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WASHINGTON TRUST BANCORP INC
Form 8-K
July 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)
July 17, 2003

WASHINGTON TRUST BANCORP, INC.

(Exact Name of Registrant as Specified in Charter)

Rhode Island

0-13091

05-0404671

(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 July 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

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Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On July 17, 2003, Washington Trust Bancorp, Inc. issued a press release in which it disclosed unaudited financial information related to second quarter consolidated earnings. A copy of the press release relating to such announcement, dated July 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 July 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: July 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: David V. Devault
Executive Vice President,
Secretary, Treasurer and CFO
Telephone: (401) 348-1319
E-mail: dvdevault@washtrust.com
Date: July 17, 2003
For Immediate Release

Washington Trust Announces 14% Increase
In 2nd Quarter Earnings

Westerly, Rhode Island...Washington Trust Bancorp, Inc. (NASDAQ: WASH), parent company of The Washington Trust Company, today reported net income of \$4.574 million for the three months ended June 30, 2003, up 14 percent from the \$4.024 million reported for the second quarter of 2002. On a diluted earnings per share basis, the Corporation earned 34 cents for the three months ended June 30, 2003, compared to 31 cents per diluted share for the second quarter of 2002. In June 2003, the Corporation incurred an after tax charge of \$649 thousand, or 5 cents per diluted share, related to the prepayment of certain higher interest rate Federal Home Loan Bank advances. Excluding this special item in 2003 and excluding merger related charges of \$417 thousand after tax, or 3 cents per diluted share, in the second quarter 2002, earnings for the three months ended

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June 30, 2003 were \$5.223 million, or 39 cents per diluted share, as compared to \$4.441 million, or 34 cents per share, for the same period a year ago.

The return on average assets and return on average equity for the three months ended June 30, 2003 were 1.01% and 13.57%, compared to 1.03% and 13.68%, respectively, for the three months ended June 30, 2002.

John C. Warren, Washington Trust's Chairman and Chief Executive Officer stated, "We're pleased with our second quarter results. They reflect the Bank's solid performance throughout our lines of business, and our success in maintaining excellent asset quality in a challenging economic environment. Strong residential loan sale gains afforded us the opportunity to prepay certain higher interest rate borrowings to reduce our future borrowing costs, while still realizing a respectable increase in earnings."

Net income for the six months ended June 30, 2003 amounted to \$9.3 million, or 70 cents per diluted share, as compared to \$7.8 million, or 62 cents per diluted share for the same period in 2002. Excluding the 2003 debt prepayment charges and the 2002 merger related charges described previously, earnings for the six months ended June 30, 2003 totaled \$10.0 million, or 75 cents per diluted share, as compared to \$8.2 million, or 65 cents per diluted share for the corresponding period in 2002.

The return on average assets for the six months ended June 30, 2003 was similar to that of the same period a year ago, 1.04% as compared to 1.07%, while the return on average equity declined to 14.06% for the six months ended June 30, 2003, as compared to 14.27% for the same period in 2002.

Net interest income for the second quarter of 2003 increased by 6 percent to \$12.3 million from the second quarter of 2002. Net interest income for the six months ended June 30, 2003 amounted to \$24.2 million, up 15% from the \$21.0 million reported for the corresponding 2002 period, largely due to the April 2002 acquisition of First Financial Corp. The increase in net interest income was due to earning asset growth, however net interest income was adversely affected by a decline in the net interest margin. The net interest margin for the six months ended June 30, 2003 amounted to 2.97%, down 22 basis points from the 3.19% reported for the same period a year ago. 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 Federal Home Loan Bank advances.

Noninterest income, excluding net realized gains on securities, totaled \$7.0 million for the quarter ended June 30, 2003, up 29 percent from the \$5.4 million reported for the second quarter of 2002. For the six months ended June 30, 2003, noninterest income amounted to \$12.8 million, an increase of 23 percent from the comparable 2002 amount of \$10.3 million.

--M O R E--

The growth in noninterest income was attributable to increases in gains on loan sales and service charges on deposits. For the first six months of 2003, gains on loan sales amounted to \$2.7 million, an increase of \$1.8 million from the same period in 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 during the third quarter of 2003, however this level of activity may not be sustainable in future periods. For the six months ended June 30, 2003, service charges on deposit accounts amounted to \$2.4 million, up \$646 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

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noninterest income. Trust and investment management income, which is closely tied to the performance of the financial markets, totaled \$5.3 million for the six months ended June 30, 2003, essentially unchanged from the amount reported for the corresponding period in 2002. Revenue growth has slowed reflecting the financial market declines. Trust and investment assets under administration amounted to \$1.576 billion at June 30, 2003, compared to \$1.524 billion at December 31, 2002.

The Corporation recognized net realized gains on securities amounting to \$400 thousand and \$381 thousand in the second quarter of 2003 and 2002, respectively, related to annual contributions of appreciated equity securities to the Corporation's charitable foundation. The costs associated with the contributions amounted to \$433 thousand and \$403 thousand and were included in other noninterest expenses in the second quarter of 2003 and 2002, respectively. For the six months ended June 30, 2003 and 2002, net realized gains on securities totaled \$630 thousand and \$672 thousand, respectively.

For the second quarter of 2003, noninterest expenses totaled \$12.8 million, up \$1.4 million from the amount of noninterest expenses reported for second quarter of 2002. For the six months ended June 30, 2003, noninterest expenses amounted to \$23.8 million, up \$3.2 million from the comparable 2002 amount. Included in noninterest expenses in the second quarter of 2003 were \$941 thousand in prepayment penalty charges associated with the prepayment of certain Federal Home Loan Bank advances totaling \$23 million. The prepayment of certain higher interest rate borrowings was consummated in June 2003 to reduce future funding costs. The Corporation expects that this debt restructuring will result in future interest expense savings of approximately \$510 thousand on an annualized basis over the remaining term of the prepaid debt. Included in the second quarter of 2002 were \$605 thousand of acquisition costs incurred in connection with acquisition of First Financial Corp. Exclusive of the debt prepayment penalties in 2003 and the acquisition costs in 2002, the increase in noninterest expenses was primarily due to normal growth and higher operating costs resulting from the acquisition of First Financial Corp. Salaries and benefits, the largest component of total noninterest expense, amounted to \$13.2 million for the six months ended June 30, 2003, compared to the \$11.6 million reported for the first six months of 2002.

In the first six months of 2003, total loans increased \$27.7 million to \$822.8 million at June 30, 2003. Consumer loans increased \$11.3 million, or 9 percent, from the balance at December 31, 2002, primarily due to growth in home equity lines. Commercial loans increased \$12.6 million, or 3 percent, to \$394.8 million at June 30, 2003. Residential real estate loans were impacted by the refinancing of fixed rate residential loans being sold into the secondary market. Total residential real estate loans amounted to \$284.6 million at June 30, 2003, up from \$280.9 million at December 31, 2002.

Total securities were \$846.9 million at June 30, 2003, up \$51.1 million from the December 31, 2002 balance. The increase in securities was primarily due to purchases of mortgage-backed securities, corporate bonds and U.S. government agency securities.

Total deposits at June 30, 2003 amounted to \$1.136 billion, up \$25.7 million from the December 31, 2002 balance of \$1.110 billion. Demand deposits rose \$26.3 million, or 17 percent, in the first six months of 2003 and totaled \$183.8 million at June 30, 2003. Savings deposits increased \$11.5 million from December 31, 2002 and amounted to \$482.9 million at June 30, 2003. Time deposits amounted to \$469.5 million at June 30, 2003, down from the December 31, 2002 balance of \$481.6 million. In the six months ended June 30, 2003, Federal Home Loan Bank advances increased \$63.8 million to \$543.9 million at June 30, 2003.

Asset quality continues to be strong, as measured by the level of nonperforming assets. Nonaccrual loans as a percentage of total loans at June 30, 2003 were

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..38%, compared to .53% at December 31, 2002. Similarly, nonperforming assets (nonaccrual loans and property acquired through foreclosure) as a percent of total assets at June 30, 2003 amounted to .17%, as compared to .24% at December 31, 2002. The Corporation's allowance for loan losses amounted to \$15.7 million at June 30, 2003, compared to \$15.5 million at December 31, 2002.

Total shareholders' equity amounted to \$135.2 million at June 30, 2003, up from \$128.7 million at December 31, 2002. Book value per share as of June 30, 2003 and December 31, 2002 amounted to \$10.31 and \$9.87, respectively.

--M O R E--

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, July 17, at 4:30 p.m. (Eastern Daylight Time) to discuss the Corporation's second quarter earnings. Access to the call is available in a listen-only mode on Washington Trust's web site, www.washtrust.com. The link can be found in the Investor Relations section of the site under the subhead "Investor Information" and then "Presentations." In addition, a replay of the call will be posted in this same section of the web site shortly after conclusion of the call.

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.

Note: This press release contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Corporation's management uses these non-GAAP measures in its analysis of the Corporation's performance. These measures typically adjust GAAP performance measures to exclude the effects of charges and expenses related to the consummation of acquisitions and costs related to the integration of merged entities. These non-GAAP measures also may exclude other significant gains or losses that are unusual in nature. Because these items and their impact on the Corporation's performance are difficult to predict, management believes that presentations of financial measures excluding the impact of these items provide useful supplemental information that is essential to a proper understanding of the operating results of the Corporation's core businesses. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other Corporations. A quantitative reconciliation of the differences between the non-GAAP financial information discussed herein and the most directly comparable financial information calculated and presented in accordance with GAAP is contained in the Financial Summary statements attached to this press release.

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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

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charge-off rates and changes in the assumptions used in making such forward-looking statements.

Washington Trust Bancorp, Inc. and Subsidiary FINANCIAL SUMMARY

	THREE MONTHS ENDED	
(Dollars and shares in thousands, except per share amounts)	JUN. 30, 2003	JUN. 30, 2002
OPERATING RESULTS		

Net interest income	\$12,282	\$11,621
Provision for loan losses	160	100
Net realized gains on securities	400	381
Other noninterest income	6,955	5,404
Noninterest expenses	12,848	11,474
Income tax expense	2,055	1,808
Net income	4,574	4,024
PER SHARE		

Basic earnings	\$0.35	\$0.31
Diluted earnings	\$0.34	\$0.31
Dividends declared	\$0.15	\$0.14
SHARES OUTSTANDING		

Weighted Average:		
Basic	13,089.4	12,858.7
Diluted	13,304.9	13,065.1
AVERAGE BALANCE SHEET		

Federal funds sold and other short-term investments	\$15,447	\$11,482
Taxable debt securities	784,166	665,520
Nontaxable debt securities	16,137	19,819
Corporate stocks and Federal Home Loan Bank stock	51,795	43,750
Loans:		
Commercial	395,967	348,262
Residential	296,484	240,671
Consumer	137,929	118,191
	830,380	707,124
Earning assets	1,697,925	1,447,695
Total assets	1,819,463	1,559,298
Deposits:		
Demand	166,156	144,642
Savings	472,358	371,284
Time	479,266	469,109
	1,117,780	985,035

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Federal Home Loan Bank advances	549,161	439,461
Shareholders' equity	134,814	117,683

KEY RATIOS

Return on average assets	1.01%	1.03%
Return on average equity	13.57%	13.68%
Interest rate spread (taxable equivalent basis)	2.67%	2.90%
Net interest margin (taxable equivalent basis)	2.96%	3.29%

ALLOWANCE FOR LOAN LOSSES

Balance at beginning of period	\$15,495	\$13,665
Allowance on acquired loans	-	1,829
Provision charged to earnings	160	100
Net (charge-offs) recoveries	87	(128)
	-----	-----
Balance at end of period	\$15,742	\$15,466
	=====	=====

Washington Trust Bancorp, Inc. and Subsidiary FINANCIAL SUMMARY

THREE MONTHS END

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

JUN. 30, 2003	JUN. 30, 2002
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EARNINGS AND RATIOS EXCLUDING SPECIAL ITEMS

(Non GAAP Financial Information):		
Noninterest expenses (1)	\$11,907	\$10,869
Return on average assets (2)	1.15%	1.14%
Return on average equity (2)	15.50%	15.09%

Reconciliation Table - Non GAAP Financial Information

Net income, including special items	\$4,574	\$4,024
Add back special items, net of tax:		
Debt prepayment penalties	649	-
Acquisition costs	-	417
Net income, excluding special items	\$5,223	\$4,441
Basic earnings per share	\$0.35	\$0.31
Effects of special items, net of tax	0.05	0.04
Basic earnings per share, excluding special items	\$0.40	\$0.35
Diluted earnings per share	\$0.34	\$0.31
Effects of special items, net of tax	0.05	0.03
Diluted earnings per share, excluding special items	\$0.39	\$0.34
Return on average assets	1.01%	1.03%
Effects of special items, net of tax	0.14%	0.11%
Return on average assets, excluding special items	1.15%	1.14%

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Return on average equity	13.57%	13.68%
Effects of special items, net of tax	1.93%	1.41%
Return on average equity, excluding special items	15.50%	15.09%

Washington Trust Bancorp, Inc. and Subsidiary
FINANCIAL SUMMARY

(Dollars and shares in thousands, except per share amounts)	SIX MONTHS ENDED	
	JUN. 30, 2003	JUN. 30, 2002
OPERATING RESULTS		
Net interest income	\$24,211	\$21,005
Provision for loan losses	260	200
Net realized gains on securities	630	672
Other noninterest income	12,758	10,341
Noninterest expenses	23,826	20,638
Income tax expense	4,189	3,412
Net income	9,324	7,768
PER SHARE		
Basic earnings	\$0.71	\$0.62
Diluted earnings	\$0.70	\$0.62
Dividends declared	\$0.30	\$0.28
SHARES OUTSTANDING		
Weighted Average:		
Basic	13,074.4	12,434.1
Diluted	13,265.2	12,622.4
AVERAGE BALANCE SHEET		
Federal funds sold and other short-term investments	\$15,198	\$13,233
Taxable debt securities	774,624	628,022
Nontaxable debt securities	16,796	19,908
Corporate stocks and Federal Home Loan Bank stock	49,920	42,871
Loans:		
Commercial	392,774	304,534
Residential	294,391	237,551
Consumer	135,503	114,323
Total loans	822,668	656,408
Earning assets	1,679,206	1,360,442
Total assets	1,799,014	1,455,917
Deposits:		
Demand	161,078	133,150

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Savings	466,102	342,591
Time	480,509	425,452
	-----	-----
Total deposits	1,107,689	901,193
Federal Home Loan Bank advances	540,975	431,161
Shareholders' equity	132,672	108,867

KEY RATIOS

Return on average assets	1.04%	1.07%
Return on average equity	14.06%	14.27%
Interest rate spread (taxable equivalent basis)	2.67%	2.77%
Net interest margin (taxable equivalent basis)	2.97%	3.19%

ALLOWANCE FOR LOAN LOSSES

Balance at beginning of period	\$15,487	\$13,593
Allowance on acquired loans	-	1,829
Provision charged to earnings	260	200
Net (charge-offs) recoveries	(5)	(156)
	-----	-----
Balance at end of period	\$15,742	\$15,466
	=====	=====

Washington Trust Bancorp, Inc. and Subsidiary
FINANCIAL SUMMARY

SIX MONTHS ENDED

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

JUN. 30,	JUN. 30,
2003	2002

EARNINGS AND RATIOS EXCLUDING SPECIAL ITEMS

(Non GAAP Financial Information):

Noninterest expenses (1)	\$22,885	\$20,033
Return on average assets (2)	1.11%	1.12%
Return on average equity (2)	15.03%	15.04%

Reconciliation Table - Non GAAP Financial Information

Net income, including special items	\$9,324	\$7,768
Add back special items, net of tax:		
Debt prepayment penalties	649	-
Acquisition costs	-	417
Net income, excluding special items	\$9,973	\$8,185
Basic earnings per share	\$0.71	\$0.62
Effects of special items, net of tax	0.05	0.04
Basic earnings per share, excluding special items	\$0.76	\$0.66
Diluted earnings per share	\$0.70	\$0.62
Effects of special items, net of tax	0.05	0.03
Diluted earnings per share, excluding special items	\$0.75	\$0.65

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Return on average assets	1.04%	1.07%
Effects of special items, net of tax	0.07%	0.05%
Return on average assets, excluding special items	1.11%	1.12%
Return on average equity	14.06%	14.27%
Effects of special items, net of tax	0.97%	0.77%
Return on average equity, excluding special items	15.03%	15.04%

Washington Trust Bancorp, Inc. and Subsidiary
FINANCIAL SUMMARY

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

	JUN. 30, 2003	JUN. 30, 2002
PERIOD END BALANCE SHEET		
<hr style="border-top: 1px dashed black;"/>		
Assets	\$1,839,412	\$1,634,453
Total securities	846,901	734,647
Loans:		
Commercial	394,793	372,595
Residential	284,621	249,091
Consumer	143,380	121,301
Total loans	822,794	742,987
Deposits:		
Demand	183,785	160,130
Savings	482,876	428,942
Time	469,543	468,372
Total deposits	1,136,204	1,057,444
Federal Home Loan Bank advances	543,878	432,731
Shareholders' equity	135,191	122,018

SHARE INFORMATION

Shares outstanding at end of period	13,115.1	13,026.6
Book value per share	\$10.31	\$9.37
Market value per share	\$23.02	\$23.69

CREDIT QUALITY

Nonaccrual loans	\$3,130	\$4,042
Other real estate owned, net	10	30
Nonperforming assets to total assets	0.17%	0.25%
Nonaccrual loans to total loans	0.38%	0.54%
Allowance for loan losses to nonaccrual loans	502.94%	382.63%
Allowance for loan losses to total loans	1.91%	2.08%

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ASSETS UNDER MANAGEMENT

 Market value \$1,576 \$1,534

Washington Trust Bancorp, Inc. and Subsidiary
 CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)
 June 30,
 2003

 Assets:

Cash and due from banks	\$45,961
Federal funds sold and other short-term investments	11,475
Mortgage loans held for sale	11,212
Securities:	
Available for sale, at fair value	621,172
Held to maturity, at cost; fair value \$232,374 in 2003 and \$250,446 in 2002	225,729

Total securities	846,901
Federal Home Loan Bank stock, at cost	28,668
Loans	822,794
Less allowance for loan losses	15,742

Net loans	807,052
Premises and equipment, net	25,521
Accrued interest receivable	8,059
Goodwill and other intangibles	24,903
Other assets	29,660

Total assets	\$1,839,412
=====	

Liabilities:

Deposits:	
Demand	\$183,785
Savings	482,876
Time	469,543

Total deposits	1,136,204
Dividends payable	1,968

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Federal Home Loan Bank advances	543,878
Other borrowings	7,513
Accrued expenses and other liabilities	14,658
<hr/>	
Total liabilities	1,704,221
<hr/>	

Shareholders' Equity:

Common stock of \$.0625 par value; authorized 30 million shares; issued 13,121,321 shares in 2003 and 13,086,795 shares in 2002	820
Paid-in capital	28,865
Retained earnings	96,111
Unamortized employee restricted stock	(16)
Accumulated other comprehensive income	9,533
Treasury stock, at cost; 6,243 shares in 2003 and 44,361 in 2002	(122)
<hr/>	
Total shareholders' equity	135,191
<hr/>	
Total liabilities and shareholders' equity	\$1,839,412
<hr/>	

Washington Trust Bancorp, Inc. and Subsidiary
CONSOLIDATED STATEMENTS OF INCOME

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

Periods ended June 30,	(Unaudited) Three Months	
	2003	2002
<hr/>		
Interest income:		
Interest and fees on loans	\$12,853	\$12,823
Interest on securities	8,333	9,307
Dividends on corporate stock and Federal Home Loan Bank stock	531	497
Interest on federal funds sold and other short-term investments	39	46
<hr/>		
Total interest income	21,756	22,673
<hr/>		
Interest expense:		
Savings deposits	880	1,182
Time deposits	3,799	4,340
Federal Home Loan Bank advances	4,777	5,510
Other	18	20
<hr/>		
Total interest expense	9,474	11,052
<hr/>		
Net interest income	12,282	11,621
Provision for loan losses	160	100
<hr/>		
Net interest income after provision for loan losses	12,122	11,521
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Noninterest income:		
Trust and investment management	2,744	2,667
Service charges on deposit accounts	1,348	975
Net gains on loan sales	1,441	398
Merchant processing fees	862	776
Income from bank-owned life insurance	263	285
Net realized gains on securities	400	381
Other income	297	303

Total noninterest income	7,355	5,785

Noninterest expense:		
Salaries and employee benefits	6,619	6,008
Net occupancy	736	670
Equipment	837	798
Merchant processing costs	683	614
Legal, audit and professional fees	281	221
Advertising and promotion	542	436
Outsourced services	325	267
Debt prepayment penalties	941	-
Amortization of intangibles	179	189
Acquisition related expenses	-	605
Other	1,705	1,666

Total noninterest expense	12,848	11,474

Income before income taxes	6,629	5,832
Income tax expense	2,055	1,808

Net income	\$4,574	\$4,024
=====		
Weighted average shares outstanding - basic	13,089.4	12,858.7
Weighted average shares outstanding - diluted	13,304.9	13,065.1
Per share information:		
Basic earnings per share	\$.35	\$.31
Diluted earnings per share	\$.34	\$.31
Cash dividends declared per share	\$.15	\$.14