



**WASHINGTON TRUST BANCORP, INC.  
THE WASHINGTON TRUST COMPANY  
AUDIT COMMITTEE CHARTER**

**Approved by the Board of Directors March 21, 2019**

**I. General Statement of Purpose**

The role of the Audit Committee of Washington Trust Bancorp, Inc. (the "Corporation") and The Washington Trust Company (the "Bank") is to oversee (a) the accounting and financial reporting processes of the Corporation and its subsidiaries; (b) the integrity of the financial statements of the Corporation and its subsidiaries, and the audits thereof; and (c) the Corporation and the Bank's internal controls, credit review, enterprise risk management, compliance, security, Code of Ethics, credit quality and allowance for loan losses, except where another standing Board committee of the Corporation has such responsibility.

The Audit Committee shall encourage continuous improvement of, and foster adherence to, the Corporation's policies, procedures and practices at all levels.

**II. Committee Composition**

The Audit Committee shall have at least three members, each of whom must (a) be "independent" as defined in the NASDAQ Listing Rules, (b) meet the criteria for independence set forth in Rule 10A-3(b)(1) promulgated under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in the Rule 10A-3(c) under the Exchange Act), (c) not have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years, and (d) be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. In addition, at least two members of the Committee (i) shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities, and (ii) shall qualify as an "audit committee financial expert" under the rules promulgated by the SEC.

Notwithstanding the foregoing, one director who (1) is not "independent" as defined in the NASDAQ Listing Rules; (2) satisfies the criteria for independence set forth in Section 10A(m)(3) of the Exchange Act and the rules thereunder; and (3) is not a current officer or employee or a family member (as defined in the NASDAQ Listing Rules) of such officer or employee, may be appointed to the Audit Committee, if the Board, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required by the best interests of the Corporation and its shareholders, and the Board discloses, in the next annual proxy statement subsequent to such determination (or, if the Corporation does not file a proxy statement, in its Form 10-K), the nature of the relationship and the reasons for that determination. A member appointed under this exception

may not serve on the Audit Committee for more than two years and may not chair the Audit Committee.

The members of the Audit Committee shall be appointed annually by the Board and may be replaced or removed by the Board with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Audit Committee. Any vacancy on the Audit Committee, occurring for whatever reason, may be filled only by the Board. The Board shall designate one member of the Audit Committee to be Chairperson of the Committee.

### **III. Meetings**

- A. The Audit Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this Charter, but not less frequently than quarterly. The Audit Committee Chairperson has the power to call an Audit Committee meeting in person or by conference call whenever he or she thinks there is a need. Audit Committee meeting agendas consistent with this Charter shall be the responsibility of the Audit Committee Chairperson, with input from Audit Committee members. The Audit Committee may designate subcommittees of one or more of its members to carry out its responsibilities and exercise its powers, provided that such subcommittees shall be required to make periodic reports to the full Audit Committee. The majority of members of the Audit Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of members at which a quorum is present shall constitute the action of the Audit Committee.
- B. The Audit Committee is authorized to request that any officer or employee of the Corporation or the Bank, any outside legal counsel of the Corporation or the Bank, or the Corporation's Independent Registered Public Accounting Firm or any other professional retained by the Corporation or the Bank to render advice to the Corporation or the Bank, attend a meeting of the Audit Committee or meet with any members of or advisors to the Audit Committee.
- C. Periodically, the Audit Committee will meet separately with the Senior Vice President and Chief Audit Executive of Internal Audit, the Chief Risk Officer and the Corporation's Independent Registered Public Accounting Firm.

### **IV. Duties & Responsibilities**

#### **A. Reports to the Full Board of Directors:**

1. The Audit Committee shall regularly report to and review with the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Independent Registered Public Accounting Firm, the performance of the internal audit function and any other matters that the Audit Committee deems appropriate or is requested to review for the benefit of the Board.
2. Specifically, the Audit Committee shall provide to the Board the following:
  - at each Board meeting, a summary of Audit Committee activities;

- at least once per fiscal quarter, a report on the Audit Committee's Credit Review activities, including its conclusion on the adequacy of the Bank's Allowance for Loan Losses ; and
- at least once per fiscal quarter, a report on the Audit Committee's oversight of management's Enterprise Risk Management Committee.

B. To Manage the Relationship With the Independent Registered Public Accounting Firm the Committee will:

1. Be directly responsible for the appointment, retention and oversight, and for determining the compensation, of the Independent Registered Public Accounting Firm for audits of the Corporation's consolidated financial statements. Further, in conjunction with the mandated rotation of the Independent Registered Public Accounting Firm's lead engagement partner, the Audit Committee and its chairperson will be directly involved in the selection of the new lead engagement partner.
2. Periodically consider whether there should be a regular rotation of the Independent Registered Public Accounting Firm.
3. Perform an annual evaluation of the independence of the Independent Registered Public Accounting Firm, based in part on review and discussion of a formal written statement delineating all relationships between the Independent Registered Public Accounting Firm and the Corporation and any other relationships that may adversely affect the independence of the Independent Registered Public Accounting Firm.
4. Provide instructions to the Independent Registered Public Accounting Firm that the Audit Committee, as representatives of the shareholders, is the client, and that the Independent Registered Public Accounting Firm shall report directly to the Audit Committee.
5. Review and discuss with the Independent Registered Public Accounting Firm the matters required to be discussed under generally accepted auditing standards, including: (i) the auditor's responsibility under generally accepted auditing standards, the significant accounting principles used by the Corporation, accounting estimates used by the Corporation, and the process used by management in formulating them, any consultation with other accountants and major issues discussed with management prior to its retention; (ii) whether the Corporation's accounting principles as applied are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether or not those principles reflect common or minority practices; and (iii) the review of interim financial information of the Corporation and any material modifications that need to be made to the interim financial information for it to conform to generally accepted accounting principles.
6. Conduct an analysis and discussion with the Independent Registered Public Accounting Firm of fees charged to the Corporation for services rendered.
7. Establish policies and procedures for the engagement of outside auditors to provide non-audit services, including procedures for pre-approval of non-audit services permitted by law to be performed by the Independent Registered Public Accounting Firm outside the scope of the

engagement letter, and consideration of whether the Independent Registered Public Accounting Firm's performance of such services, together with any other non-audit services being performed, is compatible with its independence.

8. Review and discuss with the Independent Registered Public Accounting Firm (outside of the presence of management) how the Independent Registered Public Accounting Firm plans to handle its responsibilities under the Private Securities Litigation Reform Act of 1995, and request assurance from the Independent Registered Public Accounting Firm that Section 10A(b) of the Exchange Act has not been implicated.
9. Discuss with the Independent Registered Public Accounting Firm those matters brought to the attention of the Audit Committee by the Independent Registered Public Accounting Firm pursuant to Public Company Accounting Oversight Board Auditing Standard No. 16, as may be amended or superseded.
10. Review and discuss with the Independent Registered Public Accounting Firm the report required to be delivered by such auditors pursuant to Section 10A(k) of the Exchange Act.

C. Committee Reviews will include:

1. Review and approval of the overall audit plans, including scope and staffing, of both the internal auditor and the Independent Registered Public Accounting Firm, with (as applicable) the internal auditor, the Independent Registered Public Accounting Firm and the members of management who are responsible for preparing the Corporation's financial statements, including the Corporation's Chief Financial Officer and/or principal accounting officer or principal financial officer (the Chief Financial Officer and such other officer or officers are referred to herein collectively as the "Senior Accounting Executive").
2. The review of any changes required in the planned scope and/or staffing of the Independent Registered Public Accounting Firm or internal audit plans.
3. Reviews of the results of all audits performed by the external and internal auditors that include but are not limited to accounting issues, organizational, operational and data processing controls, discussion of such results with external and internal auditors, and scrutiny of the action that has been taken by management. Specifically, the Audit Committee shall review and discuss with management (including the Senior Accounting Executive) and with the Independent Registered Public Accounting Firm the Corporation's annual audited financial statements, including (a) all critical accounting policies and practices used or to be used by the Corporation, (b) the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to the filing of the Corporation's Annual Report on Form 10-K, and (c) any significant financial reporting issues that have arisen in connection with the preparation of such audited financial statements.
4. If brought to the attention of the Audit Committee, the Audit Committee shall discuss with the Chief Executive Officer and Chief Financial Officer of the Corporation (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 Corporation's ability to record, process, summarize and report financial information required to be disclosed by the

Corporation in the reports that it files or submits under the Exchange Act, within the time periods specified in the SEC's rules and forms, and (b) any fraud involving management or other employees who have a significant role in the Corporation's internal control over financial reporting.

5. Appraisal of the effectiveness of the internal and external audit efforts and the Corporation's internal controls through discussions with the internal auditor, Independent Registered Public Accounting Firm and management.
6. Reviews and discussions with the internal auditor, Independent Registered Public Accounting Firm and management of any material financial or other arrangements of the Corporation, which do not appear on the financial statements of the Corporation.
7. Establishment of policies and procedures for Committee review and approval of any transactions or courses of dealing with parties related to the Corporation.
8. Approval of the critical accounting policies and material estimates inherent in the financial statements and any significant changes in the accounting policies of the Corporation. Review of accounting and financial reporting proposals that may have a significant impact on the Corporation's financial reports, based on discussion with management, the internal auditors and the Independent Registered Public Accounting Firm.
9. Supervision of any other oversight functions requested by the full Board.

D. Oversight of the Internal Audit Function will include:

1. Approval of internal audit policies, internal audit charter, annual budget and staffing.
2. Conducting the annual performance review of the Senior Vice President and Chief Audit Executive of Internal Audit and setting his/her annual compensation within the Corporation's Compensation Policy.
3. Approval of the appointment or dismissal of the Senior Vice President and Chief Audit Executive of Internal Audit.

E. The Audit Committee's Credit Review Activities will include:

1. Approval of the Credit Review Policy.
2. A review of the Credit Review program, including the most recent Credit Review results.
3. A periodic review of appraisal review activities.
4. A review of the integrity of the credit rating system.
5. Approval of the adequacy of the allowance for loan losses, based on a review of the loan loss allocation, economic conditions and other information deemed appropriate by the Committee.
6. Review and discussion with management, and approval, of the appointment of independent Credit Review Consultants.

F. Oversight of Enterprise Risk Management:

The Corporation has established an Enterprise Risk Management Committee that oversees the Corporation's Enterprise Risk Management Program. The Enterprise Risk Management Committee members include the Chief Executive Officer (chairperson), the Chief Risk Officer, the Chief Operating Officer, the Chief Financial Officer, the Chief Compliance Officer and heads of all business divisions including wealth management, commercial lending, retail banking, retail lending, and human resources. The head of the internal audit function serves as a non-voting member.

The Audit Committee's Enterprise Risk Management oversight responsibilities will include:

1. Review and approve the Enterprise Risk Management Policy at least annually.
2. Review Enterprise Risk Management Committee reports on its activities and findings quarterly.
3. Review minutes of the Enterprise Risk Management Committee quarterly.
4. Review and approve the Enterprise Risk Management Committee Charter at least annually.
5. Review risk assessments relating to regulatory comments.

G. Oversight of the Code of Ethics will include:

1. Annual review of the organization's Code of Ethics for recommendation to the Board of Directors for approval.
2. Review of the program that supervises compliance with the organization's Corporate Code of Ethics to ensure that adequate oversight and enforcement are in place, that communication of the Code is adequate within the organization and that allegations of Code violations are reported immediately to the full Committee.
3. Supervision of any investigations required to substantiate allegations of Code violations through the use of the Internal Audit Department, Committee Counsel or Independent Consultant.
4. The submission of a report on all allegations and the results of any subsequent investigations to the full Board of Directors.

H. Other Activities will include:

1. Review of the Corporation and its subsidiaries' annual financial statements, including any certification, report, opinion, or review rendered by the Independent Registered Public Accounting Firm, including recommendations to the full Board whether, based upon its review and discussions with management and the auditors, the financial statements should be included in the Corporation's Annual Report on Form 10-K filed with the SEC.
2. Review and approval of the Corporation's quarterly and annual financial reports to the SEC and, to the extent the Committee deems advisable, the content or presentation of any earnings releases, analyst conference calls or other publication of financial results.

3. Preparation of a report for the Corporation's annual proxy statement as required by the rules and regulations of the SEC.
4. Review and assessment of the results of examinations by regulatory authorities in terms of important findings, recommendations, and management's response.
5. Establishment and oversight of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
6. Approval of the nature and adequacy of the insurance coverages of the Corporation and its subsidiaries.
7. Review of the nature and adequacy of the compliance program of the Corporation and its subsidiaries through semi-annual reports by the senior compliance officers in the banking and wealth management divisions.
8. Review the nature and adequacy of the security programs of the Corporation and its subsidiaries through semi-annual reports by the senior security officer.
9. The Audit Committee will review and approve Information Technology policies including the Business Continuity Plan.
10. Review and assess this Audit Committee Charter annually. The Audit Committee shall submit the Charter to the Board of Directors for approval annually.
11. The performance of any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Audit Committee or the Board deems necessary or appropriate.
12. Periodic self-assessment of all of the above elements, as well as regular assessments of internal and external audit performance.

The Audit Committee has the power to conduct or authorize investigations into matters within the Committee's scope of responsibilities. The Audit Committee is authorized to retain independent counsel, accountants or others it needs to assist it in carrying out its activities and, if such counsel or other advisors are engaged, shall determine the compensation or fees payable to such counsel or other advisors. The Corporation shall provide adequate resources to support the Audit Committee's activities, including compensation of the Audit Committee's counsel, independent auditors and other advisors.

Notwithstanding the responsibilities and powers of the Audit Committee set forth in this Charter, the Audit Committee does not have the responsibility of planning or conducting audits of the Corporation's financial statements or determining whether the Corporation's financial statements are complete, accurate and in accordance with GAAP. Such responsibilities are the duty of management and, to the extent of the independent auditor's audit responsibilities, the independent auditors. In addition, it is not the duty of the Audit Committee to conduct investigations or to ensure compliance with laws and regulations.