

WASHINGTON TRUST BANCORP INC
Form 10-Q
May 09, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 **MARCH 31, 2007** 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: 000-13091

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

(I.R.S. 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)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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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 May 3, 2007 was 13,356,244.

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WASHINGTON TRUST BANCORP, INC. AND SUBSIDIARIES
For the Quarter Ended March 31, 2007

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****WASHINGTON TRUST BANCORP, INC. AND
SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Dollars in thousands)**

	Unaudited	
	March 31, 2007	December 31, 2006
Assets:		
Cash and due from banks	\$ 30,058	\$ 54,337
Federal funds sold	29,625	16,425
Other short term investments	683	1,147
Mortgage loans held for sale	2,122	2,148
Securities:		
Available for sale, at fair value; amortized cost \$540,650 in 2007 and \$525,966 in 2006	541,942	526,396
Held to maturity, at cost; fair value \$162,974 in 2007 and \$175,369 in 2006	164,464	177,455
Total securities	706,406	703,851
Federal Home Loan Bank stock, at cost	28,727	28,727
Loans:		
Commercial and other	599,170	587,397
Residential real estate	589,565	588,671
Consumer	281,465	283,918
Total loans	1,470,200	1,459,986
Less allowance for loan losses	19,360	18,894
Net loans	1,450,840	1,441,092
Premises and equipment, net	24,603	24,307
Accrued interest receivable	11,572	11,268
Investment in bank-owned life insurance	40,161	39,770
Goodwill	44,558	44,558
Identifiable intangible assets, net	12,448	12,816
Other assets	18,159	18,719
Total assets	\$ 2,399,962	\$ 2,399,165
Liabilities:		
Deposits:		
Demand deposits	\$ 175,010	\$ 186,533
NOW accounts	176,006	175,479
Money market accounts	290,273	286,998
Savings accounts	204,465	205,998
Time deposits	837,838	822,989
Total deposits	1,683,592	1,677,997
Dividends payable	2,682	2,556
Federal Home Loan Bank advances	457,145	474,561
Junior subordinated debentures	22,681	22,681
Other borrowings	25,792	14,684
Accrued expenses and other liabilities	32,543	33,630
Total liabilities	2,224,435	2,226,109
Shareholders' Equity:		
Common stock of \$.0625 par value; authorized 30,000,000 shares; issued 13,492,110 in 2007 and 2006	843	843

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Paid-in capital	35,697	35,893
Retained earnings	144,841	141,548
Accumulated other comprehensive loss	(2,876)	(3,515)
Treasury stock, at cost; 109,575 shares in 2007 and 62,432 shares in 2006	(2,978)	(1,713)
Total shareholders' equity	175,527	173,056
Total liabilities and shareholders' equity	\$ 2,399,962	\$ 2,399,165

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

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Table of Contents**WASHINGTON TRUST BANCORP, INC. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME****(Dollars and shares in thousands,
except per share amounts)**

Three months ended March 31,	2007	Unaudited	2006
Interest income:			
Interest and fees on loans	\$ 23,934	\$	21,897
Interest on securities:			
Taxable	7,792		8,412
Nontaxable	668		328
Dividends on corporate stock and Federal Home Loan Bank stock	718		677
Interest on federal funds sold and other short-term investments	191		115
Total interest income	33,303		31,429
Interest expense:			
Deposits	12,977		10,238
Federal Home Loan Bank advances	4,968		5,359
Junior subordinated debentures	338		338
Other	150		79
Total interest expense	18,433		16,014
Net interest income	14,870		15,415
Provision for loan losses	300		300
Net interest income after provision for loan losses	14,570		15,115
Noninterest income:			
Wealth management services			
Trust and investment advisory fees	5,038		4,627
Mutual fund fees	1,262		1,130
Financial planning, commissions and other service fees	570		683
Wealth management services	6,870		6,440
Service charges on deposit accounts	1,125		1,119
Merchant processing fees	1,204		1,047
Income from bank-owned life insurance	391		279
Net gains on loan sales and commissions on loans originated for others	264		276
Net realized gains on sales of securities	1,036		59
Other income	358		300
Total noninterest income	11,248		9,520
Noninterest expense:			
Salaries and employee benefits	9,812		9,619
Net occupancy	1,017		954
Equipment	832		799
Merchant processing costs	1,019		887
Outsourced services	519		518
Advertising and promotion	429		437
Legal, audit and professional fees	450		376
Amortization of intangibles	368		405
Debt prepayment penalties	1,067		-

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Other	1,596	1,709
Total noninterest expense	17,109	15,704
Income before income taxes	8,709	8,931
Income tax expense	2,734	2,858
Net income	\$ 5,975	\$ 6,073
Weighted average shares outstanding - basic	13,412.1	13,386.8
Weighted average shares outstanding - diluted	13,723.0	13,698.6
Per share information: Basic earnings per share	\$ 0.45	\$ 0.45
Diluted earnings per share	\$ 0.44	\$ 0.44
Cash dividends declared per share	\$ 0.20	\$ 0.19

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

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Table of Contents**WASHINGTON TRUST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS****(Dollars in thousands)**

Three months ended March 31,	(Unaudited)	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 5,975	\$ 6,073
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	300	300
Depreciation of premises and equipment	728	729
Loss on disposal of premises and equipment	21	-
Net amortization of premium and discount	204	416
Net amortization of intangibles	368	405
Share-based compensation	171	181
Earnings from bank-owned life insurance	(391)	(279)
Net gains on loan sales	(264)	(276)
Net realized gains on sales of securities	(1,036)	(59)
Proceeds from sales of loans	11,364	6,819
Loans originated for sale	(11,201)	(8,364)
Increase in accrued interest receivable, excluding purchased interest	(295)	(567)
Decrease (increase) in other assets	266	(681)
(Decrease) increase in accrued expenses and other liabilities	(1,018)	761
Other, net	-	6
Net cash provided by operating activities	5,192	5,464
Cash flows from investing activities:		
Purchases of: Other investment securities available for sale	(17,065)	(12,851)
Other investment securities available for sale	(15,873)	