count	% of Balance	Total			Outstanding Balance (1)	% of Total	Outstanding Balance (1)	% of Total
(Dollars in thousands)													
(Dollars in thousands)													
CRE Portfolio	CRE Portfolio												
Segmentation:													
Multi-family dwelling		142	\$552,819	27 %	127	\$469,233	26 %						
Multi-family													
Multi-family													
Retail	Retail	102	421,882	20	108	421,617	23						
Industrial and warehouse													
Office	Office	53	289,011	14	53	257,551	14						
Industrial and warehouse		53	272,216	13	42	192,717	11						
Hospitality	Hospitality	44	237,578	12	33	214,829	12						
Healthcare		18	168,653	8	17	136,225	7						
Commercial mixed use		11	47,984	2	21	54,976	3						
Healthcare facility													
Mixed-use													
Other	Other	29	73,240	4	34	82,156	4						
Total CRE loans	Total CRE loans	452	\$2,063,383	100 %	435	\$1,829,304	100 %	Total CRE loans	\$2,158,518	100	100 %	\$2,106,359	100
Average CRE loan size													
Average CRE loan size (2)													
Average CRE loan size (2)													
Largest individual CRE loan outstanding	Largest individual CRE loan outstanding		\$65,451			\$65,431							
Largest individual CRE loan outstanding													
Largest individual CRE loan outstanding													

(1) Does not include unfunded commitments of \$288.2 million and \$351.5 million, respectively, as of March 31, 2024 and December 31, 2023.

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

In 2023, there has been a heightened focus in the banking industry on the CRE office sector, given the continuation of

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Management's Discussion and Analysis

remote work and an increase in vacancies across the office market. As of September 30, 2023, Washington Trust's CRE office loan segment totaled \$289.0 million, or 5% of total loans and 14% of the total CRE loans. These office loans are secured by properties located in our primary lending market area of southern New England - Connecticut, Massachusetts, and Rhode Island. Furthermore, approximately 67% of the CRE office segment balance of \$289.0 million is secured by

properties located in suburban areas. As of **September 30, 2023** **March 31, 2024**, all of the CRE office loans were current with respect to payment terms, and **97%** **93%** of the CRE office segment balance was on accruing status. Additionally, the credit quality of the CRE office loan segment was 83% pass-rated, **7%** **2%** special mention-rated, and **10%** **15%** classified as of **September 30, 2023** **March 31, 2024**.

Commercial and Industrial Loans

C&I loans amounted to **\$611.6** **\$613.4** million at **September 30, 2023** **March 31, 2024**, down up by **\$44.8** **\$8.3** million, or **7%** **1%**, from the balance at **December 31, 2022** **December 31, 2023**. The net reduction in C&I reflected payments of approximately **\$75** million and reclassifications of **\$15** million to CRE, partially offset by originations and advances of **\$45** million **\$21.2** million were partially offset by payments of **\$18.9** million. The net increase in C&I also reflected reclassifications of **\$6.0** million from CRE.

Shared national credit balances outstanding included in the C&I loan portfolio totaled **\$65.6** **\$68.2** million and **\$40.9** **\$66.3** million, respectively, at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **September 30, 2023** and **December 31, 2022** dates.

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Management's Discussion and Analysis

The following table presents a summary of C&I loan by industry segmentation:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023		December 31, 2022		(Dollars in thousands)	
		Outstanding % of		Outstanding % of			
		Count	Balance	Total	Count	Balance	Total
(Dollars in thousands)							
(Dollars in thousands)							
C&I Portfolio	C&I Portfolio						
Segmentation: Segmentation:							
Healthcare and social assistance							
Healthcare and social assistance							
Healthcare and social assistance	Healthcare and social assistance	63	\$160,637	26 %	69	\$193,052	29 %
Real estate rental and leasing	Real estate rental and leasing	158	80,283	13	168	72,429	11
Transportation and warehousing	Transportation and warehousing	16	62,831	10	20	51,347	8
Manufacturing	Manufacturing	55	56,015	9	55	60,601	9
Retail trade							
Educational services	Educational services	17	44,451	7	19	46,708	7
Retail trade		45	43,724	7	50	56,012	9
Finance and insurance	Finance and insurance	45	30,094	5	55	28,313	4
Information	Information	5	23,324	4	5	23,948	4
Arts, entertainment and recreation		20	22,528	4	24	25,646	4
Arts, entertainment, and recreation							

Accommodation and food services	Accommodation and food services	41	13,981	2	49	17,167	3
Professional, scientific and technical services		34	5,165	1	37	6,451	1
Professional, scientific, and technical services							
Public administration	Public administration	12	3,751	1	11	3,789	1
Other	Other	157	64,781	11	162	70,934	10
Total C&I loans	Total C&I loans	668	\$611,565	100 %	724	\$656,397	100 %
					Total C&I loans	\$613,376	100 %
						\$605,072	100 %
Average C&I loan size			\$916			\$907	
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		\$25,761			\$27,676	
Largest individual C&I loan outstanding							
Largest individual C&I loan outstanding							

(1) Does not include unfunded commitments of \$355.1 million and \$341.9 million, respectively, as of March 31, 2024 and December 31, 2023.

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

Residential Real Estate Loans

The residential real estate loan portfolio represented 47% of total loans at September 30, 2023 March 31, 2024, compared to 46% of total loans at December 31, 2023.

Residential real estate loans held in portfolio amounted to \$2.6 billion at September 30, 2023 March 31, 2024, up down by \$288.1 million \$19.0 million, or 12%1%, from the balance at December 31, 2022. While December 31, 2023, as total residential real estate loan origination activity has declined from the prior year, and a high lower proportion of loans was originated for portfolio.

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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)	September 30, 2023		December 31, 2022		(Dollars in thousands)	March 31, 2024	December 31, 2023			
		% of		% of							
		Amount	Total	Amount	Total						
Amount											
Massachusetts	Massachusetts	\$1,940,590	75 %	\$1,698,240	73 %	Massachusetts	\$1,910,010	74 %			
Rhode Island	Rhode Island	476,152	18	446,010	19		\$1,928,206	74 %			
Connecticut	Connecticut	164,747	6	153,323	7						
Subtotal	Subtotal	2,581,489	99	2,297,573	99						
All other states	All other states	29,611	1	25,429	1						
Total (1)	Total (1)	\$2,611,100	100 %	\$2,323,002	100 %	Total (1)	\$2,585,524	100 %			
							\$2,604,478	100 %			

(1) Includes residential mortgage loans purchased from and serviced by other financial institutions totaling \$54.4 million \$52.1 million and \$59.9 \$53.4 million, respectively, as of September 30, 2023 March 31, 2024 and December 31, 2022 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.

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Management's Discussion and Analysis

The table below presents residential real estate loan origination activity:

(Dollars in thousands)	(Dollars in thousands)	Three Months		Nine Months	
Periods ended September 30,		2023	2022	2023	2022
(Dollars in thousands)					
(Dollars in thousands)					
Three months ended March 31,					
Three months ended March 31,					
Three months ended March 31,					
Originations for retention in portfolio (1)					
Originations for retention in portfolio (1)					
Originations for retention in portfolio (1)	Originations for retention in portfolio (1)	\$161,603	67 %	\$225,132	74 %
Originations for sale to the secondary market (2)	Originations for sale to the secondary market (2)	78,339	33	77,242	26
Originations for sale to the secondary market (2)	Originations for sale to the secondary market (2)				
Total	Total	\$239,942	100 %	\$302,374	100 %
Total				\$604,162	100 %
Total					\$923,615 100 %

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

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

The table below presents residential real estate loan sales activity:

(Dollars in thousands)	(Dollars in thousands)	Three Months		Nine Months	
Periods ended September 30,		2023	2022	2023	2022
(Dollars in thousands)					
(Dollars in thousands)					
Three months ended March 31,					

Three months ended March 31,									
Three months ended March 31,		Amount							
		Amount							
		Amount							
Loans sold with servicing rights retained									
Loans sold with servicing rights retained									
Loans sold with servicing rights retained									
Loans sold with servicing rights retained									
Loans sold with servicing rights released (1)		\$34,046	38 %	\$34,659	46 %	\$79,887	44 %	\$72,764	26 %
Loans sold with servicing rights released (1)		54,575	62	40,665	54	102,625	56	212,429	74
Loans sold with servicing rights released (1)									
Loans sold with servicing rights released (1)									
Total	Total	\$88,621	100 %	\$75,324	100 %	\$182,512	100 %	\$285,193	100 %
Total									
Total									

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

On a year-to-date basis, residential real estate loan origination and refinancing and sales activity 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 due to balance sheet management purposes.

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 \$8.8 \$8.4 million and \$9.0 million \$8.5 million, respectively, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The balance of residential

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Management's Discussion and Analysis

mortgage loans serviced for others, which are not included in the Unaudited Consolidated Balance Sheets, amounted to \$1.5 billion as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Consumer Loans

The consumer loan portfolio represented 6% of total loans at both March 31, 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 September 30, 2023 March 31, 2024. Our home equity line and home equity loan origination activities are conducted primarily in southern New England. The Bank estimates that approximately 55% 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 \$325.1 million \$327.8 million at September 30, 2023 March 31, 2024, up down by \$23.6 million \$4.0 million, or 8% 1%, from December 31, 2022 December 31, 2023, largely reflecting increases a decrease in home equity lines and loans. Purchased consumer loans, consisting of loans to individuals secured by general aviation aircraft, amounted to \$13.7 million and \$9.6 million, respectively, at September 30, 2023 and December 31, 2022, lines.

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Management's Discussion and Analysis

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. As disclosed in Note 2, the Corporation adopted ASU 2022-02, which eliminated the accounting guidance for TDRs and added enhanced disclosures with respect to certain modifications for borrowers experiencing financial difficulty. Effective January 1, 2023, 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 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)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Commercial:						
Commercial:						
Commercial:						
Commercial real estate	Commercial real estate	\$22,609	\$—			
Commercial & industrial	Commercial & industrial	696	—			
Total commercial	Total commercial	23,305	—			
Residential:						
Real Estate:						
Residential real estate	Residential real estate	9,446	11,894			
Consumer:						
Consumer:						
Home equity	Home equity	901	952			
Other	Other	—	—			
Total consumer	Total consumer	901	952			
Total nonaccrual loans:						
OREO, net	OREO, net	33,652	12,846			
OREO, net	OREO, net	683	—			
Total nonperforming assets:						
Nonperforming assets to total assets	Nonperforming assets to total assets	\$34,335	\$12,846			

Nonperforming assets to total assets	Nonperforming assets to total assets	0.48 %	0.19 %		0.43 %	0.63 %
Nonperforming loans to total loans	Nonperforming loans to total loans	0.60 %	0.25 %	Nonperforming loans to total loans		0.54 %
Total past due loans to total loans	Total past due loans to total loans	0.17 %	0.23 %	Total past due loans to total loans		0.18 %
Allowance for credit losses on loans to total loans	Allowance for credit losses on loans to total loans	0.72 %	0.74 %	Allowance for credit losses on loans to total loans		0.74 %
Allowance for credit losses on loans to nonaccrual loans				Allowance for credit losses on loans to nonaccrual loans		136.45 %
Accruing loans 90 days or more past due	Accruing loans 90 days or more past due	\$—	\$—			92.02 %

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Management's Discussion and Analysis

Nonaccrual Loans

During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, the Corporation made no changes in its practices or policies concerning the placement of loans into nonaccrual status.

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Management's Discussion and Analysis

The following table presents the activity in nonaccrual loans:

(Dollars in thousands)	(Dollars in thousands)	Three Months		Nine Months	
For the periods ended September 30,		2023	2022	2023	2022
(Dollars in thousands)					
For the three months ended March 31,					
For the three months ended March 31,					
For the three months ended March 31,					
Balance at beginning of period					
Balance at beginning of period					
Balance at beginning of period	Balance at beginning of period	\$10,407	\$12,414	\$12,846	\$14,203
Additions to nonaccrual status	Additions to nonaccrual status	25,088	521	28,258	1,106
Additions to nonaccrual status					
Additions to nonaccrual status					

Loans returned to accruing status						
Loans returned to accruing status						
Loans returned to accruing status	Loans returned to accruing status	(197)	(400)	(1,636)	(699)	
Loans charged-off	Loans charged-off	(44)	(63)	(157)	(122)	
Loans charged-off						
Loans charged-off						
Loans transferred to other real estate owned	Loans transferred to other real estate owned	—	—	(683)	—	
Payments, payoffs and other changes		(1,602)	(350)	(4,976)	(2,366)	
Loans transferred to other real estate owned						
Loans transferred to other real estate owned						
Payments, payoffs, and other changes						
Payments, payoffs, and other changes						
Payments, payoffs, and other changes						
Balance at end of period	Balance at end of period	\$33,652	\$12,122	\$33,652	\$12,122	
Balance at end of period						
Balance at end of period						

The following table presents additional detail on nonaccrual loans:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023				December 31, 2022				(Dollars in thousands)				March 31, 2024				
		Days Past Due				Days Past Due				Days Past Due				Days Past Due				
		Over 90	Under 90	Total	% (1)	Over 90	Under 90	Total	% (1)	Over 90	Under 90	Total	% (1)	Over 90	Under 90	Total	% (1)	
Days																		
Past																		
Due																		
Current																		
Current																		
Current																		
												30-89	90 or More	Total Nonaccrual	% (1)			
Commercial: Commercial:																		
Commercial real estate												\$—	\$—	\$18,729	\$18,729	\$18,729	0.87 %	
Commercial real estate																		
Commercial real estate	Commercial real estate	\$—	\$22,609	\$22,609	1.10 %	\$—	\$—	\$—	— %	\$—	\$—	\$—	\$—	\$18,729	\$18,729	\$18,729	0.87 %	
Commercial & industrial	Commercial & industrial	—	696	696	0.11	—	—	—	—	—	—	—	—					
Total commercial	Total commercial	—	23,305	23,305	0.87	—	—	—	—	—	—	—	—					
Residential Real Estate: Residential Real Estate:																		
Residential real estate	Residential real estate	1,434	8,012	9,446	0.36	3,779	8,115	11,894	0.51									
Residential real estate	Residential real estate																	
Consumer: Consumer:																		
Home equity																		
Home equity	Home equity	40	861	901	0.29	—	952	952	0.33									

Other	Other	—	—	—	—	—	—	—	—	—	—	—	
Total consumer	Total consumer	40	861	901	0.28	—	952	952	0.32				
Total nonaccrual loans	Total nonaccrual loans	\$1,474	\$32,178	\$33,652	0.60 %	\$3,779	\$9,067	\$12,846	0.25 %	loans	\$25,600	\$1,260	
											\$30,710	\$30,710	0.54 0

(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 **September 30, 2023** **March 31, 2024**.

As of **September 30, 2023** **March 31, 2024**, the composition of nonaccrual loans was **69%** **63%** commercial and **31%** **37%** residential and consumer. This compared to **100%** **75%** commercial and **25%** residential and consumer as of **December 31, 2022** **December 31, 2023**.

Total nonaccrual loans **increased** decreased by **\$20.8** **\$13.9** million from the end of **2022**.

2023, reflecting a decline in nonaccrual commercial real estate loans. Nonaccrual commercial real estate loans increased decreased by **\$23.3** **\$14.1** million from the balance at **December 31, 2022** **December 31, 2023**, primarily due to **two** **CRE** loans one loan secured by a healthcare facility that were placed on nonaccrual returned to accruing status in the third quarter of 2023. quarter.

As of **September 30, 2023** **March 31, 2024**, the balance of nonaccrual **CRE** commercial real estate loans was consisted of two collateral dependent loans that are current with respect to payment terms. 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 were deemed necessary at March 31, 2024. Of the total carrying value, \$10.8 million is secured by income-producing properties an office property in Connecticut. Included Massachusetts and \$8.0 million is secured by an office property in nonaccrual **CRE** loans at September 30, 2023 was a well-secured collateral dependent loan with a carrying value of \$14.0 million that Connecticut and was modified as a TLM in the third quarter of 2023. The contractual maturity of the loan was extended by 9 months.

Nonaccrual residential real estate mortgage loans decreased by \$2.4 million from the end of 2022.

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Management's Discussion and Analysis

As of **September 30, 2023** **March 31, 2024**, the balance of nonaccrual residential mortgage loans was predominately secured by properties in Massachusetts, Connecticut, Massachusetts and Rhode Island. Included in total nonaccrual residential real estate loans at **September 30, 2023** **March 31, 2024** were four loans purchased for portfolio and serviced by others amounting to \$1.2 million. Management monitors the collection efforts of its third-party servicers as part of its assessment of the collectability of nonperforming loans.

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Management's Discussion and Analysis

Past Due Loans

The following table presents past due loans by category:

(Dollars in thousands)	(Dollars in thousands)	September 30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
		Amount	% (1)	Amount	% (1)	
Commercial:	Commercial:					
Commercial:						
Commercial:						
Commercial real estate						
Commercial real estate						
Commercial real estate	Commercial real estate	\$—	— %	\$1,187	0.06 %	\$—
Commercial & industrial	Commercial & industrial	4	—	265	0.04	\$—

Total	Total						
commercial	commercial	4	—	1,452	0.06		
Residential	Residential						
Real Estate:	Real Estate:						
Residential	Residential						
real estate	real estate	7,785	0.30	8,875	0.38		
Residential real estate							
Residential real estate							
Consumer:	Consumer:						
Home equity							
Home equity							
Home	Home						
equity	equity	1,925	0.63	1,235	0.43		
Other	Other	19	0.10	16	0.10		
Total	Total						
consumer	consumer	1,944	0.60	1,251	0.42		
Total past	Total past						
due loans	due loans	\$9,733	0.17 %	\$11,578	0.23 %	Total past due loans	
						\$10,039	0.18
							0.18 %
						\$11,345	0.20
							0.20 %

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

As of **September 30, 2023** **March 31, 2024**, the composition of past due loans (loans past due 30 days or more) was 97% residential and consumer and 3% commercial, compared to 100% residential and consumer and 0% commercial compared to 87% residential and consumer and 13% commercial at **December 31, 2022** **December 31, 2023**.

Total past due loans decreased by **\$1.8** **\$1.3** million from the end of **2022** **2023**.

Total past due loans included **\$5.7** **\$5.1** million of nonaccrual loans as of **September 30, 2023** **March 31, 2024**, compared to **\$7.2** **\$6.9** million as of **December 31, 2022** **December 31, 2023**.

All loans 90 days or more past due at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 **September 30, 2023** **March 31, 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. They

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 **\$20.1** **\$23.8** million in potential problem loans at **September 30, 2023** **March 31, 2024**, compared to **\$927 thousand** **\$22.9 million** at **December 31, 2022** **December 31, 2023**. As of September 30, 2023, the balance The balances of potential problem loans largely consisted of two CRE loans associated with two CRE relationships secured by office properties in Massachusetts and Connecticut. At **September 30, 2023** **March 31, 2024** and December 31, 2023, these loans were all current with respect to payment terms.

Management's Discussion and Analysis

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

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Management's Discussion and Analysis

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)	September 30, 2023				December 31, 2022				(Dollars in thousands)	March 31, 2024				December 31,		
	Related Loans		Allowance / Loans		Related Loans		Allowance / Loans			Related Loans		Allowance / Loans				
	Loans	Allowance	Loans	Allowance	Loans	Allowance	Loans	Allowance		Loans	Allowance	Loans	Allowance			
Loans																
Individually analyzed loans	\$24,437	\$596	2.44 %	\$9,996	\$115	1.15 %	Individually analyzed loans	\$34,245	\$—	\$—	— %	\$34,640	\$97	\$97	December 31, 2023	
Pooled loans (collectively evaluated)	5,586,678	39,617	0.71	5,100,143	37,912	0.74									March 31, 2024	
Total	\$5,611,115	\$40,213	0.72 %	\$5,110,139	\$38,027	0.74 %	Total	\$5,685,232	\$41,905	\$41,905	0.74 %	\$5,647,706	\$41,057	\$41,057	December 31, 2024	

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 \$40.2 million \$41.9 million at September 30, 2023 March 31, 2024, up by \$2.2 million, \$848 thousand, or 6% 2%, from the balance at December 31, 2022 December 31, 2023. The ACL on loans as a percentage of total loans, also known as the reserve coverage ratio, was 0.72% 0.74% at September 30, 2023 March 31, 2024, compared to 0.74% 0.73% at December 31, 2022 December 31, 2023.

The Corporation recorded a provision for credit losses of \$500 thousand and \$2.0 million, respectively, for the three and nine months ended September 30, 2023. The provision recognized in 2023 reflected loan growth, changes in asset and credit quality, and our current estimate of forecasted economic conditions. Econometric factors have been relatively stable in 2023 and the forecast also reflects a lower probability of a recession, with an anticipation of a "soft-landing" in the event of an economic slowdown.

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Management's Discussion and Analysis

Net charge-offs totaled \$30 thousand. The Corporation recorded a provision for credit losses of \$700 thousand for the three months ended September 30, 2023, compared to net March 31, 2024. This included a provision for credit losses on loans of \$900 thousand and a negative provision (or a benefit) for credit losses on unfunded commitments of \$200 thousand. The provision reflected commercial loan growth and a continued, but subsiding, slowdown of loan prepayment speeds, as well as our current estimate of forecasted economic conditions.

Net charge-offs of \$54 were modest, totaling \$52 thousand for the three months ended March 31, 2024 and \$47 thousand for the same period in 2022. For the nine months ended September 30, 2023, net charge-offs totaled \$114 thousand, compared to net recoveries of \$104 thousand for the same period in 2022. 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.

Total ACL on loans at end of period					
Total ACL on loans at end of period	\$41,905	0.74 %	100 %	\$41,057	0.73 %

(1) Percentage of loans outstanding in respective **category** 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.

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Management's Discussion and Analysis

The following table presents a summary of deposits:

(Dollars in thousands)	(Dollars in thousands)		(Dollars in thousands)		December 31, 2023		Change in Balance	
	September 30, 2023	December 31, 2022						
	% of Amount		% of Total					
	Amount	Total	Amount	Total	Amount	Total	Amount	% of Total
	Amount							
Noninterest-bearing demand deposits	\$773,261	14 %	\$858,953	17 %	\$648,929	12 %	\$693,746	13 %
Interest-bearing demand deposits (in market)	490,217	9	302,044	6			(\$44,817)	(6 (6 %))
Interest-bearing demand deposits								
NOW accounts	745,778	14	871,875	17				
Money market accounts	1,111,797	21	1,255,805	25				
Savings accounts	514,526	10	576,250	11				
Time deposits (in-market)	1,111,942	20	795,838	16				

Total in- market deposits	Total in- market deposits	4,747,521	88	4,660,765	92
Wholesale demand deposits	brokered	—	—	31,153	1
Wholesale brokered time deposits	Wholesale brokered time deposits	668,042	12	327,044	7
Total wholesale brokered deposits	668,042	12	358,197	8	
Wholesale brokered time deposits					
Wholesale brokered time deposits					
Total deposits	Total deposits	\$5,415,563	100 %	\$5,018,962	100 %
Total deposits					
Total deposits		\$5,347,893	100 %	\$5,348,160	100 %
					(\$267) —%

Total deposits amounted to \$5.4 billion at September 30, 2023, up by \$396.6 million, or 8%, essentially unchanged from December 31, 2022, with increases in wholesale brokered deposits and in-market deposits. December 31, 2023.

Wholesale brokered time deposits increased by \$309.8 million \$19.7 million, or 87% 3%, from December 31, 2022 December 31, 2023, as higher levels were utilized to fund balance sheet growth.

In-market deposits, which exclude wholesale brokered time deposits, were up down by \$86.8 million, or 2%, \$19.9 million from the balance at December 31, 2022 December 31, 2023. As expected, due to In-market deposits continue to higher market interest rates and increased competition, in-market deposits shifted from relatively lower cost products to higher cost products in 2023, due to elevated market interest rates and increased competition.

As of **September 30, 2023** **March 31, 2024**, in-market deposits were approximately **59%** **61%** retail and **41%** **39%** commercial. Our in-market deposits are well-diversified by industry and customer type. The average size of our in-market deposit accounts was approximately **\$37** **\$36** thousand at **September 30, 2023** **March 31, 2024**.

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

The following table presents a summary of the Bank's uninsured deposits.									
(Dollars in thousands)		(Dollars in thousands)		(Dollars in thousands)		March 31, 2024		December 31, 2023	
		September 30, 2023		December 31, 2022					
		% of Total		% of Total					
		Balance	Deposits	Balance	Deposits				
Uninsured deposits:		Balance				Balance		% of Total	
Uninsured deposits (1)								Balance	
Uninsured deposits (1)								Deposits	
Uninsured deposits (1)	Uninsured deposits (1)	\$1,339,261	25 %	\$1,514,900	30 %	\$1,226,123	23 %	\$1,260,672	24 %
Less: affiliate deposits (2)	Less: affiliate deposits (2)	113,942	2	210,444	4				
Uninsured deposits, excluding affiliate deposits	Uninsured deposits, excluding affiliate deposits	1,225,319	23	1,304,456	26				

Less: fully- collateralized preferred deposits (3)	Less: fully- collateralized preferred deposits (3)	246,594	5	329,868	7						
Uninsured deposits, after exclusions	Uninsured deposits, after exclusions	\$978,725	18 %	\$974,588	19 %	Uninsured deposits, after exclusions	\$965,402	18	18 %	\$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 **\$1.1** **\$1.2** billion at **September 30, 2023** **March 31, 2024**, up by **\$140.0** **\$50.0** million, or **14%** **4%**, from the balance at the end of **2022**, **2023**, as higher levels of wholesale funding were utilized to fund balance sheet growth.

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

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Management's Discussion and Analysis

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 **67%** **64%** of total average assets in the **nine** **three** months ended **September 30, 2023** **March 31, 2024**. While the generally preferred funding strategy is to attract and retain **low cost** **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)	September (Dollars in thousands)	30, 2023	December 31, 2022	(Dollars in thousands)	March 31, 2024	December 31, 2023
Contingent Liquidity:	Contingent Liquidity:					
Federal Home Loan Bank of Boston (1)						
Federal Home Loan Bank of Boston (1)						
Federal Home Loan Bank of Boston (1)	Federal Home Loan Bank of Boston (1)	\$1,040,792	\$668,295			
Federal Reserve Bank of Boston (2)	Federal Reserve Bank of Boston (2)	23,777	27,059			

Noninterest-bearing cash	Noninterest-bearing cash	72,001	49,727
Unencumbered securities	Unencumbered securities	659,713	691,893
Total contingent liquidity	Total contingent liquidity	\$1,796,283	\$1,436,974
Percentage of total contingent liquidity to uninsured deposits	Percentage of total contingent liquidity to uninsured deposits	134.1 %	94.9 %
Percentage of total contingent liquidity to uninsured deposits	Percentage of total contingent liquidity to uninsured deposits	146.0 %	149.8 %
Percentage of total contingent liquidity to uninsured deposits, after exclusions	Percentage of total contingent liquidity to uninsured deposits, after exclusions	183.5 %	147.4 %
Percentage of total contingent liquidity to uninsured deposits, after exclusions			185.4 %
Percentage of total contingent liquidity to uninsured deposits, after exclusions			195.9 %

(1) As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, loans with a carrying value of **\$3.0** **\$3.4** billion and **\$2.4** **\$3.4** billion, respectively, and securities available for sale with carrying values of **\$90.0** million and **\$102.1** **\$94.3** million, respectively, were pledged to the FHLB resulting in this additional borrowing capacity.

(2) As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, loans with a carrying value of **\$16.3** **\$71.6** million and **\$20.9** **\$71.0** million, respectively, and securities available for sale with a carrying value of **\$13.2** **\$13.7** million and **\$12.7** **\$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 access to a \$40.0 million unused line of credit with the **FHLB** **FHLB at March 31, 2024 and December 31, 2023**. Furthermore, **\$115.0 million** availability of **availability** **\$66.0 million** and **\$65.0 million**, respectively, at **March 31, 2024 and December 31, 2023**, was utilized as of **September 30, 2023** to collateralize **an institutional deposit** **deposits** through **a standby letter** **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 **nine** **three** months ended **September 30, 2023** **March 31, 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

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Management's Discussion and Analysis

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 transactions include commitments to extend credit, standby letters of credit, forward loan commitments, loan related derivative contracts and interest rate risk management contracts. **These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. The Corporation's credit policies with respect to interest rate contracts with commercial borrowers, commitments to extend credit, and standby letters of credit are similar to those used for loans. Some commitments to extend credit and standby letters of credit are expected to expire without being drawn upon, and thus, total amounts do not necessarily represent future cash requirements. Interest rate risk management contracts with other counterparties are generally subject to bilateral**

collateralization terms. These contracts with various counterparties may subject the Corporation to various cash flow requirements, which may include posting of cash as collateral for arrangements that are in a liability position. 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 **\$431.4 million** **\$466.9 million** at **September 30, 2023** **March 31, 2024**, down by **\$22.3 million** **\$5.8 million** from **December 31, 2022** **December 31, 2023**. This decrease included **\$28.8 million** Net income of **\$10.9 million** was offset by **\$9.7 million** in dividend declarations. In addition, declarations and a decline of **\$7.8 million** in the AOCL component of shareholders' equity decreased by **\$20.9 million**, equity. The decline in AOCL largely reflecting decreases reflected a decrease in the fair value of available for sale debt securities due to changes in market interest rates. The decrease in shareholders' equity also included a net increase in treasury stock balances of **\$7.1 million**, which included the repurchase of 200,000 shares in January and February at an average price of **\$43.70** and a total cost of **\$8.7 million**, under the 2023 Repurchase Program. The decreases in shareholder's equity were partially offset by net income of **\$35.2 million**.

The Corporation declared a quarterly dividend of 56 cents per share for the three months ended **September 30, 2023** **March 31, 2024**, compared to **54** unchanged from the 56 cents per share declared for the same period in **2022**. On a year-to-date basis, dividend declarations totaled **\$1.68** per share in **2023**, compared to **\$1.62** in **2022**, **2023**.

The ratio of total equity to total assets was **6.01%** amounted to **6.44%** at **September 30, 2023** **March 31, 2024**, compared to a ratio of **6.81%** **6.56%** at **December 31, 2022** **December 31, 2023**. Book value per share was **\$25.35** **\$27.41** at **September 30, 2023** **March 31, 2024**, compared to **\$26.40** **\$27.75** at **December 31, 2022** **December 31, 2023**.

The Bancorp and the Bank are subject to various regulatory capital requirements and are considered "well capitalized" capitalized," with the Bancorp having a total risk-based capital ratio of **11.48%** **11.62%** at **September 30, 2023** **March 31, 2024**, compared to **12.37%** **11.58%** at **December 31, 2022** **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 of loss to future 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, and floors. 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 Notes 6 and 16 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, a 13- to 24-month horizon, and a 60-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

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different interest rate scenarios. The characteristics of financial instrument classes are reviewed periodically by the ALCO to ensure their accuracy and consistency.

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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **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 for a 60-month period. In addition to measuring the change in net interest income as compared to an unchanged rate scenario, the ALCO also measures the trend of

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both net interest income and NIM over a 60-month horizon to ensure the stability and adequacy of this source of earnings in different interest rate scenarios.

The ALCO regularly reviews a wide variety of interest rate shift scenario results to evaluate interest rate risk exposure, including scenarios showing the effect of steepening or flattening changes in the yield curve of up to 500 basis points, as well as parallel changes in interest rates of up to 400 basis points. 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.

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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. Interest rates are assumed to shift by a parallel 100, 200 or 300 basis points upward, rate changes as well as 100 or 200 basis points downward over a 12-month period, except for savings deposits, which are assumed to shift by lesser amounts due to their relative historical insensitivity to market interest rate movements, shown in the table below. Since market interest rates have risen sharply, management incorporated the a down **200** **300** basis point scenario into the tabular presentation **below**, below; an up 300 basis point scenario is also included. 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.

		September 30, 2023		December 31, 2022			
		Months 1 - 12	Months 13 - 24	Months 1 - 12	Months 13 - 24		
		March 31, 2024				March 31, 2024	
Months 1 -							
12							
100	100						
basis	basis						
point rate	point rate						
decrease	decrease	(3.41)%	(0.79 %)	(1.09)%	1.55 %	100 basis point rate decrease	
200	200						
basis	basis						
point rate	point rate						
decrease	decrease	(6.88)	(2.23)	(4.17)	(5.21)		
300	300						
basis	basis						
point rate	point rate						
decrease							
100	100						
basis	basis						
point rate	point rate						
increase	increase	1.07	(5.02)	(0.78)	(5.45)		
200	200						
basis	basis						
point rate	point rate						
increase	increase	4.76	(5.59)	0.35	(7.65)		
300	300						
basis	basis						
point rate	point rate						
increase	increase	8.56	(6.20)	1.42	(10.07)		

The relative change in interest rate sensitivity from December 31, 2022 to December 31, 2023, as shown in the above table, was attributable to changes in balance sheet composition and market rates, as well as the March 31, 2023 termination of an interest rate swap contract that was designated as a cash flow hedge to hedge the risk associated with a pool of variable rate commercial loans. This receive-fixed, pay-floating interest rate swap previously mitigated exposure to declining rates and reduced positive exposure to rising rates. See Note 6 to the Unaudited Consolidated Financial Statements for additional information on the termination.

As of **September 30, 2023** **March 31, 2024**, 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 more slowly and by a lesser amount than other market interest rates. For simulation purposes, deposit rate changes are anticipated to lag behind other market interest rates in both timing and magnitude. Asset yields would likely decline more rapidly than deposit costs as **current asset** holdings mature or reprice, since cash flow from mortgage-related prepayments and redemption of callable securities would 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 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 **September 30, 2023** **March 31, 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.

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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. As market rates increase, ALCO modeling assumes that deposits shift from ~~lower~~ cost to higher cost deposits. This assumption reflects historical operating conditions in rising rate cycles. 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.

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. Simulation

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Management's Discussion and Analysis

modeling assumes a static balance sheet, with the exception of certain modeled deposit mix shifts from low cost savings deposits to higher cost time deposits in rising rate scenarios as noted above.

As part of its policy response to the COVID-19 pandemic in 2020, the Federal Reserve reduced its target range for the Federal Funds rate to 0% - 0.25%. This, and various Federal stimulus programs, had the effect of attracting low cost deposits across the banking industry. During 2022 and into 2023, the Federal Reserve reversed policy and increased the target range to 5.25% - 5.50% as of March 31, 2024. The increase of September 30, 2023. This policy change has resulted in higher rates paid on existing deposit products and a shift of low cost balances into higher cost alternatives, which could continue into the future, particularly if interest rates continue to rise, 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. 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.

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.

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 Corporation also 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.

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Management's Discussion and Analysis

The following table summarizes the potential change in market value of the Corporation's available for sale debt securities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 resulting from immediate parallel rate shifts:

(Dollars in thousands)	(Dollars in thousands)	Down	Up 200
Security Type	Security Type	Basis Points	Basis Points

Security Type		Down 100 Basis Points	Up 200 Basis Points
Security Type			
U.S. government-sponsored enterprise securities (callable)	\$9,104	(\$17,269)	
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	52,864	(97,780)
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			
Trust preferred debt and other corporate debt securities	Trust preferred debt and other corporate debt securities	10	(32)
Total change in market value as of September 30, 2023		\$61,978	(\$115,081)
Total change in market value as of December 31, 2022		\$63,712	(\$125,079)
Total change in market value as of March 31, 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, 2022 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.

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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, 2022 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 September 30, 2023 March 31, 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 September 30, 2023 March 31, 2024 that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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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, 2022 December 31, 2023 filed with the SEC on February 23, 2023 and Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 filed with the SEC on May 4, 2023 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 **September 30, 2023** **March 31, 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).

By-laws Amendment

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On November 6, 2023, the Board of Directors of the Corporation approved amended and restated by-laws of the Corporation (the "Amended and Restated By-laws"). The Amended and Restated By-laws include amendments to Section 3.04, Section 3.06 and Article VIII in order to (i) set the earliest date on which the Corporation may provide notice of a stockholders meeting at 60 days, consistent with applicable law, (ii) revise the vote standard to clarify what exceptions apply to approval of matters at a stockholders meeting by the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote on the subject matter, and (iii) clarify the indemnification scope and procedures for the Corporation's directors, officers and employees. The foregoing summary description of the Amended and Restated By-laws is not intended to be complete and is qualified in its entirety by reference to the complete text of the Amended and Restated By-laws, a copy of which is included as Exhibit 3.5 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

Item 6. Exhibits

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

Exhibit Number	
<u>3.5</u>	Amended and Restated By-Laws of the Registrant - Filed herewith.
<u>31.1</u>	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Filed herewith.
<u>31.2</u>	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Filed herewith.
<u>32.1</u>	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. (1)(1)
101	The following materials from Washington Trust Bancorp, Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 formatted in Inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (Loss), (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 September 30, 2023 March 31, 2024 has been formatted in Inline XBRL and contained in Exhibit 101.

(1) 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.

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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: **November 6, 2023** May 7,
2024

By: /s/ Edward O. Handy III

Edward O. Handy III
Chairman and Chief Executive Officer
(principal executive officer)

Date: **November 6, 2023** May 7,
2024

By: /s/ Ronald S. Ohsberg

Ronald S. Ohsberg
Senior Executive Vice President, Chief Financial Officer, and Treasurer
(principal financial officer)

Date: **November 6, 2023** May 7,
2024

By: /s/ Maria N. Janes

Maria N. Janes
Executive Vice President, Chief Accounting Officer, and Controller
(principal accounting officer)

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EXHIBIT 3.5

AMENDED AND RESTATED BY-LAWS

Adopted as of November 6, 2023

Kristen L. DiSanto, Corporate Secretary

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ARTICLE I: ARTICLES OF INCORPORATION AND PROVISIONS OF LAW

These by-laws, the powers of the Corporation and of its directors and stockholders and all matters concerning the conduct and regulation of the business of the Corporation shall be subject to such provisions in regard thereto, if any, as are provided by law or set forth in the Articles of Incorporation. All references herein to the Articles of Incorporation shall be construed to mean the Restated Articles of Incorporation of the Corporation as from time to time amended.

ARTICLE II: OFFICES**SECTION 2.01. Principal Office.**

The principal office of the Corporation shall be located in Westerly, Rhode Island or such other place within or without the State of Rhode Island as may be determined by the Board of Directors from time to time.

SECTION 2.02. Other Offices.

The Corporation may also have an office or offices at such other place or places either within or without the State of Rhode Island as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE III: MEETINGS OF STOCKHOLDERS**SECTION 3.01. Place of Meetings.**

All meetings of the stockholders of the Corporation shall be held at the principal office of the Corporation or at such other place, within or without the State of Rhode Island, as shall be fixed by the Board of Directors and specified in the respective notices or waivers of notice of said meetings.

SECTION 3.02. Annual Meetings.

The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may come before the meeting shall be held at eleven o'clock in the morning, local time, on the fourth Tuesday in April each year, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day not a legal holiday. With respect to the annual meeting for any particular year the Board of Directors may, by resolution, fix a different day, time or place (within or without the State of Rhode Island) for the annual meeting. If such annual meeting is omitted by oversight or otherwise on the day herein provided therefor, a special meeting may be held in place thereof, and any business transacted or elections held at such special meeting shall have the same effect as if transacted or held at the annual meeting. The purposes for which an annual meeting is to be held, in addition to those prescribed by law or these by-laws, may be specified by a majority of the Board of Directors, the President or the Chairman of the Board or a stockholder or stockholders holding of record at least thirty-three and one-third percent (33-1/3%) in voting power of the outstanding shares of the Corporation entitled to vote at such meeting.

SECTION 3.03. Special Meetings.

A special meeting of the stockholders for any purpose or purposes, unless otherwise prescribed by statute, may be called at any time by the President or the Chairman of the Board, by order of the Board of Directors or by a stockholder or stockholders holding of record at least thirty-three and one-third percent (33-1/3%) in voting power of the outstanding shares of the Corporation entitled to vote at such meeting.

SECTION 3.04. Notice of Meetings.

Notice of each meeting of the stockholders shall be given to each stockholder of record entitled to vote at such meeting at least ten (10) days but not more than sixty (60) days before the day on which the meeting is to be held. Such notice shall be given by delivering a written or printed notice thereof personally or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at the post office address of such stockholder as it appears upon the stock record books of the Corporation, or at such other address as such stockholder shall have provided to the Corporation for such purpose. No publication of any notice of a meeting of stockholders shall be required. Every such notice shall state the time and place of the meeting, and, in case of a special meeting, shall state the purpose or purposes thereof. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy or who shall waive notice thereof in the manner hereinafter provided. Notice of any adjourned meeting of the stockholders shall not be required to be given.

SECTION 3.05. Quorum.

At each meeting of the stockholders, a majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the shares so represented at such meeting, or, in the absence of all the stockholders entitled to vote, any officer entitled to preside or to act as secretary at such meeting, may adjourn the meeting from time to time without further notice. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The absence from any meeting of stockholders holding a sufficient number of shares required for action on any given matter shall not prevent action at such meeting upon any other matter or matters which properly come before the meeting, if stockholders holding a sufficient number of shares required for action on such other matter or matters shall be present. The stockholders present or represented at any duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

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SECTION 3.06. Voting.

Each stockholder of the Corporation shall, whether the voting is by one or more classes voting separately or by two or more classes voting as one class, be entitled to one vote in person or by proxy for each share of the Corporation registered in the name of such stockholder on the books of the Corporation. The Corporation shall not vote directly or indirectly any shares held in its own name. Any vote of shares may be given by the stockholder entitled to vote such shares in person or by proxy appointed by an instrument in writing. At all meetings of the stockholders at which a quorum is present (except where other provision is made by law, including the election of directors, the Articles of Incorporation or by these by-laws), the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote on the subject matter is the act of the stockholders.

ARTICLE IV: BOARD OF DIRECTORS

SECTION 4.01. General Powers.

The property, affairs and business of the Corporation shall be managed by the Board of Directors, and the Board shall have, and may exercise, all of the powers of the Corporation, except such as are conferred by these by-laws upon the stockholders.

SECTION 4.02. Number and Qualifications.

(a) The number of directors to constitute the Board of Directors shall be determined in accordance with the provisions of Article EIGHTH of the Articles of Incorporation.

(b) No person who shall have reached his or her seventy-second (72nd) birthday shall be eligible for election or reelection as a member of the Board of Directors.

SECTION 4.03. Classes, Election and Term.

The Board of Directors shall be divided into three classes, shall be elected and shall serve terms in accordance with the provisions of Article EIGHTH of the Articles of Incorporation.

SECTION 4.04. Quorum and Manner of Acting.

A majority of the total number of directors at the time in office shall constitute a quorum for the transaction of business at any meeting, and except as otherwise provided by the Articles of Incorporation or these by-laws, the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time without further notice until a quorum be had. The directors shall act only as a Board, and the individual directors shall have no power as such.

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SECTION 4.05. Place of Meetings.

The Board of Directors may hold its meetings at any place within or without the State of Rhode Island as it may from time to time determine or shall be specified or fixed in the respective notices or waivers of notice thereof.

SECTION 4.06. Annual Meeting.

The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual election of directors on the same day and at the same place at which such election of directors was held. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all the directors.

SECTION 4.07. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such places and at such times as the Board shall from time to time by vote determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day not a legal holiday. Notice of regular meetings need not be given.

SECTION 4.08. Special Meetings; Notice.

Special meetings of the Board of Directors shall be held whenever called by the President or Chairman of the Board or by not less than twenty-five percent (25%) of the members of the Board of Directors. Notice of each such meeting shall be given by, or at the order of, the Secretary or the person calling the meeting to each director by mailing the same addressed to the director's residence or usual place of business, or personally by delivery or by telegraph, cable or telephone, at least two (2) days before the day on which the meeting is to be held. If mailed, such notice shall be deemed to be delivered two (2) days following being deposited in the mail, with postage prepaid thereon. Every such notice shall state the time and place of the meeting but need not state the purpose thereof except as otherwise in these by-laws expressly provided.

SECTION 4.09. Presumption of Assent.

A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 4.10. Virtual Meetings.

Meetings of the Board of Directors, regular or special, may be held by means of video or telephone conference circuit or similar communications equipment and connection to such circuit or equipment shall constitute presence at such meeting.

SECTION 4.11. Removal of Directors.

Any one or more directors may be removed at any time, but only in accordance with the provisions of Article EIGHTH of the Articles of Incorporation.

SECTION 4.12. Resignation.

(a) Any director of the Corporation who reaches his or her seventy-second birthday while serving as a director shall be required to resign from the Board of Directors as of the next Annual Meeting of Shareholders of the Corporation following such director's seventy-second birthday.

(b) Any director of the Corporation may resign at any time by giving written notice to the Board of Directors, to the Chairman of the Board or to the President or to the Secretary of the Corporation. The resignation of any director shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.13. Vacancies and Newly Created Directorships.

Vacancies and newly created directorships shall be filled only in accordance with the provisions of Article EIGHTH of the Articles of Incorporation.

SECTION 4.14. Compensation.

Each director, other than employee directors, in consideration of his serving as such, shall be entitled to receive from the Corporation such amount per annum or such fees for attendance at directors' meetings, or both, as the Board of Directors shall from time to time determine, together with reimbursement for the reasonable expenses incurred by him in connection with the performance of his duties; provided that nothing herein contained shall be construed to preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving proper compensation therefor.

ARTICLE V: COMMITTEES

SECTION 5.01. Appointment.

The Board of Directors may designate three or more of its members to constitute an Executive Committee, a majority of which shall be non-employee directors. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

SECTION 5.02. Authority.

Except as otherwise provided in the Articles of Incorporation, the Executive Committee, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolution appointing the Executive Committee and except also that the Executive Committee shall not have

the authority of the Board of Directors in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the stockholders the sale, lease or other disposition of all or substantially all of the property and assets of the Corporation otherwise than in the usual and regular course of its business, recommending to the stockholders a voluntary dissolution of the Corporation or a revocation

thereof, increasing the number of directors constituting the Board of Directors, filling any vacancies or newly created directorships on the Board of Directors, removing or electing any officer of the Corporation or amending the by-laws of the Corporation.

SECTION 5.03. Tenure and Qualifications.

Each member of the Executive Committee shall hold office until the next regular annual meeting of the Board of Directors following designation and until a successor is designated as a member of the Executive Committee and is elected and qualified or until the death or resignation or removal of such member in the manner herein provided.

SECTION 5.04. Meetings.

Regular meetings of the Executive Committee may be held without notice at such times and places as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than two (2) days' notice stating the place, date and hour of the meeting, which notice may be written or oral, and if mailed, shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Executive Committee at such member's business address. Any member of the Executive Committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the Executive Committee need not state the business proposed to be transacted at the meeting.

SECTION 5.05. Virtual Meetings.

Committee may be held by means of video or telephone conference circuit or similar communications equipment and connection to such circuit or equipment shall constitute attendance at such meeting.

SECTION 5.06. Quorum.

A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof, and action of the Executive Committee shall be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

SECTION 5.07. Vacancies.

Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the full Board of Directors.

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SECTION 5.08. Resignations and Removal.

Any member of the Executive Committee may be removed at any time with or without cause by the Board of Directors. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President, Chairman of the Board or Secretary of the Corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5.09. Procedure.

The Executive Committee may elect a presiding officer from its members and may fix its own rules of procedure which shall not be inconsistent with these by-laws. It shall keep regular minutes of its proceedings and report the same to the Board of Directors for its information at the meeting thereof held next after the proceedings shall have been taken.

SECTION 5.10. Other Board Committees.

The Board of Directors may from time to time, by resolution passed by a majority of the whole Board, designate one or more committees in addition to the Executive Committee, each committee to consist of three or more of the directors of the Corporation. Any such committee, to the extent provided in the resolution or in the by-laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation.

A majority of all the members of any such committee may determine its action and fix the time and place of its meetings, unless the Board of Directors shall otherwise provide. The Board of Directors shall have power to change the members of any committee at any time, to fill vacancies and to discharge any such committee, either with or without cause, at any time.

ARTICLE VI: WAIVER OF NOTICE; WRITTEN CONSENT

SECTION 6.01. Waiver of Notice.

Notice of the time, place and purpose of any meeting of the stockholders, Board of Directors or any committee of the Board of Directors may be waived in writing by any stockholder or director either before or after such meeting. Attendance in person, or in case of a meeting of the stockholders, by proxy, at a meeting of the stockholders, Board of Directors or committee shall be deemed to constitute a waiver of notice thereof.

SECTION 6.02. Written Consent of Directors.

Unless otherwise restricted by the Articles of Incorporation or these by-laws, any action required or permitted to be taken at any meeting of the Board of Directors or any committee of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before or after such action by all of the directors, or all of the members of such committee, as the case may be. Such written consent shall be filed with the records of the Corporation.

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ARTICLE VII: OFFICERS

SECTION 7.01. Number.

The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof and variations in title to be determined by the Board of Directors), a Secretary, a Treasurer, and such other officers as the Board of Directors may from time to time appoint, including a Chairman of the Board, one or more Assistant Secretaries and one or more Assistant Treasurers. One person may hold the offices and perform the duties of any two or more of said officers.

SECTION 7.02. Election, Qualifications and Term of Office.

Each officer shall be elected annually by the Board of Directors, or from time to time to fill any vacancy, and shall hold office until a successor shall have been duly elected and qualified, or until the death, resignation or removal of such officer in the manner hereinafter provided.

SECTION 7.03. Removal.

Any officer may be removed by the vote of a majority of the whole Board of Directors at a special meeting called for the purpose, whenever in the judgment of the Board of Directors the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 7.04. Resignation.

Any officer may resign at any time by giving written notice to the Board of Directors, to the Chairman of the Board or to the President or the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

SECTION 7.05. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

SECTION 7.06. Chairman of the Board.

The Board of Directors may annually elect from among its members a Chairman of the Board. The Chairman of the Board may be the chief executive officer of the Corporation and shall preside at all meetings of the Board of Directors and stockholders. Subject to determination by the Board of Directors, the Chairman may have general executive powers and such specific powers and duties as from time to time may be conferred or assigned by the Board of Directors.

SECTION 7.07. The President.

The President may be the chief executive officer of the Corporation and, except as the Board of Directors shall otherwise determine, shall have general direction of the affairs of the Corporation. In addition, the President shall perform such other duties and have such other responsibilities as the Board of Directors may from time to time determine. In the absence of the Chairman of the Board, the President shall preside at all meetings of the Board of Directors and stockholders.

SECTION 7.08. The Vice Presidents.

The Vice President, or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as shall be assigned or delegated to such Vice President by the President or the Chairman of the Board.

SECTION 7.09. The Secretary.

The Secretary shall record or cause to be recorded in books provided for the purpose all the proceedings of the meetings of the Corporation, including the stockholders, the Board of Directors, Executive Committee and all other committees of the Board of Directors of which a secretary shall not have been appointed; shall see that all notices are duly given in accordance with the provisions of these by-laws and as required by law; shall be custodian of the records (other than financial) and of the seal of the Corporation; and in general, shall perform all duties incident to the office of the Secretary and such other duties as may, from time to time, be assigned by the Board of Directors or the President or the Chairman of the Board.

SECTION 7.10. The Assistant Secretaries.

At the request, or in the absence or disability, of the Secretary, the Assistant Secretary designated by the Secretary or the Board of Directors shall perform all the duties of the Secretary and, when so acting, shall have all the powers of the Secretary. The Assistant Secretaries shall perform such other duties as from time to time may be assigned to them by the Board of Directors, the President, the Chairman of the Board or the Secretary.

SECTION 7.11. The Treasurer.

The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds to the credit of the Corporation in such banks, trust companies or other depositaries as shall be selected in accordance with the provisions of these by-laws; disburse the funds of the Corporation under the general control of the Board of Directors, based upon proper vouchers for such disbursements; receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever; render a statement of the condition of the finances of the Corporation at all regular meetings of the Board of Directors, and a full financial report at the annual meeting of the stockholders, if called upon to do so; and render such further statements to the Board of Directors and the President and the Chairman of the Board as they may respectively require concerning all transactions as Treasurer or the financial condition of the Corporation. Unless such functions shall have been assigned to another officer by the Board of Directors, the Treasurer shall also have charge of the books and records of account of the

Corporation, which shall be kept at such office or offices of the Corporation as the Board of Directors shall from time to time designate; be responsible for the keeping of correct and adequate records of the assets, liabilities, business and transactions of the Corporation; at all reasonable times exhibit the books and records of account to any of the directors of the Corporation upon application at the office of the Corporation where such books and records are kept; be responsible for the preparation and filing of all reports and returns relating to or based upon the books and records of the

Corporation kept under the direction of the Treasurer; and in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors or the President or the Chairman of the Board.

SECTION 7.12. The Assistant Treasurers.

At the request, or in the absence or disability, of the Treasurer, the Assistant Treasurer designated by the Treasurer or the Board of Directors shall perform all the duties of the Treasurer, and when so acting, shall have all the powers of the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them by the Board of Directors, the President or the Treasurer.

SECTION 7.13. General Powers.

Each officer shall, subject to these by-laws, have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to the respective office, and such duties and powers as the Board of Directors shall from time to time designate.

SECTION 7.14. Bonding.

Any officer, employee, agent or factor shall give such bond with such surety or sureties for the faithful performance of his or her duties as the Board of Directors may, from time to time, require.

ARTICLE VIII: INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 8.01. Definitions.

For the purposes of this Article VIII:

(a) "Corporate Status" describes the status of a person who is serving or has served (i) as Director of the Corporation, (ii) as an Officer of the Corporation, (iii) as a Non-Officer Employee of the Corporation or (iv) as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity at the request of the Corporation. For purposes of this SECTION 8.01(a), a director, officer or non-officer employee of the Corporation who is serving or has served as a director, partner, trustee, officer, employee or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation. Notwithstanding the foregoing, "Corporate Status" shall not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Corporation with respect to such person's activities prior to said transaction, unless expressly required by law or specifically authorized by the Board of Directors or the stockholders of the Corporation;

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(b) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(c) "Disinterested Director" means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding;

(d) "Expenses" means all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) "Liabilities" means judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement;

(f) "Non-Officer Employee" means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(g) "Officer" means any person who serves or has served the Corporation as an officer of the Corporation appointed by the Board of Directors of the Corporation;

(h) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitrative or investigative; and

(i) "Subsidiary" means any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) fifty percent (50%) or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) fifty percent (50%) or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

SECTION 8.02. Indemnification of Directors and Officers.

Subject to the operation of SECTION 8.04 of this Article VIII, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the Rhode Island General Laws, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader

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indemnification rights than such law permitted the Corporation to provide prior to such amendment unless such amendment expressly limits the Corporation's power to provide indemnification for events arising after the effective date of such amendment), and to the extent authorized in this SECTION 8.02.

(a) Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses and Liabilities that are incurred or paid by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein (other than an action by or in the right of the Corporation), which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(b) Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses that are incurred by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein by or in the right of the Corporation, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, that no indemnification shall be made under this SECTION 8.02 (b) in respect of any claim, issue or matter as to which such Director or Officer shall have been finally adjudged by a court of competent jurisdiction to be liable to the Corporation, unless, and only to the extent that, the court in which such Proceeding was brought shall determine upon application that, despite adjudication of liability, but in view of all the relevant circumstances of the case, such Director or Officer is fairly and reasonably entitled to indemnification for such Expenses that such court deems proper.

(c) The rights of indemnification provided by this SECTION 8.02 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives.

(d) Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding (including any parts of such Proceeding not initiated by such Director or Officer) was authorized in advance by the Board of Directors, unless such Proceeding was brought to enforce such Officer's or Director's rights to indemnification or, in the case of Directors, advancement of Expenses under these by-laws in accordance with the provisions set forth herein.

SECTION 8.03. Indemnification of Non-Officer Employees.

Subject to the operation of SECTION 8.04 of this Article VIII, each Non-Officer Employee may, in the discretion of the Board of Directors, be indemnified by the Corporation to the fullest extent permitted by the Rhode Island General Laws, as the same exists or may hereafter be amended, against any or all Expenses and Liabilities that are incurred by such Non-Officer Employee or on

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such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this SECTION 8.03 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized in advance by the Board of Directors.

SECTION 8.04. Determination.

Unless ordered by a court, no indemnification shall be provided pursuant to this ARTICLE VIII to a Director, to an Officer or to a Non-Officer Employee unless a determination shall have been made that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal Proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. Such determination and any determination of reasonableness of Expenses shall be made by (a) a majority vote of Disinterested Directors, which Disinterested Directors whether voting affirmatively or negatively in the aggregate constitute a quorum of the Board of Directors, (b) a committee comprised of two (2) or more Disinterested Directors, such committee having been designated by a majority vote of the full Board of Directors (in which designation Directors who are parties may participate), (c) by special independent legal counsel (in a written opinion), such counsel to be designated in accordance with either clause (a) or (b) above, or if no determination can be made under clause (a) and (b) above, then by a majority vote of the full Board of Directors (in which designation Directors who are parties may participate), or (d) by the stockholders of the Corporation (excluding any shares held by a Director who is a party to a Proceeding).

SECTION 8.05. Advancement of Expenses to Directors Prior to Final Disposition.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director in connection with any Proceeding in which such Director is involved by reason of such Director's Corporate Status within ninety (90) days after the receipt by the Corporation of a written statement from such Director requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director, shall contain a written affirmation by such Director of his or her good faith belief that he or she has met the standard for indemnification required under SECTION 8.02, and shall be preceded or accompanied by an undertaking by or on behalf of such Director to repay any Expenses so advanced if it shall ultimately be determined that such Director is not entitled to be indemnified against such Expenses. Notwithstanding the foregoing, the Corporation shall advance all Expenses incurred by or on behalf of any Director seeking advancement of expenses hereunder in connection with a Proceeding initiated by such Director only if such Proceeding (including any parts of such Proceeding not initiated by such Director) was

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(i) authorized by the Board of Directors or (ii) brought to enforce such Director's rights to indemnification or advancement of Expenses under these by-laws.

(b) If a claim for advancement of Expenses hereunder by a Director is not paid in full by the Corporation within ninety (90) days after receipt by the Corporation of documentation of Expenses and the required undertaking, such Director may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, such Director shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel or stockholders) to make a determination concerning the permissibility of such advancement of Expenses under this Article VIII shall not be a defense to an action brought by a Director for recovery of the unpaid amount of an advancement claim and shall not create a presumption that such advancement is not permissible. Provided that the Director has provided a written affirmation of his or her good faith belief that he or she has met the standard for indemnification required under SECTION 8.02, the burden of proving that a Director is not entitled to an advancement of expenses shall be on the Corporation.

(c) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Director has not met any applicable standard for indemnification under the Rhode Island General Laws.

SECTION 8.06. Advancement of Expenses to Officers and Non-Officer Employees Prior to Final Disposition.

(a) The Corporation may, at the discretion of the Board of Directors, advance any or all Expenses incurred by or on behalf of any Officer or any Non-Officer Employee in connection with any Proceeding in which such person is involved by reason of his or her Corporate Status as an Officer or Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Officer or Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Officer or Non-Officer Employee, shall contain a written affirmation by such Officer or Non-Officer Employee of his or her good faith belief that he or she has met the standard for indemnification required under SECTION 8.03, and shall be preceded or accompanied by an undertaking by or on behalf of such person to repay any Expenses so advanced if it shall ultimately be determined that such Officer or Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Officer or Non-Officer Employee has not met any applicable standard for indemnification under the Rhode Island General Laws.

SECTION 8.07. Contractual Nature of Rights.

(a) The provisions of this ARTICLE VIII shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this ARTICLE VIII is in effect, in consideration of such person's past or current and any future performance of services for the Corporation. Neither amendment, repeal or modification of any provision of this ARTICLE VIII nor the adoption of any provision of the Articles of Incorporation inconsistent with this ARTICLE VIII shall eliminate or reduce any right conferred by this ARTICLE VIII in respect of any act or omission occurring, or any cause of action or claim that accrues or arises or any state of facts existing, at the time of or before such amendment, repeal, modification or adoption of an inconsistent provision (even in the case of a proceeding based on such a state of facts that is commenced after such time), and all rights to indemnification and advancement of Expenses granted herein or arising out of any act or omission shall vest at the time of the act or omission in question, regardless of when or if any proceeding with respect to such act or omission is commenced. The rights to indemnification and to advancement of expenses provided by, or granted pursuant to, this ARTICLE VIII shall continue notwithstanding that the person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such person.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within ninety (90) days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel or stockholders) to make a determination concerning the permissibility of such indemnification under this Article V shall not be a defense to an action brought by a

Director or Officer for recovery of the unpaid amount of an indemnification claim and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification under the Rhode Island General Laws.

SECTION 8.08. Non-Exclusivity of Rights.

The rights to indemnification and to advancement of Expenses set forth in this ARTICLE VIII shall not be exclusive of any other right that any Director, Officer or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Articles of Incorporation or these by-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

SECTION 8.09. Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the

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Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the Rhode Island General Laws or the provisions of this ARTICLE VIII.

SECTION 8.10. Other Indemnification.

The Corporation's obligation, if any, to indemnify or provide advancement of Expenses to any person under this ARTICLE VIII as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification or advancement of Expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise (the "Primary Indemnitor"). Any indemnification or advancement of Expenses under this ARTICLE VIII owed by the Corporation as a result of a person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall only be in excess of, and shall be secondary to, the indemnification or advancement of Expenses available from the applicable Primary Indemnitor(s) and any applicable insurance policies.

SECTION 8.11. Savings Clause.

If this ARTICLE VIII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including, without limitation, attorneys' fees), liabilities, losses, judgments, fines (including, without limitation, excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974, as amended) and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including, without limitation, an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this ARTICLE VIII that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE IX: EXECUTION OF DOCUMENTS

SECTION 9.01. Contract, etc., How Executed.

Unless the Board of Directors shall otherwise determine, the (i) Chairman of the Board, President, any Vice President or the Treasurer and (ii) any other officer of the Corporation, acting jointly, may enter into any contract or execute any contract or other instrument, the execution of which is not otherwise specifically provided for, in the name and on behalf of the Corporation. The Board of Directors, except as in these by-laws otherwise provided, may authorize any other or additional officer or officers, agent or agents, of the Corporation to enter into any contract or execute and deliver any contract or other instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Unless authorized so to do by these by-laws or by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit, or to render it liable pecuniarily for any purpose or to any amount.

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SECTION 9.02. Checks, Drafts, etc.

All checks, drafts, bills of exchange or other orders for the payment of money, obligations, notes, or other evidences of indebtedness, bills of lading, warehouse receipts and insurance certificates of the Corporation, shall be signed or endorsed by such officer or officers, employee or employees, of the Corporation as shall from time to time be determined by resolution of the Board of Directors.

ARTICLE X: BOOKS AND RECORDS

SECTION 10.01. Place.

The books and records of the Corporation, including the stock record books, shall be kept at such places, within or without the State of Rhode Island, as may from time to time be determined by the Board of Directors.

SECTION 10.02. Addresses of Stockholders.

Each stockholder shall designate to the Secretary of the Corporation an address at which notices of meetings and all other corporate notices may be served upon or mailed, and if any stockholder shall fail to designate such address, corporate notices may, unless otherwise provided by law, be served by mail directed to the stockholder's last known post office address, or by transmitting a notice thereof to such address by telegraph, cable, or telephone.

ARTICLE XI: SHARES AND THEIR TRANSFER

SECTION 11.01. Certificates for Shares.

Every owner of shares of the Corporation shall be entitled to have a certificate certifying the number of shares owned by such owner in the Corporation and designating the class of shares to which such shares belong, which shall otherwise be in such form, in conformity to law, as the Board of Directors shall prescribe; provided, however, that the Board of Directors may authorize the issuance of some or all of any or all classes or series of shares of the Corporation without certificates in conformity with the applicable requirements of the Rhode Island Business Corporation Act. No authorization of uncertificated shares shall affect previously issued and outstanding shares represented by certificates until such certificates shall have been surrendered to the Corporation. Upon request, every holder of uncertificated shares shall be entitled to receive a certificate. Any certificate shall be signed by such officer or officers as the Board of Directors may prescribe, or, if not so prescribed, by the Chairman of the Board or the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation.

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SECTION 11.02. Record.

A record shall be kept of the name of the person, firm or corporation owning the shares of the Corporation issued, the number of shares represented by each certificate, and the date thereof, and, in the case of cancellation, the date of cancellation. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

SECTION 11.03. Transfer of Shares.

Transfers of shares of the Corporation shall be made only on the books of the Corporation, if such shares are certificated, by the surrender to the Corporation or its transfer agent of the certificate theretofore properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, or upon proper instructions from the holder of uncertificated shares, in each case, with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require.

SECTION 11.04. Closing of Transfer Books; Record Dates.

Insofar as permitted by law, the Board of Directors may direct that the stock transfer books of the Corporation be closed for a period not exceeding sixty (60) days preceding the date of any meeting of stockholders or the date for the payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of shares of the Corporation shall go into effect, or for a period not exceeding sixty (60) days in connection with obtaining the consent of stockholders for any purpose; provided, however, that in lieu of closing the stock transfer books as aforesaid, the Board of Directors may, insofar as permitted by law, fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment or rights, or the date when any change or conversion or exchange of shares of the Corporation shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting or any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any change, conversion or exchange of shares of the Corporation, or to give such consent, and in each such case stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights or to give such consent, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after any such record date fixed as aforesaid.

SECTION 11.05. Lost, Destroyed or Mutilated Certificates.

In case of the alleged loss or destruction or the mutilation of a certificate representing shares of the Corporation, a new certificate may be issued in place thereof, in the manner and upon such terms as the Board of Directors may prescribe.

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ARTICLE XII: SEAL

The Board of Directors may provide for a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and the state and year of incorporation.

ARTICLE XIII: FISCAL YEAR

Except as from time to time otherwise provided by the Board of Directors, the fiscal year of the Corporation shall be the calendar year.

ARTICLE XIV: AMENDMENTS

These by-laws of the Corporation shall be subject to alteration or repeal, and new by-laws may be adopted only in accordance with the provisions of Article EIGHTH of the Articles of Incorporation.

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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 **September 30, 2023** **March 31, 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.

November 6, 2023 **May 7,**

Date: **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 **September 30, 2023** **March 31, 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: November 6, 2023 May 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 September 30, 2023 March 31, 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: November 6, 2023 May 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 September 30, 2023 March 31, 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: November 6, 2023 May 7, 2024 By: /s/ Ronald S. Ohsberg
 Ronald S. Ohsberg
 Senior Executive Vice President, Chief Financial Officer and Treasurer
 (principal financial officer)

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