WILMINGTON TRUST CORP
Form 10-Q
August 14, 2002

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended June 30, 2002

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: 1-14659

WILMINGTON TRUST CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	51-0328154
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890
(Address of principal executive offices) (Zip Code)

(302) 651-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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.

[X] Yes [ ] No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of shares of issuer's common stock ($1.00 par value) outstanding at June 30, 2002 - 65,674,519 shares

Wilmington Trust Corporation and Subsidiaries

Form 10-Q
Index

		Page
Part I.	Financial Information	
	Item 1 - Financial Statements (unaudited)	
	Consolidated Statements of Condition	1
	Consolidated Statements of Income	3
	Consolidated Statements of Cash Flows	5
	Notes to Consolidated Financial Statements	7
	Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	16
	Item 3 - Quantitative and Qualitative Disclosures About Market Risk	29
Part II.	Other Information	
	Item 1 - Legal Proceedings	31
	Item 2 - Changes in Securities and Use of Proceeds	31
	Item 3 - Defaults Upon Senior Securities	31
	Item 4 - Submission of Matters to a Vote of Security Holders	31
	Item 5 - Other Information	32
	Item 6 - Exhibits and Reports on Form 8-K	32

CONSOLIDATED STATEMENTS OF CONDITION (unaudited)
Wilmington Trust Corporation and Subsidiaries

(in thousands)	June 30, 2002
Cash and due from banks	$184,706
Federal funds sold and securities purchased under agreements to resell	302,630
Investment securities available for sale:	
U.S. Treasury and government agencies	739,867
Obligations of state and political subdivisions	12,978
Other securities	511,602
Total investment securities available for sale	1,264,447
Investment securities held to maturity:	
U.S. Treasury and government agencies	10,299
Obligations of state and political subdivisions	4,486
Other securities	913
Total investment securities held to maturity (market values	

of $16,257 and $17,086, respectively)	15,698
Loans:	
Commercial, financial and agricultural	2,018,553
Real estate-construction	464,377
Mortgage-commercial	995,260
Mortgage-residential	783,239
Consumer	1,481,772
Unearned income	(571)
Total loans net of unearned income	5,742,630
Reserve for loan losses	(86,619)
Net loans	5,656,011
Premises and equipment, net	137,478
Goodwill, net of accumulated amortization of $29,391 in 2002 and 2001	232,570
Other intangible assets, net of accumulated amortization of $6,534 in 2002 and $5,698 in 2001	11,411
Accrued interest receivable	38,431
Other assets	109,600
Total assets	$7,952,982

1

(in thousands)	June 30, 2002
LIABILITIES AND STOCKHOLDERS' EQUITY	
Deposits:	
Noninterest-bearing demand	$ 897,010
Interest-bearing:	
Savings	362,729
Interest-bearing demand	1,865,857
Certificates under $100,000	882,419
Certificates $100,000 and over	2,047,514
Total deposits	6,055,529
Short-term borrowings:	
Federal funds purchased and securities sold under agreements to repurchase	809,777
U.S. Treasury demand	64,520
Line of credit	26,600
Total short-term borrowings	900,897
Accrued interest payable	33,760
Other liabilities	77,630
Long-term debt	160,500
Total liabilities	7,228,316

Minority interest	142
Stockholders' equity:	
Common stock ($1.00 par value) authorized 150,000,000 shares; issued 78,528,346*	78,528
Capital surplus	47,986
Retained earnings	850,852
Accumulated other comprehensive income	13,380
Total contributed capital and retained earnings	990,746
Less: Treasury stock, at cost, 12,853,827* and 13,127,912* shares, respectively	(266,222)
Total stockholders' equity	724,524
Total liabilities and stockholders' equity	$7,952,982

*Revised to reflect the two-for-one stock split in the form of a 100% stock dividend paid on June 17, 2002.
See Notes to Consolidated Financial Statements

2

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
Wilmington Trust Corporation and Subsidiaries

	For the three months ended June 30,		For the
(in thousands; except per share data)	2002	2001	200
NET INTEREST INCOME			
Interest and fees on loans	$ 84,372	$ 100,874	$ 165,12
Interest and dividends on investment securities:			
Taxable interest	13,334	17,852	27,05
Tax-exempt interest	246	1,124	49
Dividends	1,476	1,745	2,91
Interest on federal funds sold and securities purchased under agreements to resell	108	239	22
Total interest income	99,536	121,834	195,80
Interest on deposits	21,858	40,381	44,40
Interest on short-term borrowings	4,460	13,684	10,36
Interest on long-term debt	2,648	2,763	5,28
Total interest expense	28,966	56,828	60,05
Net interest income	70,570	65,006	135,74
Provision for loan losses	(6,062)	(4,700)	(11,357
Net interest income after provision for loan losses	64,508	60,306	124,39
OTHER INCOME			

Advisory fees	51,241	43,156	103,89
Service charges on deposit accounts	7,397	6,867	14,28
Loan fees and late charges	1,632	1,768	3,49
Card fees	2,728	2,602	5,14
Securities gains	--	71	-
Other operating income	1,341	412	2,18
Total other income	64,339	54,876	129,01
Net interest and other income	128,847	115,182	253,40
OTHER EXPENSE			
Salaries and employment benefits	44,567	40,349	91,54
Net occupancy	4,776	4,322	9,41
Furniture and equipment	6,772	5,729	13,36
Stationery and supplies	1,386	1,268	2,79
Advertising and contributions	2,977	2,847	4,63

Servicing and consulting fees	2,899	2,377	5,52
Travel, entertainment and training	2,089	1,569	3,54
Originating and processing fees	2,013	1,745	3,55
Other operating expense	8,375	7,928	16,76
Total other expense	75,854	68,134	151,13
NET INCOME			
Income before income taxes, minority interest and cumulative effect of change in accounting principle	52,993	47,048	102,26
Income tax expense	18,613	16,066	35,73
Net income before minority interest and cumulative effect of change in accounting principle	34,380	30,982	66,53
Minority interest	(143)	--	(202
Net income before cumulative effect of change in accounting principle	34,237	30,982	66,33
Cumulative effect of change in accounting principle (net of income taxes of $584)	--	--	-
Net income	$ 34,237	$ 30,982	$ 66,33
Net income per share - basic:			
Before cumulative effect of change in accounting principle	$ 0.52	$ 0.48*	$ 1.0
Cumulative effect of change in accounting principle	--	--	-
Net income per share - basic	$ 0.52	$ 0.48*	$ 1.0
Net income per share - diluted:			
Before cumulative effect of change in accounting principle	0.52	0.47*	$ 1.0
Cumulative effect of change in accounting principle	--	--	-

Net income per share - diluted	$ 0.52	$ 0.47*	$ 1.0
Weighted average shares outstanding:			
basic	65,635	65,063*	65,62
diluted	66,381	65,908*	66,44

*Revised to reflect the two-for-one stock split in the form of a 100% stock dividend paid on June 17, 2002.
See Notes to Consolidated Financial Statements

4

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
Wilmington Trust Corporation and Subsidiaries

(in thousands)	For the 2002
OPERATING ACTIVITIES	
Net income	$ 66,333
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for loan losses	11,357
Provision for depreciation	10,905
Minority interest in net income	142
Compensation expense - nonemployee stock options	60
Amortization of investment securities available for sale discounts and premiums	8,406
Amortization of investment securities held to maturity discounts and premiums	5
Deferred income taxes	12
Gross proceeds from sales of loans	70,571
Gains on sales of loans	(983)
Securities gains	--
Decrease in other assets	798
Increase/(decrease) in other liabilities	(17,356)
Net cash provided by operating activities	150,250
INVESTING ACTIVITIES	
Proceeds from sales of investment securities available for sale	685
Proceeds from maturities of investment securities available for sale	384,409
Proceeds from maturities of investment securities held to maturity	849
Purchases of investment securities available for sale	(387,935)
Purchases of investment securities held to maturity	(100)
Investments in affiliates	(3,058)
Cash paid for purchase of subsidiary	(6,356)
Purchases of loans	(2,989)
Net (increase)/decrease in loans	(326,792)
Net increase in premises and equipment	(8,159)
Net cash (used for)/provided by investing activities	(349,446)
FINANCING ACTIVITIES	
Net increase/(decrease) in demand, savings and interest-bearing demand deposits	100,812

Net increase/(decrease) in certificates of deposit	363,932
Net (decrease)/increase in federal funds purchased and securities sold under agreements to repurchase	(18,484)

Net (decrease)/increase in U.S. Treasury demand	(30,351)
Net decrease in line of credit	(6,900)
Cash dividends	(32,498)
Proceeds from common stock issued under employment benefit plans, net of income taxes	9,100
Payments for common stock acquired through buybacks	(14,207)
Net cash used for financing activities	371,404
Effect of foreign currency translation on cash	25
Decrease in cash and cash equivalents	172,233
Cash and cash equivalents at beginning of period	315,103
Cash and cash equivalents at end of period	$ 487,336
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the period for:	
Interest	$ 60,836
Taxes	35,480
Loans transferred during the period:	
To other real estate owned	178
From other real estate owned	286
Common stock issued for purchase of subsidiary	$ 8,836

See Notes to Consolidated Financial Statements

Notes to Unaudited Consolidated Financial Statements

Note 1 - Accounting and Reporting Policies

The accounting and reporting policies of Wilmington Trust Corporation (the "Corporation"), a holding company that owns all of the issued and outstanding shares of capital stock of Wilmington Trust Company, Wilmington Trust of Pennsylvania, Wilmington Trust FSB, WT Investments, Inc. ("WTI"), Rodney Square Management Corporation and Wilmington Trust (UK) Limited, conform to accounting principles generally accepted in the United States of America and practices in the banking industry for interim financial information. The information for the interim periods is unaudited and includes all adjustments that are of a normal recurring nature and that management believes to be necessary for fair presentation. Results for the interim periods are not necessarily indicative of the results that may be expected for the full year. The consolidated financial statements presented herein should be read in conjunction with the notes to the consolidated financial statements included in the Corporation's Annual Report to Shareholders for 2001.

Note 2 - Comprehensive Income

The following table depicts other comprehensive income as required by SFAS No. 130:

(in thousands)	For the six 2002
Net income	$ 66,333
Other comprehensive income, net of income taxes:	
Net unrealized holding gains/(losses) on securities	3,305
Reclassification adjustment for securities gains included in net income	--
Net unrealized holding gains arising during the period on derivatives used for cash flow hedge	--
Reclassification adjustment for derivative gains included in net income	(88)
Foreign currency translation adjustments	85
Total comprehensive income	$ 69,635

7

Note 3 - Earnings Per Share
The following table sets forth the computation of basic and diluted net earnings per share:

(in thousands; except per share data)	For the three months ended June 30, 2002	2001	For the si 200
Numerator:			
Net income before cumulative effect of change in accounting principle	$ 34,237	$ 30,982	$ 66,33
Cumulative effect of change in accounting principle (net of income taxes of $584)	--	--	-
Net income	$ 34,237	$ 30,982	$ 66,33
Denominator:			
Denominator for basic earnings per share - weighted-average shares	65,635	65,063	65,62
Effect of dilutive securities:			
Employee stock options	746	845	81
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	66,381	65,908	66,44
Basic earnings per share			
Before cumulative effect of change in accounting principle	$ 0.52	$ 0.48*	$ 1.0
Cumulative effect of change in accounting principle	--	--	-

Basic earnings per share	$ 0.52	$ 0.48*	$ 1.0
Diluted earnings per share			
Before cumulative effect of change in accounting principle	$ 0.52	$ 0.47*	$ 1.0
Cumulative effect of change in accounting principle	--	--	-
Diluted earnings per share	$ 0.52	$ 0.47*	$ 1.0
Cash dividends per share	$ .255	$ .240*	$ .49

* Revised to reflect the two-for-one stock split in the form of a 100% stock dividend paid on June 17, 2002.

8

Note 4 - Segment Reporting

For the purposes of reporting our results, we divide our business activities into two segments. Our banking and advisory fee-based segments comprise the services we provide to customers. The banking and advisory fee-based segments are managed separately but have overlapping markets, customers and systems. The Corporation's strategy to develop full relationships across a broad product array allows these two segments to market separate products and services to a common base of customers.

The banking segment includes lending, deposit-taking and branch banking in our primary banking markets of Delaware, Pennsylvania and Maryland, along with institutional deposit-taking on a national basis. Lending activities include commercial loans, commercial and residential mortgages and construction and consumer loans. Deposit products include demand checking, certificates of deposit, negotiable order of withdrawal accounts and various savings and money market accounts.

The advisory fee-based segment includes private client advisory services, asset management, mutual fund, corporate trust and corporate retirement plan services to individuals and corporations in the United States and more than 50 other countries and the results of Balentine & Company. Private client advisory service activities include investment management, trust services, private banking, estate settlement, financial planning and tax preparation. Asset management activities include a broad range of portfolio management services, including fixed-income, short-term cash management and contributions resulting from affiliations with Cramer Rosenthal McGlynn, LLC and Roxbury Capital Management, LLC. Corporate trust activities include custody services, trusteeships for capital leases, collateralized securities, corporate restructurings and bankruptcies and corporate management services.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Corporation evaluates performance based on profit or loss from operations before income taxes and without including nonrecurring gains and losses. The Corporation generally records intersegment sales and transfers as if the sales or transfers were to third parties (i.e., at current market prices). Profit or loss from infrequent events such as the sale of a business are reported separately for each segment.

Financial data by segment for June 30, 2002 vs June 30, 2001 is as follows:

	Banking	Fee-Based

Quarter ended June 30, 2002 (in thousands)	Business	Business	Totals
Net interest income	$ 62,333	$ 8,237	$ 70,57
Provision for loan losses	(5,966)	(96)	(6,06
Net interest income after provision	56,367	8,141	64,50
Total advisory fees:			
Private client advisory services	2,066	28,910	30,97
Corporate financial services	787	15,225	16,01
Affiliate managers	--	4,412	4,41
Amortization of other intangibles	--	(159)	(15
Other operating income	12,248	850	13,09
Securities gains	--	--	-
Net interest and other income	71,468	57,379	128,84
Other expense	(38,382)	(37,472)	(75,85
Segment profit from operations	33,086	19,907	52,99
Segment gain from infrequent events	--	--	-
Segment profit before income taxes	$ 33,086	$ 19,907	$ 52,99

Intersegment revenue	$ --	$ --	$ -
Depreciation and amortization	3,382	2,432	5,81
Investment in equity method investees	--	222,443	222,44
Segment average assets	5,830,530	1,547,459	7,377,98

Quarter ended June 30, 2001 (in thousands)			
Net interest income	$ 57,332	$ 7,674	$ 65,00
Provision for loan losses	(4,964)	264	(4,700
Net interest income after provision	52,368	7,938	60,30
Total advisory fees:			
Private client advisory services	2,350	23,761	26,11
Corporate financial services	286	14,078	14,36
Affiliate managers	--	4,743	4,74
Amortization of other intangibles and goodwill	--	(2,062)	(2,062
Other operating income	11,303	346	11,64
Securities gains	58	13	7
Net interest and other income	66,365	48,817	115,18
Other expense	(36,419)	(31,715)	(68,134
Segment profit from operations	29,946	17,102	47,04
Segment gain from infrequent events	--	--	-
Segment profit before income taxes	$ 29,946	$ 17,102	$ 47,04
Intersegment revenue	$ --	$ --	$ -
Depreciation and amortization	3,096	3,823	6,91
Investment in equity method investees	--	188,160	188,16
Segment average assets	5,797,675	1,392,984	7,190,65

Year-to-Date June 30, 2002 (in thousands)	Banking Business	Fee-Based Business	Totals
Net interest income	$ 118,542	$ 17,206	$ 135,74
Provision for loan losses	(11,112)	(245)	(11,357
Net interest income after provision	107,430	16,961	124,39
Total advisory fees:			
Private client advisory services	3,543	57,841	61,38
Corporate financial services	1,570	28,901	30,47
Affiliate managers	--	12,282	12,28
Amortization of other intangibles	--	(241)	(241
Other operating income	23,649	1,465	25,11
Securities gains	--	--	-

	Banking Business	Fee-Based Business	Totals
Net interest and other income	136,192	117,209	253,40
Other expense	(76,041)	(75,093)	(151,134
Segment profit from operations	60,151	42,116	102,26
Segment gain from infrequent events	--	--	-
Segment profit before income taxes	$ 60,151	$ 42,116	$ 102,26
Intersegment revenue	$ --	$ --	$ -
Depreciation and amortization	6,861	5,410	12,27
Investment in equity method investees	--	222,443	222,44
Segment average assets	5,830,530	1,547,459	7,377,98

Year-to-Date June 30, 2001 (in thousands)			
Net interest income	$ 111,659	$ 15,548	$ 127,20
Provision for loan losses	(9,847)	(103)	(9,950
Net interest income after provision	101,812	15,445	117,25
Total advisory fees:			
Private client advisory services	3,272	49,282	52,55
Corporate financial services	952	25,683	26,63
Affiliate managers	--	10,919	10,91
Amortization of other intangibles and goodwill	--	(4,063)	(4,063
Other operating income	22,528	2,198	24,72
Securities gains	626	156	78
Net interest and other income	129,190	99,620	228,81
Other expense	(72,383)	(63,815)	(136,198
Segment profit from operations	56,807	35,805	92,61
Segment gain from infrequent events	--	--	-
Segment profit before income taxes	$ 56,807	$ 35,805	$ 92,61

Intersegment revenue	$ --	$ --	$ -
Depreciation and amortization	6,204	7,599	13,80
Investment in equity method investees	--	188,160	188,16
Segment average assets	5,797,675	1,392,984	7,190,65

Note 5 - Accounting Pronouncements

Asset Retirement Obligations

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal operation of a long-lived asset, except for certain obligations of lessees. The Statement requires that the fair value of a liability for an asset

retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

This Statement amends FASB Statement No. 19, Financial Accounting and Reporting by Oil and Gas Producing Companies, and it applies to all entities. It is effective for financial statements issued for fiscal years beginning after June 15, 2002. Earlier application is encouraged. The Corporation does not expect the adoption of this Statement to have an impact on its earnings, financial condition or equity.

Impairment or Disposal of Long-Lived Assets

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. However, the Statement retains the fundamental provisions of Statement 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale.

This Statement supersedes the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business. However, this Statement retains the requirement of Opinion 30 to report discontinued operations separately from continuing operations and extends that reporting to a component of an entity that either has been disposed of (by sale, by abandonment or in distribution to owners) or is classified as held for sale. This Statement also amends ARB No. 51, Consolidated Financial Statements, to eliminate the exception to consolidation for a temporarily controlled subsidiary.

The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years, with earlier application encouraged. The provisions of this Statement generally are to be applied prospectively. The adoption of this Statement did not have an impact on the Corporation's earnings, financial condition or equity.

Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections

In April 2002, the FASB issued SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, and an amendment of that Statement, FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements, along with rescinding FASB Statement No. 44, Accounting for Intangible Assets of Motor Carriers and amending FASB Statement No. 13, Accounting for Leases. This Statement (1) eliminates an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions, (2) eliminates the extraordinary item treatment of reporting gains and losses from extinguishments of debt and (3) makes certain other technical corrections.

The provisions of this Statement related to the rescission of Statement 4 apply in fiscal years beginning after May 15, 2002. The provisions of this Statement related to Statement 13 are effective for transactions occurring after May 15, 2002. All other provisions of this Statement are effective for financial statements issued on or after May 15, 2002. Early application of this Statement is encouraged. The Corporation does not expect the adoption of this Statement to have an impact on its earnings, financial condition or equity.

Costs Associated with Exit or Disposal Activities

In June 2002, the FASB issued SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities." This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)."

The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. The Corporation does not expect the adoption of this Statement to have an impact on its earnings, financial condition or equity.

Note 6 - Derivative and Hedging Activities

The Corporation previously entered into interest rate swap and interest rate floor contracts in managing interest rate risk to reduce the impact of fluctuations in interest rates of identifiable asset categories, principally floating-rate commercial loans and commercial mortgage loans.

Swaps are contracts to exchange, at specified intervals, the difference between fixed- and floating-rate interest amounts computed on contractual notional principal amounts.

Floors are contracts that generate interest payments to the Corporation based on the difference between the floating-rate index and a predetermined strike rate of the specific floor when the index is below the strike rate. When the index is equal to or above the strike rate, no payments are made or received by the Corporation.

Changes in the fair value of the floors attributed to the change in "time value"

are excluded in assessing the hedge's effectiveness and are recorded to "Other Operating Income" in the Consolidated Statements of Income. Changes in the fair value that are determined to be ineffective are also recorded to "Other Operating Income" in the Consolidated Statements of Income. The effective portion of the change in fair value is recorded in "Other Comprehensive Income" in the Consolidated Statements of Condition. For the first quarter of 2002, approximately $72,000 of gains in "Accumulated Other Comprehensive Income" were reclassified to earnings. During the 12 months ending March 31, 2003, approximately $307,000 of gains in "Accumulated Other Comprehensive Income" are expected to be reclassified to earnings.

The Corporation does not hold or issue derivative financial instruments for trading purposes.

Note 7 - Goodwill and Other Intangible Assets

A summary of goodwill and other intangible assets at June 30, 2002 is as follows:

	As of Ju		N
(in thousands)	Gross carrying amount	Accumulated amortization	
Goodwill (nonamortizing)	$ 261,961	$ 29,391	
Other intangibles			
Amortizing:			
Purchased mortgage servicing rights	$ 5,213	$ 2,810	
Customer lists	7,904	2,038	

Acquisition costs	1,635	1,301	
Other intangibles	479	385	
Nonamortizing			
Other intangible assets	2,714	--	
Total other intangibles	$ 17,945	$ 6,534	

Amortization expense of other intangible assets for the six months ended June 30, 2002 is as follows:

(in thousands)	For the six Ju
Amortization expense	

The estimated amortization expense of other intangible assets for each of the

five succeeding fiscal years is as follows:

Estimated annual amortization expense (in thousands)
For the year ended December 31, 2003
For the year ended December 31, 2004
For the year ended December 31, 2005
For the year ended December 31, 2006
For the year ended December 31, 2007

14

The changes in the carrying amount of goodwill for the six months ended June 30, 2002, are as follows:

(in thousands)	Banking Business	Fee-Based Business
Balance as of January 1, 2002	$ 3,752	$ 209,099
Goodwill acquired	--	20,295
Impairment loss	--	(576)
Balance as of June 30, 2002	$ 3,752	$ 228,818

The goodwill acquired above includes $7.3 million recorded on the acquisition of Balentine Holdings, Inc., $2.0 million recorded on the Corporation's investment in Camden Partners Holdings, LLC and $9.7 million recorded on the acquisition of SPV Management Limited.

During the first quarter of 2002, a goodwill impairment loss of $575,582 was recognized due to under- performance of an equity investment. This loss is recorded in the "Other operating expense" line of the Corporation's Consolidated Statements of Income and is not considered to be a transitional impairment as of January 1, 2002, the date of the Corporation's adoption of SFAS No. 142, "Goodwill and Other Intangible Assets."

Other intangible assets acquired in the first six months of 2002 are as follows:

(in thousands)	Amount Assigned	Residual Value	Weig per
Purchased mortgage servicing rights	$ 644	--	
Customer lists	3,108	--	
Acquisition costs	--	--	
Other intangibles	1,650	--	
Total	$ 5,402	--	

The Following table sets forth the computation of basic and diluted earnings per share adjusted for the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets":

(in thousands, except per share amounts)	For the three months ended June 30, 2002	For the three months ended June 30, 2001	For the six 2002
Reported net income	$ 34,237	$ 30,982	$ 66,333
Add back: Goodwill amortization	--	2,156	--
Tax effect	--	(736)	--
Adjusted net income	$ 34,237	$ 32,402	$ 66,333
Basic earnings per share			
Reported net income	$ 0.52	$ 0.48	$ 1.01
Goodwill amortization	--	0.04	--
Adjusted basic earnings per share	$ 0.52	$ 0.52	$ 1.01
Diluted earnings per share			
Reported net income	$ 0.52	$ 0.47	$ 1.00
Goodwill amortization	--	0.04	--
Adjusted diluted earnings per share	$ 0.52	$ 0.51	$ 1.00

15

Wilmington Trust Corporation and Subsidiaries

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

SUMMARY

The Corporation's stock was split on a two-for-one basis in the form of a 100% stock dividend paid on June 17, 2002. All share and per share amounts have been adjusted to reflect that split.

Net income for the second quarter of 2002 was $34.2 million, or $0.52 per share on a diluted basis, and for the first six months of 2002 was $66.3 million, or $1.00 per share on a diluted basis. This was an 11% increase over the $31.0 million, or $0.47 per share, and a 7% increase over the $62.2 million, or $0.94 per share, reported for the second quarter and first six months of 2001, respectively. The 2001 results included a $1.1 million after-tax adjustment, or $0.02 per share, for the cumulative effect of a change in accounting principle related to the adoption of Financial Accounting Standards Board Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities."

These results reflect the Corporation's continued growth in each of its core businesses and are especially noteworthy in the face of the substantial volatility that continues to plague the financial markets.

Second quarter results reflect the consolidation of the operating results for SPV Management Limited, which was acquired on April 23, 2002, and the elimination of $1.9 million of goodwill amortization expense.

Combined assets under management at quarter-end reached $31.7 billion, with approximately two-thirds of those assets managed by the Corporation and the remainder managed by the its affiliate asset managers.

Improvement was realized in the major components of the Corporation's revenue as net interest income for the second quarter improved $5.6 million, or 9%, to $70.6 million, while noninterest revenues rose $9.5 million, or 17%, to $64.3 million. For the first half of 2002, net interest income was up $8.5 million, or 7%, while noninterest revenues were up $17.5 million, or 16%.

The quarterly provision for loan losses was $6.1 million, up 29% over the $4.7 million for the second quarter of 2001. The provision for the first half of 2002 was $11.4 million, up 14% over $10.0 million for the same period last year.

Operating expenses increased $7.7 million, or 11%, to $75.9 million and included the consolidation of the results of Balentine Holdings and SPV Management with the Corporation.

These results produced an annualized return on average stockholders' equity of 19.06% and a return on average assets of 1.80%. These ratios compare with 20.37% and 1.74%, respectively, for the first six months of 2001.

STATEMENT OF CONDITION

Total banking assets at June 30, 2002 were $7.95 billion, up $434.5 million, or 6%, from year-end 2001 due to higher balances in loans and short-term investments. Loan balances increased $254.7 million, or 5%, while short-term investments increased $197.6 million, or 188%.

Short-term investments at June 30, 2002 were $302.6 million. This was an increase of $197.6 million, or 188%, over the December 2001 balance of $105.0 million. Federal funds sold reached $252.6 million, an increase of $187.6 million, or 289%, over their 2001 year-end level.

The investment portfolio at June 30, 2002 was $1.28 billion, virtually unchanged from its year-end 2001 level.

The loan portfolio increased $254.7 million, or 5%, to $5.74 billion during the first six months of 2002 as the relative health of the Delaware Valley economy has produced higher-than-expected growth in the regional banking business. Commercial, financial and agricultural loans increased $156.8 million, or 8%, reaching $2.0 billion. Approximately 80% of this growth was in the Corporation's Delaware market. Consumer loans increased $130.0 million, or 10%, to $1.48 billion due to increased demand for collateralized lending, automobile financings and home equity loans. Approximately 49% of this growth originated in the Corporation's Pennsylvania market and 32% in its Delaware market. Real estate construction loans increased $63.8 million, or 16%, to $464.4 million as low interest rates continue to spark housing demand. Mortgage loans declined $96.2 million as residential mortgage loans decreased $82.1 million, or 9%, and commercial mortgage loans declined $14.2 million, or 1%, due to paydowns and sales of residential mortgage loans into the secondary markets.

The reserve for loan losses at June 30, 2002 was $86.6 million, or 1.51% of period-end loans outstanding. This compares with $80.8 million, or 1.47% of period-end loans outstanding at year-end 2001. The second quarter loan loss provision of $6.1 million reflected the growth in the loan portfolio and an increase in nonaccruing loans.

The adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," has modified the balance sheet presentation of these items from prior periods. Prior periods have been adjusted to conform to the presentation requirements of the new pronouncement. At June 30, 2002, goodwill was $232.6 million, an increase of $19.7 million, or 9%, over the reclassified $212.9 million reported for December 31, 2001. This increase was associated with the Corporation's investments in Camden Partners Holdings, LLC, a Baltimore-based private equity firm, Balentine Holdings, Inc., an Atlanta-based investment counseling firm, and SPV Management Limited, a London-based specialty financial services firm. Other intangibles, previously reported as a component of other assets, were $11.4 million at June 30, 2002, an increase of $4.6 million, or 68%, over the $6.8 million at December 31, 2001. This increase over year-end was attributable to costs associated with the aforementioned investments. Other intangibles include items such as acquired customer lists, acquisition costs, purchased mortgage servicing rights and other items, which will continue to be amortized under the new accounting pronouncement.

Accrued interest receivable at June 30, 2002 was $38.4 million, down $2.1 million, or 5%, from $40.6 million at year-end 2001. This decrease was primarily rate-driven and due to lower interest income recorded but not yet received on Federal funds sold that are included in the Corporation's short-term investments.

Total deposits at June 30, 2002 were $6.05 billion, $464.7 million, or 8%, over the 2001 year-end level. Core deposits, excluding certificates $100,000 and over, rose $83.2 million, or 2%, to $4.0 billion. A decline in noninterest bearing demand account balances of $361.3 million, or 29%, to $897.0 million was offset by an increase in interest-bearing demand account balances of $455.6 million, or 32%, to $1.87 billion. Certificates of deposit $100,000 and over increased $381.6 million, or 23%, to $2.05 billion.

Short-term borrowings at June 30, 2002 were $900.9 million, a decrease of $55.7 million, or 6%, from $956.6 million at December 31, 2001. Federal funds purchased and securities sold under agreements to repurchase at quarter-end were $809.8 million, an $18.5 million, or 2%, decrease from the $828.3 million at year-end 2001. U.S. Treasury demand balances declined $30.4 million, or 32%, from the year-end level of $94.9 million. Outstanding lines of credit were reduced $6.9 million, or 21%, to $26.6 million.

Stockholders' equity at June 30, 2002 was $724.5 million, a $42.0 million, or 6%, increase over the $682.6 million at year-end 2001. Earnings of $66.3 million, coupled with $19.1 million of stock issued and a $3.3 million, net of tax, improvement in the market value of securities held for sale were partially offset by cash dividends of $32.5 million and treasury stock acquisitions of $14.2 million.

17

NET INTEREST INCOME

Net interest income is the difference between interest income received on earning assets, such as loans and investment securities, and interest expense paid on liabilities, such as deposits and short-term borrowings. Movements in interest rates and the relative levels of earning assets and interest-bearing

liabilities held by the Corporation affect its net interest margin and the resulting net interest income. The net interest margin is determined by dividing fully tax-equivalent ("FTE") net interest income by average total earning assets.

The Corporation's net interest income for the second quarter of 2002, on an FTE basis, was $70.6 million, an increase of $5.6 million, or 9%, over that for the second quarter of 2001. For the first six months of 2002, net interest income was $8.5 million, or 7%, ahead of that for the corresponding period of last year. The Corporation's net interest margin for the first half of 2002 was 4.06%, an increase of 12 basis points over the 3.94% reported for the first half of 2001. The Federal Reserve Board lowered short-term interest rates 11 times during 2001, reducing the discount rate to 1.25%, 475 basis points below the 6.00% at which it began the year. For the first half of 2002, the discount rate averaged 1.25%, 322 basis points below the 4.47% averaged for the first half of 2001. These rate reductions have caused both interest revenue and interest expense to decline.

Interest revenue (FTE) for the first half of 2002 totaled $198.4 million, a decrease of $54.8 million, or 22%, from the $253.3 million reported for the first half of 2001. Interest revenue declined $65.0 million as the average rate earned on the Corporation's assets fell 182 basis points to 5.82%, while interest revenues increased $10.2 million due to a $219.9 million increase in the average level of earning assets to $6.82 billion. The Corporation's average prime lending rate (the rate at which banks lend to their most creditworthy customers) was 4.75%, 324 basis points below the 7.99% for the first half of 2001.

Interest expense for the first half of 2002 was $60.1 million, a decrease of $62.3 million, or 51%, from the $122.4 million for the first half of 2001. Interest expense declined $62.4 million as the average rate the Corporation paid on its interest-bearing liabilities fell 233 basis points to 2.06%. The aforementioned reductions in the discount rate by the Federal Reserve Board were responsible for this decrease. The following tables present comparative net interest income data for the second quarters of 2002 and 2001 and the first six months of 2002 and 2001 and a rate-volume analysis of changes in net interest income for the first quarters of 2002 and 2001, respectively.

18

QUARTERLY ANALYSIS OF EARNINGS

	2002 Second Quarter			2001 Seco	
(in thousands; rates on tax-equivalent basis)	Average balance	Income/ expense	Average rate	Average balance	In ex
Earning assets					
Federal funds sold and securities purchased under agreements to resell	$ 17,355	$ 108	2.46%	$ 20,415	$
U.S. Treasury and government agencies	744,866	8,543	4.67	791,912	1
State and municipal	17,439	378	8.97	17,165	
Preferred stock	80,418	1,774	8.33	85,142	
Asset-backed securities	238,551	3,473	6.00	286,470	
Other	169,197	1,553	3.59	155,912	

Total investment securities	1,250,471	15,721	5.08	1,336,601	2
Commercial, financial and agricultural	1,941,050	26,762	5.45	1,620,775	3
Real estate-construction	452,585	5,947	5.19	405,622	
Mortgage-commercial	1,007,538	16,313	6.40	1,002,435	2
Mortgage-residential	800,288	13,816	6.90	916,722	1
Consumer	1,435,291	22,175	6.18	1,255,738	2
Total loans	5,636,752	85,013	5.99	5,201,292	10
Total earning assets	$6,904,578	100,842	5.82	$6,558,308	12
Funds supporting earning assets					
Savings	$364,757	229	0.25	$351,221	
Interest-bearing demand	1,818,007	2,602	0.57	1,281,853	
Certificates under $100,000	884,724	7,723	3.50	909,701	1
Certificates $100,000 and over	1,944,431	11,304	2.30	1,716,611	2
Total interest-bearing deposits	5,011,919	21,858	1.74	4,259,386	4
Federal funds purchased and securities sold under agreements to repurchase	794,634	4,400	2.19	1,053,382	1
U.S. Treasury demand	15,853	60	1.50	38,442	
Total short-term borrowings	810,487	4,460	2.18	1,091,824	1
Long-term debt	160,500	2,648	6.60	168,000	
Total interest-bearing liabilities	5,982,906	28,966	1.93	5,519,210	5

Other noninterest funds	921,672	--	--	1,039,098	
Total funds used to support earning assets	$6,904,578	28,966	1.67	$6,558,308	5
Net interest income/yield		71,876	4.15		6
Tax-equivalent adjustment		(1,306)			(2
Net interest income		$ 70,570			$ 6

Average rates are calculated using average balances based on historical cost and do not reflect the market valuation adjustment required by Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective January 1, 1994.

YEAR-TO-DATE ANALYSIS OF EARNINGS

(in thousands; rates on tax-equivalent basis)	Year-to-Date 2002			Year-to-Da	
	Average balance	Income/ expense	Average rate	Average balance	In ex
Earning assets					
Federal funds sold and securities purchased under agreements to resell	$ 16,229	$ 220	2.70%	$ 18,755	$
U.S. Treasury and government agencies	747,056	17,434	4.76	828,532	2
State and municipal	17,477	756	8.96	18,698	
Preferred stock	80,406	3,523	8.34	90,288	
Asset-backed securities	246,801	7,230	6.02	289,701	
Other	156,302	2,843	3.56	156,196	
Total investment securities	1,248,042	31,786	5.15	1,383,415	4
Commercial, financial and agricultural	1,876,687	49,697	5.26	1,616,651	6
Real estate-construction	436,897	11,274	5.13	401,067	1
Mortgage-commercial	1,014,030	32,937	6.46	997,438	4
Mortgage-residential	820,939	28,726	6.99	919,203	3
Consumer	1,402,538	43,781	6.28	1,258,908	5
Total loans	5,551,091	166,415	5.98	5,193,267	20
Total earning assets	$6,815,362	198,421	5.82	$6,595,437	25
Funds supporting earning assets					
Savings	$ 356,758	445	0.25	$ 350,792	
Interest-bearing demand	1,679,351	5,095	0.61	1,293,570	1
Certificates under $100,000	890,677	16,067	3.64	914,582	2
Certificates $100,000 and over	1,848,371	22,798	2.45	1,776,931	5
Total interest-bearing deposits	4,775,157	44,405	1.86	4,335,875	8
Federal funds purchased and securities sold under agreements to repurchase	856,058	10,094	2.35	1,023,842	2
U.S. Treasury demand	36,286	268	1.47	37,371	
Total short-term borrowings	892,344	10,362	2.31	1,061,213	2
Long-term debt	160,500	5,289	6.59	168,000	
Total interest-bearing liabilities	5,828,001	60,056	2.06	5,565,088	12
Other noninterest funds	987,361	--	--	1,030,349	

Total funds used to support earning assets	$6,815,362	60,056	1.76	$6,595,437	12
Net interest income/yield		138,365	4.06		13
Tax-equivalent adjustment		(2,617)			(3
Net interest income		$ 135,748			$ 12

Average rates are calculated using average balances based on historical cost and do not reflect the market valuation adjustment required by Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective January 1, 1994.

22

RATE-VOLUME ANALYSIS OF NET INTEREST INCOME

	For the three months ended June 30,			For
	2002/2001 Increase (Decrease) due to change in			
(in thousands)	(1) Volume	(2) Rate	Total	(1 Volu
Interest income:				
Federal funds sold and securities purchased under agreements to resell	$ (36)	$ (95)	$ (131)	$ (6
U.S. Treasury and government agencies	(740)	(2,279)	(3,019)	(2,62
State and municipal *	6	(1,368)	(1,362)	(8
Preferred stock *	(112)	48	(64)	(51
Asset-backed securities	(791)	(56)	(847)	(1,46
Other *	250	(1,134)	(884)	
Total investment securities	(1,387)	(4,789)	(6,176)	(4,60
Commercial, financial and agricultural *	6,021	(10,098)	(4,077)	10,1
Real estate-construction	902	(2,836)	(1,934)	1,4
Mortgage-commercial *	105	(4,635)	(4,530)	6
Mortgage-residential	(2,093)	(617)	(2,710)	(3,49
Consumer	3,653	(7,095)	(3,442)	6,0
Total loans	8,588	(25,281)	(16,693)	14,8

Total interest income	$ 7,165	$(30,165)	$ (23,000)	$ 10,1
Interest expense:				
Savings	$ 24	$ (418)	$ (394)	$
Interest-bearing demand	2,018	(4,233)	(2,215)	3,4
Certificates under $100,000	(316)	(3,461)	(3,777)	(60
Certificates $100,000 and over	3,110	(15,247)	(12,137)	2,0
Total interest-bearing deposits	4,836	(23,359)	(18,523)	4,8

23

Federal funds purchased and securities sold under agreements to repurchase	(3,228)	(5,662)	(8,890)	(4,58
U.S. Treasury demand	(231)	(103)	(334)	(2
Total short-term borrowings	(3,459)	(5,765)	(9,224)	(4,61
Long-term debt	(123)	8	(115)	(24
Total interest expense	$ 1,254	$ (29,116)	$ (27,862)	$ 3
Changes in net interest income			$ 4,862	

* Variances are calculated on a fully tax-equivalent basis, which includes the effects of any disallowed interest expense.

(1) Changes attributable to volume are defined as change in average balance multiplied by the prior year's rate.

(2) Changes attributable to rate are defined as a change in rate multiplied by the average balance in the applicable period of the prior year. A change in rate/volume (change in rate multiplied by change in volume) has been allocated to the change in rate.

24

NONINTEREST REVENUES AND OPERATING EXPENSES

Advisory fees for the second quarter of 2002 were $51.2 million, an increase of $8.1 million, or 19%, over the $43.2 million reported for the second quarter of last year. For the first half of 2002, advisory fees were $103.9 million, an increase of $17.9 million, or 21%. Advances in private client advisory services offset lower revenues from affiliate money managers. Revenues from private client advisory services were impacted by markets that remained well below their year-ago levels. Approximately 70% of private client advisory fees are tied to securities valuations, and fees are calculated monthly, using market values on the last day of the previous month. Based on those averages for the second quarters of 2002 and 2001, the Dow Jones Industrial Average declined 3.9%; the S&P 500 fell 10.2%; and the Nasdaq Composite Index dropped 15.1%. For the first six months of 2002, those indices were down 5.3%, 12.2%, and 20.0%, respectively, from the corresponding indices at December 31, 2001. The percentage of operating revenues derived from these fee-based businesses

continued to increase, accounting for 47.8% of operating revenues for the second quarter of 2002 compared with 46.7% for the second quarter of 2001.

(in thousands)	Six Months 2002	% of Operating Revenues	Six Months 2001	% O R
Net interest income	$135,748	51%	$127,207	
Fee income:				
Advisory fees	104,137	39%	90,108	
Service charges	14,282	5%	13,029	
Other operating income	10,832	5%	11,697	
Total fee income	129,251	49%	114,834	
Total operating revenues	$264,999	100%	$242,041	
Affiliate manager other intangibles and goodwill amortization	(241)		(4,063)	
Securities gains / (losses)	0		782	
Net interest and other income before loan loss provision	$264,758		$238,760	

Private client advisory fees for the second quarter were $31.0 million, an increase of $4.9 million, or 19%, over the $26.1 million for the second quarter of last year as new business continued to grow. For the first six months of 2002, private client advisory fees were $61.4 million, an increase of $8.8 million, or 17%, over the $52.6 million for the first half of last year. The consolidation of Balentine has added $6.2 million to 2002 revenues. New business development sales for the second quarter totaled $4.3 million, which was 19% higher than for the second quarter of last year and 30% higher than the first quarter of this year. Joint sales activity with Balentine accounted for much of the increase, as more clients selected the asset allocation and style diversification that derive from Balentine's open architecture investment process.

Corporate financial services revenues for the second quarter of 2002 were $16.0 million, an increase of $1.6 million, or 12%, over the $14.4 million for the second quarter of last year. For the first half of 2002, these fees were $30.5 million, $3.8 million, or 14%, higher than the $26.6 million recorded for the first half of last year. Income from the acquisition of London-based SPV Management, which added four European jurisdictions in which Wilmington Trust is permitted to conduct business, was included for the first time in the second quarter and accounted for $1.0 million of the fee increase. Year-to-date revenues from the corporate trust business were $14.6 million, which includes capital markets and large equipment leasing trusts. This was an increase of $2.3 million, or 18%, over the $12.4 million for the first half of last year.

Contributing to the growth in this business was increased demand for trust-preferred securities services; referrals from corporate plan sponsors, recordkeepers and other alliance partners;

and increased sales of proprietary Web-based auction agent services. The majority of corporate financial services revenue is generated on a fee-for-service basis. The remainder, approximately 24%, is tied to asset valuations.

Revenues from our affiliate asset managers were $4.4 million, a $330,000, or 7%, decline from the $4.7 million for the second quarter of 2001, and a $3.5 million, or 44%, decline from the $7.9 million reported for the first quarter of this year. These fees for the first half of 2002 were $12.3 million, an increase of $1.4 million, or 13%, over the $10.9 million reported for the first half of 2001. Several factors contributed to the decrease in the second quarter. Income from value-style manager Cramer Rosenthal McGlynn declined 68% from that for the first quarter, due largely to a reduction in incentive fees related to hedge fund activity. Likewise, market valuations and volatility led to a 24% decrease in revenue from growth-style manager Roxbury Capital Management from its revenue for the second quarter of 2001. Market conditions continue to hamper the Corporation's ability to grow its assets under management.

Assets under management (in billions)

	June 30, 2002	March 31, 2002	June 30,
Wilmington Trust	$22.0	$24.2	
Roxbury Capital Management	$5.0	$6.9	
Cramer Rosenthal McGlynn	$4.7	$5.1	
Totals	$31.7	$36.2	

At June 30, 2002, the composition of Wilmington Trust's assets under management was: equities, 59%; fixed income, 23%; cash and equivalent instruments, 10%; mutual funds, 5%; and miscellaneous assets, 3%.

Second quarter and year-to-date 2002 net advisory fees reflect a $1.9 million and $3.8 million reduction in goodwill amortization expense from the corresponding periods of 2001, in accordance with the provisions of Statement of Financial Accounting Standard No. 142, which were adopted at the beginning of 2002.

Other operating income for the second quarter was $1.3 million, an increase of $929,000 over the $412,000 reported for the second quarter of 2001. For the first half of 2002, other operating income was $2.2 million, down $1.2 million, or 36%, from that for the first half of 2001. Second quarter 2002 results included a one-time gain from the sale of the 401(k) recordkeeping business of $553,000 along with higher gains on sales of residential mortgage loans and automobile lease residual values. Six-month results from 2001 included a $1.8 million gain on the sale of a parking lot offset, in part, by losses on automobile lease residual values.

Operating expenses for the quarter were $75.9 million, an increase of $7.7 million, or 11%, over the $68.1 million for the second quarter of last year. For the first half of 2002, operating expenses were $151.1 million, $14.9 million, or 11%, higher than the $136.2 million reported for the first half of 2001. The 2002 year-to-date expenses include approximately $6.4 million relating to the consolidation of Balentine and SPV Management.

Personnel expenses for the quarter were $44.6 million, an increase of $4.2 million, or 10%, over the $40.3 million for the second quarter of 2001. For the year-to-date, personnel expenses were $91.5 million, $8.3 million, or 10%, higher than those for the first half of 2001. Approximately $3.6 million, or 43%, of this increase was attributable to the newly-consolidated entities.

All categories of operating expense reflected modest increases for both the quarter-over-quarter and year-over-year. Each of these classifications of expense reflected increases associated with the aforementioned consolidation of Balentine and SPV Management. Absent this $6.4 million increase, operating expenses were 6% higher than their year-ago levels and reflected the opening of new offices in Atlanta, Palm Beach, Baltimore and California.

The provision for income taxes for the second quarter of 2002 was $18.6 million, a $2.5 million, or 16%, increase over the provision for the second quarter of last year. Year-to-date, the provision for income taxes was $35.7 million, $4.2 million, or 13%, higher than for the first half of 2001. Federal income tax expense was $32.7 million, an increase of $2.8 million, or 10%, over the $29.8 million for the first half of 2002. State income tax expense was

26

$3.0 million, an increase of $642,000, or 27%. The Corporation's effective tax rate for the first half of 2002 was 34.9%, compared with 34.0% for the first half of 2001. Contributing to this increase were higher levels of pretax income, declining levels of tax-exempt income and increased profits in states with less favorable rate structures than Delaware.

LIQUIDITY

A financial institution's liquidity represents its ability to meet, in a timely manner, cash flow requirements that may arise from increases in demand for loans and other assets or from decreases in deposits or other funding sources. Liquidity management, therefore, contains both asset and liability components. The maturity and marketability of loans and investments provide liquidity, along with time deposits at other banks, federal funds sold and securities purchased under agreements to resell. Liquidity also results from the Corporation's internally generated capital, core deposits, large certificates of deposit, federal funds purchased, securities sold under agreements to repurchase and other credit facilities. In the second quarter of 2002, the proportion of funding provided by core deposits - demand deposits, interest-bearing demand deposits and certificates of deposit - was stable when compared to last year. Since average total assets were stable year-to-year, funding sources also were stable, with the relative proportions of core deposits and short-term borrowings (principally federal funds purchased and securities sold under agreements to repurchase) virtually unchanged. The Corporation is a guarantor of 63% - its ownership interest - of three obligations of its affiliate, Cramer Rosenthal McGlynn. The guaranty is for two lines of credit totaling $8 million, at LIBOR plus 2%, which expire December 8, 2002. The third credit facility is a $2 million amortizing term loan, at LIBOR plus 2%, the balance of which was $166,000 at June 30, 2002. Management continuously monitors the Corporation's existing and projected liquidity requirements. The Corporation believes that its acceptance in the national markets will permit it to obtain additional funding if the need arises in the future. The Bank is a member of the Federal Home Loan Bank of Pittsburgh, which provides an additional source of funds.

ASSET QUALITY AND LOAN LOSS PROVISION

The Corporation's provision for loan losses for the second quarter was $6.1 million. This was $1.4 million higher than the amount provided for the second quarter of 2001, and was attributable to loan growth and a provision against 25% of the Corporation's $13 million exposure to a commercial client in the educational services industry. The reserve for loan losses at June 30, 2002 was $86.6 million, an increase of $5.8 million, or 7%, over the $80.8 million at December 31, 2001. The reserve at quarter-end as a percentage of loans outstanding was 1.51%, an increase of four basis points over the 1.47% reported at year-end 2001. Net chargeoffs for the quarter were $1.2 million, a decrease of $2.0 million, or 61%, from the $3.2 million reported for the second quarter of 2001. Loans past due 90 days or more, nonaccrual loans and restructured loans at June 30, 2002 totaled $52.6 million. This represented an increase of $1.0 million, or 2%, over the $51.5 million reported at year-end 2001. Loans past due 90 days or more at quarter-end totaled $5.5 million, down $8.1 million, or 60%, from year-end 2001. Nonaccrual loans at quarter-end were $47.1 million, $9.1 million, or 24%, above the $38.0 million of nonaccrual loans at year-end 2001. At June 30, 2002, no loans were classified as restructured, compared with $375,000 of loans at year-end 2001. Other real estate owned (OREO) at quarter-end was $352,000, down $46,000, or 12%, from the $398,000 at year-end 2001. The overall level of nonperforming loans at the end of the second quarter of 2002 increased $9.1 million, or 23%, to $47.5 million, from their year-end level of $38.4 million.

The following table presents risk elements in the Corporation's loan portfolio:

(in thousands)	June 30,2002	December 31, 2001	June 30, 200
Nonaccruing loans	$47,124	$38,016	$36,18
Past due 90 days or more	5,461	13,524	8,76
Total	$52,585	$51,540	$44,95
Percent of loans at period-end	.92%	.94%	.8
Other real estate owned	$352	$398	$49

27

Continued slow economic conditions or any further deterioration in markets the Corporation serves may further impair the ability of some borrowers to repay their loans in full on a timely basis. In that event, management would expect increased levels of nonperforming assets, credit losses and provisions for loan losses. To minimize the likelihood and impact of such conditions, management continually monitors the entire loan portfolio to identify potential problem loans and avoid disproportionately high concentrations of loans to individual borrowers and industries. An integral part of this process is a regular analysis of all past due loans. At June 30, 2002, loans past due 90 days or more totaled $5.5 million, approximately 44% of which were in the Corporation's commercial loan portfolio, 35% of which were in the residential mortgage loan portfolio and 21% of which were in the consumer loan portfolio. The corresponding ratios at December 31, 2001 were 68%, 23% and 9%, respectively. As a result of the Corporation's ongoing monitoring of its loan portfolios, at June 30, 2002,

management identified approximately $45.1 million of loans about which serious doubt exists as to the borrowers' ability to continue to repay their loans on a timely basis. These loans are either currently performing in accordance with their terms or are less than 90 days past due. This compares with the $60.6 million of loans at year-end 2001 about which the Corporation had serious doubt.

In light of the current levels of past due, non-accrual and problem loans, management believes that the Corporation's reserve for loan losses is a reasonable estimate of the known and inherent losses in the loan portfolios. The Corporation's loan loss reserve methodology is sound and has provided an appropriate level of reserve adequacy over an extended period of time. The Corporation's reserve is reflective of estimated credit losses for specifically identified and estimated probable losses inherent in the remainder of the portfolio based on loan type and risk rating classification. The methodology includes an analysis of the business climate and the estimated effect on credit losses, which is the basis for an unallocated portion of the reserve assessment. The business climate includes shifts in current market conditions, loan growth in the Corporation's expansion markets, the average loan size and complexity within the portfolio, trends in delinquent payment performance, the direction of risk rating migration within the portfolio, the level of serious doubt loans, the impact of litigation and trends in bankruptcy filings. The unallocated and allocated portions of the reserve are reassessed quarterly during the regular application of the reserve methodology. At June 30, 2002, approximately $6.3 million, or 7%, of the reserve for loan losses was unallocated. This amount was unchanged from the amount of the reserve that was unallocated at year-end 2001. Loan growth has been addressed through the allocation of reserves to the new loans within the parameters of the reserve methodology. While the serious doubt level has risen, delinquency trends have declined from year-end. The percentage of loans carrying a pass rating remained high, at 95%.

CAPITAL RESOURCES

Management continues to review the Corporation's capital position and make adjustments as needed to assure that the Corporation's capital base is sufficient to satisfy existing and impending regulatory requirements, as well as to meet appropriate standards of safety and provide for future growth. The Corporation's capital increased in the first half of 2002 due primarily to increased earnings and the issuance of shares in the acquisition of Balentine Holdings. The Corporation's annualized capital generation rate for the first half of this year was 10.0%, a decrease from the 10.75% reported for 2001. Earnings for the first six months of 2002 of $66.3 million, net of $32.5 million in cash dividends, added $33.8 million to the Corporation's capital. An additional $19.1 million was provided by the issuance of shares under employment benefit plans and the acquisition of Balentine. The rise in the market value of the Corporation's available-for-sale investment portfolio increased equity by $3.3 million, while the acquisition of treasury stock reduced equity by $14.2 million.

The Federal Reserve Board's risk-based capital guidelines establish the minimum levels of capital for a bank holding company. The guidelines are intended to reflect the varying degrees of risk associated with different balance sheet and off-balance-sheet items. The Corporation has calculated its capital position under the risk-based capital guidelines. At June 30, 2002, the Corporation's total risk-based capital ratio was 10.94%, compared with 11.16% reported at year-end 2001. The Corporation's Tier 1 risk-based capital ratio at that date was 7.67%, compared with 7.78% reported at year-end 2001, and its Tier 1 leverage capital ratio was 6.53%, compared with 6.49% reported at year-end 2001. Each of these ratios exceeded

the minimum levels required for adequately capitalized institutions of 8%, 4%

and 4%, respectively, as well as the levels required for well-capitalized institutions of 10%, 6% and 5%, respectively.

In April 2002, the Corporation's Board of Directors declared a two-for-one stock split in the form of a 100% stock dividend, which was paid on June 17, 2002 to stockholders of record on June 3, 2002. In addition, the Board of Directors increased the quarterly dividend to $0.255 per share on a post-split basis. This marked the twenty-first consecutive year of increased cash dividends.

In April 2002, the Corporation's Board of Directors also authorized a new 8,000,000-share (post split) buyback program that will commence at the completion of its current program, which has 103,290 shares remaining. At June 30, 2002, 7,896,710 shares had been bought under the current program at a cost of $197.4 million.

INFLATION

The Corporation's asset and liability structure is substantially different from that of an industrial company, since virtually all assets and liabilities of a financial institution are monetary in nature. Accordingly, changes in interest rates may have a significant impact on a bank holding company's performance. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services. The impact of inflation on a bank holding company's financial performance, therefore, is indeterminable.

OTHER INFORMATION

None.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Net interest income is an important determinant of the Corporation's financial performance. Through management of its interest rate sensitivity exposure, the Corporation seeks to maximize the growth of net interest income on a consistent basis by minimizing the effects of fluctuations associated with changing market interest rates.

The Corporation employs simulation models to measure the effect of variations in interest rates on net interest income. The composition of assets, liabilities and off-balance-sheet instruments and their respective repricing and maturity characteristics, as well as certain external factors such as the level of market interest rates, are evaluated in assessing the Corporation's exposure to changes in interest rates.

Net interest income is projected using multiple interest rate scenarios. The results are compared to net interest income projected using stable interest rates. The Corporation's model generally employs interest rate scenarios in which interest rates gradually move up or down 250 basis points over one year. As of June 30, 2002, the declining rate scenario gradually moves down 175 basis points until the federal funds rate equals zero. This change ensures that negative rates are not created within the simulation model. The rising rate scenario remains unchanged and gradually increases 250 basis points. The simulation model projects, as of June 30, 2002, that a gradual 250 basis point increase in market interest rates would increase net interest income by 6.51% over a one-year period. This compares to an increase of 2.57% as measured at December 31, 2001. If interest rates were to decrease gradually 175 basis points, the simulation model projects, as of June 30, 2002, that net interest income would decrease 7.76% over a one-year period. This compares to a decrease of 5.18% that the simulation projected would occur on a gradual 175-basis-point decline in market interest rates as measured at December 31, 2001. The Corporation's objective is to keep any interest rate imbalance from reducing net interest income by 10% or more within a one-year period, as projected by the

simulation model. If it is determined that a course of action is necessary based on the simulation model, strategies will be developed and presented to the Corporation's Board of Directors.

The preceding paragraph contains certain forward-looking statements regarding the anticipated effects on the Corporation's net interest income resulting from hypothetical changes in market interest rates. The assumptions that the Corporation uses regarding the effects of changes in interest rates on the adjustment of retail deposit rates and the prepayment of residential mortgages, asset-backed securities and collateralized mortgage obligations play a significant role in the results the simulation model projects. Rate and prepayment assumptions used in the Bank's simulation model differ for both assets and liabilities in rising as compared to declining interest rate environments. Nevertheless, these assumptions are inherently uncertain and, as a result, the simulation model cannot predict precisely the impact of changes in interest rates on net interest income. Management reviews the Corporation's exposure to interest rate risk regularly, and may employ a variety of strategies as needed to adjust its sensitivity. This includes changing the relative proportions of fixed-rate and floating-rate assets and liabilities, changing the number and maturity of funding sources and asset securitizations and utilizing derivative contracts such as interest rate swaps and interest rate floors.

Part II. Other Information

Item 1 - Legal Proceedings
Not Applicable

Item 2 - Change In Securities and Use of Proceeds
Not Applicable

Item 3 - Defaults Upon Senior Securities
Not Applicable

Item 4 - Submission of Matters to a Vote of Security Holders

At the Corporation's Annual Shareholders' Meeting held on April 18, 2002 (the "Annual Meeting"), the nominees for directors of the Corporation proposed were elected. The votes cast for those nominees were as follows:

	For	Withheld
Carolyn S. Burger	26,759,035	447,818
Robert V. A. Harra, Jr.	27,089,967	116,886
Rex L. Mears	26,942,936	263,917
Robert W. Tunnell, Jr.	27,058,287	148,566

The following individuals also continue to serve as directors of the Corporation:

Betsy S. Atkins
Ted T. Cecala
Richard R. Collins
Charles S. Crompton, Jr.

Edward B. du Pont
R. Keith Elliott
Deborah I. Fine
Hugh E. Miller
Stacey J. Mobley
David P. Roselle
H. Rodney Sharp III
Thomas P. Sweeney

In addition, at the Annual Meeting, the Corporation's shareholders approved the Corporation's 2002 Long-Term Incentive Plan. That plan, designed primarily to assist the Corporation in attracting and retaining highly competent officers, other key employees and directors, is for a term of three years and authorizes the issuance of up to 2,000,000 shares of the Corporation's common stock. The vote in favor of that plan was as follows:

For	Against	Abstain	Broker Non-Vote
20,208,078	2,262,800	254,220	4,481,755

31

Item 5 - Other Information
Not Applicable

Item 6 - Exhibits and Reports on Form 8-K

Exhibit Number	Exhibit
3.1	Amended and Restated Certificate of Incorporation of the Corporation(1)
3.2	Amended and Restated Bylaws of the Corporation(2)
10.44	Amended and Restated Limited Liability Company Agreement of Cramer Rosenthal McGlynn, LLC dated as of January 1, 2001(3)
10.45	Amendment to the Amended and Restated Limited Liability Company Agreement of Cramer Rosenthal McGlynn, LLC dated March 15, 2002(3)
10.46	Amendment to the Amended and Restated Limited Liability Company Agreement of Cramer Rosenthal McGlynn, LLC dated June 28, 2002 (3)
10.47	Amended and Restated Limited Liability Company Agreement of Roxbury Capital Management, LLC dated as of July 31, 1998 (3)
10.48	First Amendment to the Amended and Restated Limited Liability Company Agreement of Roxbury Capital Management, LLC(3)
10.49	Second Amendment to the Amended and Restated Limited Liability Company Agreement of Roxbury Capital Management, LLC dated as of March 10, 2001(3)

10.50 Third Amendment to the Amended and Restated Limited Liability Company Agreement of Roxbury Capital Management, LLC (3)

10.51 Merger Agreement among Balentine Holdings, Inc., Robert M. Balentine, B. Clayton Rolader, Jeffrey P. Adams, Robert E. Reiser, Jr., Gary B. Martin, Wesley A. French, Michael E. Wolf, The 1999 Balentine Family Trust, The Robert M. Balentine Insurance Trust, WTC Merger Subsidiary, Inc., WT Investments, Inc. and Wilmington Trust Corporation dated as of October 23, 2001(3)

10.52 Amended and Restated Limited Liability Company Agreement of Balentine Delaware Holding Company, LLC dated as of January 2, 2002(3)

10.53 Agreement for the Sale and Purchase of SPV Management Limited dated January 1, 2002 by and among Anthony Francis Raikes and Piers Minoprio and Wilmington Trust (UK) Limited and Wilmington Trust Corporation(3)

----

(1) Incorporated by reference to the corresponding exhibit to the Annual Report on Form 10-K of Wilmington Trust Corporation filed March 30, 1996.
(2) Incorporated by reference to the corresponding exhibit to the Annual Report on Form 10-K of Wilmington Trust Corporation filed on March 30, 2000.
(3) Filed herewith.

The Corporation filed a report on Form 8-K on April 25, 2002 reporting certain developments under Item 5.

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.

Date: August 13, 2002

/s/ Ted T. Cecala

Name: Ted T. Cecala
Title: Chairman and Chief Executive Officer
(Authorized Officer)

/s/ David R. Gibson

Name: David R. Gibson
Title: Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

The undersigned certify that, to their knowledge, the Form 10-Q of Wilmington Trust Corporation (the "Corporation") for the second quarter of 2002 fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 and that the information contained in that report fairly presents, in all material respects, the financial condition and results of operation of the Corporation.

/s/ Ted. T. Cecala

Ted. T. Cecala

Chairman and Chief Executive Officer

/s/ David R. Gibson

David R. Gibson
Executive Vice President and
Chief Financial Officer

33