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WASHINGTON TRUST BANCORP INC
Form 8-K
April 17, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
April 17, 2003

WASHINGTON TRUST BANCORP, INC.

(Exact Name of Registrant as Specified in Charter)

Rhode Island	0-13091	05-0404671
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

23 Broad Street, Westerly, Rhode Island 02891

(Address of Principal Executive Offices) (Zip Code)

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

Former name or address, if changed from last report: N/A

Item 7. Financial Statements and Exhibits

(c) Exhibit

Exhibit No.	Exhibit
99.1	Press Release dated April 17, 2003

Item 9. Regulation FD Disclosure (Information Furnished in this Item 9 is
Furnished under Item 12)

In accordance with Securities and Exchange Commission Release No. 33-8126, the following information, which is intended to be furnished under Item 12, "Results of Operations and Financial Condition", is instead being furnished under Item 9, "Regulation FD Disclosure." This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On April 17, 2003, Washington Trust Bancorp, Inc. issued a press release in which it disclosed unaudited financial information related to first quarter

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consolidated earnings. A copy of the press release relating to such announcement, dated April 17, 2003, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

EXHIBIT INDEX

Exhibit No. Exhibit
99.1 Press Release dated April 17, 2003

SIGNATURES

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

WASHINGTON TRUST BANCORP, INC.

Date: April 17, 2003

By: John C. Warren

John C. Warren
Chairman and Chief Executive Officer

Exhibit 99.1

[GRAPHIC OF REGISTRANT'S LOGO OMITTED]
WASHINGTON TRUST BANCORP, INC.
NASDAQ: WASH

Contact: Elizabeth B. Eckel
Senior Vice President, Marketing
Telephone: (401) 348-1309
E-mail: ebeckel@washtrust.com
Date: April 17, 2003
For Immediate Release

Washington Trust Earnings Increase 26.9%

Westerly, Rhode Island...Washington Trust Bancorp, Inc. (NASDAQ: WASH), parent company of The Washington Trust Company, today reported first quarter 2003 net income of \$4.7 million, an increase of 26.9 percent from the \$3.7 million of net income reported for the first quarter of 2002. This increase was due in part to the acquisition of First Financial Corp. that occurred in the second quarter of 2002. Earnings per diluted share were \$.36 for the quarter ended March 31, 2003, up 16.1 percent from the \$.31 per diluted share for the quarter ended March 31, 2002.

The return on average assets and return on average equity for the three months ended March 31, 2003 were 1.07% and 14.56%, compared to 1.11% and 14.98%, respectively, for the three months ended March 31, 2002.

John C. Warren, Chairman and Chief Executive Officer of Washington Trust Bancorp, Inc., stated, "We are very pleased with our first quarter performance, as it reflects our ability to successfully manage our core business lines in a challenging economy." Warren also commented on the Bank's new 7,300 square foot Warwick branch, scheduled to open at the end of this month, stating, "The Warwick area offers tremendous market opportunities for us in the commercial lending, trust and investment management and retail banking areas."

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Net interest income for the first quarter of 2003 increased by 27.1 percent from the first quarter of 2002 and amounted to \$11.9 million. The increase in net interest income was largely due to the April 2002 acquisition of First Financial Corp. For the quarter, average earning assets increased \$388.1 million, or 30.5%, compared to the same period last year, of which approximately \$178.5 million related to acquisition of First Financial Corp. The increase in net interest income due to earning asset growth was partially offset by a decrease of 10 basis points in the net interest margin from the first quarter of 2002. The net interest margin has been affected by the significant decline in market interest rates and reflects a decline in yields on loans and securities offset somewhat by lower funding costs of interest-bearing deposits and FHLB advances.

Noninterest income, excluding net realized gains on securities, totaled \$5.8 million for the quarter ended March 31, 2003, up 17.5 percent from the \$4.9 million reported for the first quarter of 2002. The growth in noninterest income was attributable to increases in gains on loan sales and service charges on deposits. For the first quarter of 2003, gains on loan sales amounted to \$1.2 million, an increase of \$722 thousand from the first quarter of 2002. As a result of the decline in interest rates, the Corporation has experienced heavy residential mortgage activity, predominantly refinancing, which increased the amount of loans sold into the secondary market. The Corporation expects this activity to remain strong through the second quarter of 2003, however this level of activity may not be sustainable in future periods. In addition to selling residential mortgage loans, the Corporation began selling the guaranteed portion of SBA loan originations in 2002. Included in gains on loan sales for the first quarter of 2003 are approximately \$100 thousand in gains on sales of SBA loans. For the three months ended March 31, 2003, service charges on deposit accounts amounted to \$1.1 million, up \$273 thousand from the corresponding period in 2002. Growth in deposits and changes in the fee structure of various deposit products were contributing factors in this increase. Revenue from trust and investment management services continues to be the largest component of noninterest income. Trust and investment management income totaled \$2.5 million for the three months ended March 31, 2003 down slightly from the amount reported for the corresponding period in 2002, reflecting the financial market declines. Trust and investment assets under administration amounted to \$1.479 billion at March 31, 2003, compared to \$1.524 billion at December 31, 2002.

The Corporation recognized net realized gains on securities amounting to \$230 thousand and \$291 thousand in the first quarter of 2003 and 2002, respectively. The gains resulted primarily from the sale of certain U.S. government agency and mortgage-backed securities to take advantage of market opportunities and to reposition the securities portfolio.

For the first quarter of 2003, noninterest expenses totaled \$11.0 million, up \$1.8 million from the amount of noninterest expenses reported for first quarter of 2002. This increase was primarily due to normal growth and higher operating costs resulting from the April 2002 acquisition of First Financial Corp. Salaries and benefits, the largest component of total noninterest expense, amounted to \$6.5 million for the three months ended March 31, 2003, compared to the \$5.6 million reported for the first three months of 2002.

--M O R E--

Total assets amounted to \$1.816 billion at March 31, 2003, up \$70.0 million from the December 31, 2002 balance of \$1.746 billion. In the first quarter of 2003, total loans increased \$16.0 million to \$811.1 million at March 31, 2003, led by a \$9.0 million increase in the commercial and commercial real estate portfolio. As of March 31, 2003, residential real estate loans totaled \$285.7 million, up \$4.8 million from the balance at December 31, 2002.

Residential real estate loans were impacted by the refinancing of fixed rate

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residential loans being sold into the secondary market. In the first quarter of 2003, the Corporation purchased a total of \$7.7 million of residential mortgages from other financial institutions. Total securities were \$842.3 million at March 31, 2003, up \$46.5 million from the December 31, 2002 balance. The increase in securities was primarily due to purchases of mortgage-backed securities and U.S. government agency securities. Purchases of securities were funded primarily with Federal Home Loan Bank advances. In the first quarter of 2003, Federal Home Loan Bank advances increased \$64.3 million to \$544.4 million at March 31, 2003. Total deposits at March 31, 2003 amounted to \$1.121 billion, up from the December 31, 2002 balance of \$1.110 billion. Demand deposits rose \$12.1 million, or 7.7 percent, in the first quarter of 2003 and totaled \$169.6 million at March 31, 2003. Time deposits increased \$2.6 million from December 31, 2002 and amounted to \$484.2 million at March 31, 2003. Savings deposits amounted to \$467.0 million at March 31, 2003, down slightly from the \$471.3 million at December 31, 2002.

Asset quality continues to be strong, as measured by the level of nonperforming assets. Nonaccrual loans as a percentage of total loans at March 31, 2003 were .50%, compared to .53% at December 31, 2002. Similarly, nonperforming assets (nonaccrual loans and property acquired through foreclosure) as a percent of total assets at March 31, 2003 amounted to .22%, as compared to .24% at December 31, 2002. The Corporation's allowance for loan losses amounted to \$15,495,000 at March 31, 2003, compared to \$15,487,000 at December 31, 2002.

Total shareholders' equity amounted to \$131.0 million at March 31, 2003, up from \$128.7 million at December 31, 2002. Book value per share as of March 31, 2003 and December 31, 2002 amounted to \$10.02 and \$9.87, respectively.

Washington Trust Bancorp, Inc. Chairman and Chief Executive Officer, John C. Warren, and David V. Devault, Executive Vice President, Treasurer, and Chief Financial Officer will host a conference call today, Thursday, April 17, at 4:00 p.m. (Eastern Standard Time) to discuss the Corporation's first quarter earnings. Access to the call is available in a listen-only mode via the investor relations "news room" section of Washington Trust's web site at www.washtrust.com. In addition, a webcast replay of the call will be posted via the investor relations "news room" section of Washington Trust's web site at www.washtrust.com, shortly after conclusion of the call.

Washington Trust Bancorp, Inc.'s Annual Meeting of Shareholders will be held at 11:00 a.m. (Eastern Standard Time), Thursday, April 29, 2003 at the Westerly Public Library, Westerly, RI.

Washington Trust Bancorp, Inc. is the parent of The Washington Trust Company, a Rhode Island state-chartered bank founded in 1800. The Bank offers a full range of financial services, including trust and investment management, through its offices in Rhode Island and southeastern Connecticut. Washington Trust Bancorp, Inc.'s common stock trades on The Nasdaq Stock Market (R) under the symbol WASH. Investor information is available on the Corporation's web site: www.washtrust.com.

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This report contains certain statements that may be considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Corporation's actual results, performance or achievements could differ materially from those projected in the forward-looking statements as a result, among other factors, of changes in general national or regional economic conditions, changes in interest rates, reductions in the market value of trust and investment assets under management, reductions in deposit levels necessitating increased borrowing to fund loans and investments, changes in the size and nature of the Corporation's competition, changes in loan default and charge-off rates and changes in the assumptions used in making such forward-looking statements.

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Washington Trust Bancorp, Inc. and Subsidiary
FINANCIAL SUMMARY

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

	THREE MONTHS EN	
	MAR. 31, 2003	MAR. 31, 2002
OPERATING RESULTS		

Net interest income	\$11,929	\$9,384
Provision for loan losses	100	100
Net realized gains on securities	230	291
Other noninterest income	5,803	4,937
Noninterest expenses	10,978	9,164
Income tax expense	2,134	1,604
Net income	4,750	3,744
PER SHARE		

Basic earnings	\$0.36	\$0.31
Diluted earnings	\$0.36	\$0.31
Dividends declared	\$0.15	\$0.14
SHARES OUTSTANDING		

Weighted average:		
Basic	13,059.3	12,004.9
Diluted	13,230.2	12,174.6
AVERAGE BALANCE SHEET		

Assets	\$1,778,338	\$1,351,387
Federal funds sold and other short-term investments	14,946	15,005
Taxable debt securities	764,975	590,107
Nontaxable debt securities	17,462	19,999
Corporate stocks and Federal Home Loan Bank stock	48,025	41,981
Loans:		
Commercial	389,545	260,320
Residential	292,276	234,395
Consumer	133,050	110,413
Total loans	814,871	605,128
Earning assets	1,660,279	1,272,220
Deposits:		
Demand	155,944	121,530
Savings	459,777	313,578
Time	481,766	381,311
Total deposits	1,097,487	816,419
Federal Home Loan Bank advances	532,698	422,769

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Shareholders' equity	130,506	99,952
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KEY RATIOS

Return on average assets	1.07%	1.11%
Return on average equity	14.56%	14.98%
Interest rate spread (taxable equivalent basis)	2.68%	2.63%
Net interest margin (taxable equivalent basis)	2.97%	3.07%

ALLOWANCE FOR LOAN LOSSES

Balance at beginning of period	\$15,487	\$13,593
Provision charged to earnings	100	100
Net (charge-offs) recoveries	(92)	(28)
Balance at end of period	\$15,495	\$13,665

Washington Trust Bancorp, Inc. and Subsidiary
FINANCIAL SUMMARY

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

	MAR. 31, 2003	MAR. 31, 2002
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PERIOD END BALANCE SHEET

Assets	\$1,815,627	\$1,362,650
Total securities	842,307	655,595
Loans:		
Commercial	391,158	259,367
Residential	285,689	225,931
Consumer	134,285	111,510
Total loans	811,132	596,808
Deposits:		
Demand	169,636	119,904
Savings	467,027	322,729
Time	484,183	390,353
Total deposits	1,120,846	832,986
Federal Home Loan Bank advances	544,387	414,067
Shareholders' equity	131,010	99,163

SHARE INFORMATION

Shares outstanding at end of period	13,071.0	11,998.9
Book value per share	\$10.02	\$8.26
Market value per share	\$20.21	\$19.42

CREDIT QUALITY

Nonaccrual loans	\$4,034	\$3,191
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Other real estate owned, net	4	30
Nonperforming assets to total assets	0.22%	0.24%
Nonaccrual loans to total loans	0.50%	0.53%
Allowance for loan losses to nonaccrual loans	384.11%	428.24%
Allowance for loan losses to total loans	1.91%	2.29%

Washington Trust Bancorp, Inc. and Subsidiary
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)
March 31,
2003

Assets:

Cash and due from banks		\$39,084
Federal funds sold and other short-term investments		10,550
Mortgage loans held for sale		11,583
Securities:		
Available for sale, at fair value		578,260
Held to maturity, at cost; fair value \$271,849 in 2003 and \$250,446 in 2002		264,047
Total securities		842,307
Federal Home Loan Bank stock, at cost		28,600
Loans		811,132
Less allowance for loan losses		15,495
Net loans		795,637
Premises and equipment, net		25,485
Accrued interest receivable		8,459
Goodwill and other intangibles		25,083
Other assets		28,839
Total assets		\$1,815,627

Liabilities:

Deposits:		
Demand		\$169,636
Savings		467,027
Time		484,183
Total deposits		1,120,846
Dividends payable		1,962
Federal Home Loan Bank advances		544,387
Other borrowings		1,926
Accrued expenses and other liabilities		15,496
Total liabilities		1,684,617

Shareholders' Equity:

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Common stock of \$0.625 par value; authorized 30 million shares; issued 13,086,795 shares in 2003 and 2002	818
Paid-in capital	28,411
Retained earnings	93,505
Unamortized employee restricted stock	(20)
Accumulated other comprehensive income	8,602
Treasury stock, at cost; 15,788 shares in 2003 and 44,361 in 2002	(306)
<hr/>	
Total shareholders' equity	131,010
<hr/>	
Total liabilities and shareholders' equity	\$1,815,627
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Washington Trust Bancorp, Inc. and Subsidiary
CONSOLIDATED STATEMENTS OF INCOME

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

Three months ended March 31,	2003
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Interest income:	
Interest and fees on loans	\$12,646
Interest on securities	8,555
Dividends on corporate stock and Federal Home Loan Bank stock	487
Interest on federal funds sold and other short-term investments	37
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Total interest income	21,725
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Interest expense:	
Savings deposits	950
Time deposits	3,934
Federal Home Loan Bank advances	4,893
Other	19
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Total interest expense	9,796
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Net interest income	11,929
Provision for loan losses	100
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Net interest income after provision for loan losses	11,829
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Noninterest income:	
Trust and investment management	2,533
Service charges on deposit accounts	1,100
Merchant processing fees	457
Net gains on loan sales	1,238
Income from bank-owned life insurance	284
Net realized gains on securities	230
Other income	191
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Total noninterest income	6,033
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Noninterest expense:	
Salaries and employee benefits	6,534
Net occupancy	762
Equipment	837

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Merchant processing costs	362
Legal, audit and professional fees	305
Advertising and promotion	270
Outsourced services	371
Amortization of intangibles	180
Other	1,357

Total noninterest expense	10,978

Income before income taxes	6,884
Income tax expense	2,134

Net income	\$4,750
=====	
Weighted average shares outstanding - basic	13,059.3
Weighted average shares outstanding - diluted	13,230.2
Per share information:	
Basic earnings per share	\$0.36
Diluted earnings per share	\$0.36
Cash dividends declared per share	\$0.15