RIGGS NATIONAL CORP
Form 10-K
March 10, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One) [X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 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 0-9756

RIGGS NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	52-1217953
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1503 Pennsylvania Avenue, N.W., Washington, D.C. 20005

(Address of principal executive offices) (Zip Code)

(202) 835-4309

(Registrant s telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
None	None

Securities Registered Pursuant to Section 12(g) of the Act:
Title of Each Class
Common Stock, par value
$2.50 per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No __.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12(b)2 of the Act). Yes X . No __.

The aggregate market value of the Company s voting equity held by non-affiliates was $274,625,113 on June 28, 2002, based on the last sales price that day.

The number of shares outstanding of the registrant s common stock, as of January 31, 2003 was 28,533,918.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Riggs National Corporation s definitive Proxy Statement dated March 13, 2003 to Shareholders are incorporated by reference into Part III of this Form 10-K. With the exception of the portions of the Proxy Statement specifically incorporated herein by reference, the Proxy Statement is not deemed to be filed as part of this Form 10-K.

FORM 10-K INDEX

PART I

ITEM 1. BUSINESS

Riggs National Corporation
Riggs National Corporation (the Company or we) is a bank holding company registered under the Bank Holding Company Act of 1956, as amended (the BHCA) and incorporated in the State of Delaware. Founded in 1980, we engage in a variety of banking-related activities through our bank and non-bank subsidiaries. We currently have banking operations or separate subsidiaries in the Washington, D.C. metropolitan area; New Haven, Connecticut; Miami, Florida; London, England; Berlin, Germany; Jersey, Channel Islands and Nassau, Bahamas. Additionally, we provide investment advisory services domestically through subsidiaries registered under the Investment Advisers Act of 1940, as amended. At December 31, 2002, we and our subsidiaries had 1,522 full-time equivalent employees. The Company had assets of $6.83 billion, liabilities of $6.19 billion, and shareholders equity of $389.2 million at December 31, 2002.

We have six reportable business segments providing diverse products and services within the financial services industry. Our segments are Banking, International Banking, Riggs & Co., Treasury, Riggs Capital Partners (venture capital) and Other, which are described in Note 17 of Notes to Consolidated Financial Statements.

Key elements of our business strategy are: the continued focus on growth opportunities through the additional accumulation of assets under management in our wealth management division (Riggs & Co.); the orientation of our retail banking branches toward money management relationships; the development and specialization of banking products and services in specific growth industries; and the continuation of our pre-eminent embassy banking operations coupled with growth in the international private banking business lines. As a complement to internally developed programs, we may also pursue alliances or acquisitions that further our strategic goals. In addition to pursuing our strategic goals, we will continue to serve the varied financial needs of the Washington, D.C. metropolitan area.

Riggs Bank National Association
Our principal subsidiary is Riggs Bank N.A. (Riggs Bank or the Bank), a national banking association founded in 1836 and organized under the national banking laws of the United States in 1896. Riggs Bank had assets of $6.59 billion, deposits of $5.25 billion and stockholder s equity of $453.0 million at December 31, 2002.

Riggs Bank operates 28 branches and an investment advisory subsidiary in Washington, D.C.; 14 branches in Virginia; six branches in Maryland; a second investment advisory subsidiary in New Haven, Connecticut; a commercial bank and a portfolio management services company in London, England; an Edge Act (federally-chartered corporation allowed to engage only in international banking or other financial transactions related to international business) subsidiary in Miami, Florida; branch offices in London (England), Berlin (Germany) and Nassau (Bahamas); and two bank and trust companies, one in the Bahamas and the other in Jersey (Channel Islands).

As a commercial bank, Riggs Bank provides a wide array of financial products and services primarily to customers in the Washington, D.C. metropolitan area and, to a lesser extent, throughout the United States and internationally.

Riggs Bank s Corporate & Institutional Banking Group provides services to customers ranging from small businesses to major multinational companies and non-profit organizations. These services include lines of credit, secured and unsecured term loans, letters of credit, credit support facilities, foreign currency transactions, and cash management.

Riggs Bank s wealth management division, Riggs & Co., provides fiduciary and administrative services, including financial management and tax planning for individuals, investment and accounting services for governmental, corporate and non-profit organizations, as well as estate planning and trust administration.

Riggs Bank provides domestic investment advisory services through Riggs Investment Advisors Inc. (RIA) and J. Bush & Co. Incorporated, both of which are wholly-owned subsidiaries incorporated in the state of Delaware and registered under the Investment Advisers Act of 1940, as amended. Internationally, we provide these services through Riggs and Co. International Ltd. (RCIL).

Riggs Bank s Community Banking Group provides a variety of traditional services including checking, NOW, savings and money market accounts, personal loans and lines of credit, certificates of deposit and individual retirement accounts, and investment sales. Additionally, the Community Banking Group provides 24-hour banking services through its telebanking operations and a network of 142 automated teller machines (ATMs) that is linked to national and regional ATM networks.

Riggs Bank s International Banking Group furnishes a variety of financial services, including issuing letters of credit in connection with trade and other transactions, taking deposits, foreign currency exchange, private banking and cash management. Customers include embassies and foreign

missions in Washington, D.C. and elsewhere, foreign governments, central banks, and other banks. Because of these relationships, we have also developed other secondary customer relationships that may be perceived as closely aligned with our primary customers. These services are provided through both domestic and international offices.

International operations of Riggs Bank include:

- Riggs Bank Europe Ltd. (RBEL), located in London (England), which provides corporate banking, expatriate and embassy banking services. RBEL s main office is located in the West End of London. It also has a branch in Berlin (Germany);
- Riggs & Co. International Ltd., located in London (England) provides portfolio management services to international customers;
- Riggs Bank London Branch, which has four locations in London, provides banking services to embassy and private banking clients;
- Riggs Bank and Trust Company (Channel Islands) Limited, located in Jersey, which provides offshore banking and trust services to international clients;
- Riggs Bank and Trust Company (Bahamas) Limited, which provides trust services for international private banking customers; and
- Riggs Bank Nassau Branch, which provides limited offshore banking services.

Riggs Capital

Riggs Capital issued 150,000 shares of 8.625% guaranteed preferred beneficial interests in junior subordinated deferrable interest debentures (trust preferred securities), Series A, with a liquidation preference of $1,000 per share, in December 1996. The securities qualify as tier I capital with certain limitations. At December 31, 2002, $91.6 million of the Series A securities remained outstanding.

Riggs Capital II issued 200,000 shares of 8.875% guaranteed preferred beneficial interests in junior subordinated deferrable interest debentures, Series C, with a liquidation preference of $1,000 per share, in March 1997. The securities also qualify as tier I capital with certain limitations. At December 31, 2002, $157.0 million of the Series C securities remained outstanding.

See Notes 10 and 11 of Notes to Consolidated Financial Statements.

Riggs Capital Partners

Riggs Capital Partners LLC (RCP) and Riggs Capital Partners II (RCP II), our venture capital subsidiaries, specialize in equity investments, typically in privately-held, high-tech and growth companies. As of December 31, 2002, the fair value of combined venture capital investments of RCP and RCP II was $49.4 million.

Supervision and Regulation

The Company and the Bank are subject to the comprehensive supervision of and regulation by the Board of Governors of the Federal Reserve System (the Board) and the Office of the Comptroller of the Currency (the OCC). To a lessor degree other domestic and foreign regulatory agencies impact the Company and its subsidiaries.

Payment of Dividends

Riggs National Corporation (the Parent Company or RNC) is the consolidated entity but is also a distinct legal entity separate from its subsidiaries. The majority of RNC s cash revenue is from dividends paid to it by the Bank. The Bank is subject to laws and regulations that limit the amount of dividends that it can pay. In addition, both RNC and the Bank are subject to various regulatory restrictions relating to the payment of dividends, including requirements to maintain capital at or above regulatory minimums. Banking regulators have indicated that banking organizations should generally pay dividends only if (1) the organization s net income available to common shareholders over the past year has been sufficient to fully fund the dividends and (2) the prospective rate of earnings retention appears consistent with the organization s capital needs, asset quality and overall financial condition. The Company does not expect that any of these laws, regulations or policies will materially affect either the ability of the Bank to pay dividends to RNC or the ability of the Company to pay dividends to its shareholders during 2003.

Neither a depository institution nor its holding company may make any capital distribution (or, also, in the case of the depository institution, pay any management fee to its holding company) if the depository institution or the holding company would thereafter be undercapitalized. Undercapitalized depository institutions and holding companies are subject to increased regulatory monitoring and growth limitations and are required to submit capital restoration plans. Both the Bank and the Company are considered well capitalized under federal banking regulations.

Capital Adequacy

The Board, the Federal Deposit Insurance Corporation (FDIC) and the OCC have issued substantially similar risk-based and leverage capital guidelines applicable to banking organizations they supervise. Under the risk-based capital guidelines, the Company and the Bank are each required to maintain a minimum ratio of total capital to risk-based assets (including certain off-balance sheet activities) of 8%. At least half of the total capital must be comprised of common equity, retained earnings, qualifying perpetual preferred stock and certain hybrid capital instruments, less certain intangibles (tier I capital). The remainder may consist of certain subordinated debt, certain hybrid capital instruments, qualifying preferred stock and a limited amount of the loan loss allowance (tier II capital which, together with tier I capital, comprises total capital). To be considered well-capitalized under the risk-based capital guidelines, an institution must maintain a total risk-weighted capital ratio of at least 10% and a tier I risk-weighted capital ratio of 6% or greater. An institution may be downgraded to, or deemed to be in, a capital category that is lower than is indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. At December 31, 2002 the Company and the Bank both qualified as well-capitalized (see Note 10 of Notes to Consolidated Financial Statements).

In 2002 federal banking regulators implemented rules governing the regulatory capital treatment of equity investments in nonfinancial companies, such as our venture capital investments. These rules require maintenance of capital on equity investments that increase with the level of those investments as a percentage of tier I capital. The rule has not had a material effect on our capital ratios.

Deposit Insurance Assessments

Pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), the FDIC adopted a risk-based assessment system for insured depository institutions that takes into account the risks attributable to different categories and concentrations of assets and liabilities. The risk-based system assigns an institution to one of three capital categories: (i) well-capitalized, (ii) adequately capitalized, or (iii) undercapitalized. These three categories are substantially similar to the prompt corrective action categories, with the undercapitalized category including institutions that are undercapitalized, significantly undercapitalized, and critically undercapitalized for prompt corrective action purposes.

Under the risk-based assessment system, there are nine assessment risk classifications (i.e., 3 supervisory subgroups within each capital group) to which different assessment rates are applied. Assessment rates for deposit insurance currently range from 0 to 27 basis points per $100 of deposits.

The capital and supervisory subgroup to which an institution is assigned by the FDIC is confidential and may not be disclosed. The Bank s rate of deposit insurance assessments will depend upon the category and subcategory to which the bank is assigned by the FDIC. Any increase in insurance assessments could have an adverse effect on the earnings of insured institutions, including the Bank.

Under the Deposit Insurance Funds Act of 1996, insurance on deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not know of any practice, condition or violation that might lead to termination of deposit insurance.

Related Party Transactions

There are legal restrictions on the extent to which RNC and our non-bank subsidiaries may borrow or otherwise obtain credit from the Bank. Subject to certain limited exceptions, the Bank may not extend credit to RNC or to any other affiliates in an amount which exceeds 10% of RNC s capital stock and surplus and may not extend credit in the aggregate to such affiliates in an amount which exceeds 20% of its capital stock and surplus. Further, there are legal requirements as to the type, amount and quality of collateral that must secure such extension of credit by the Bank to RNC or to other affiliates. Finally, extensions of credit and other transactions between the Bank and RNC or other affiliates must be on terms and under circumstances, including credit standards, that are substantially the same or at least as favorable to the Bank as those prevailing at the time for comparable transactions with non-affiliated companies.

Other Safety and Soundness Regulations

Under the BHCA, bank holding companies may not directly or indirectly acquire the ownership or control of 5% or more of the voting shares or substantially all of the assets of any company, including a bank, without the prior approval of the Board. They also must obtain Board approval before merging or consolidating with any other bank holding company. The BHCA also restricts the types of businesses and activities in which a bank holding company and its subsidiaries may engage. Generally, activities are limited to banking and activities found by the Board to be closely related to banking.

Under Board policy, RNC is expected to act as a source of financial strength to the Bank and to commit resources to support the Bank in circumstances where RNC might not do so absent such policy. In addition, any capital loans by RNC to the Bank are subordinate to deposits and to certain other indebtedness of the Bank. In the event of the Company s bankruptcy, a commitment by it to a federal bank regulatory agency to maintain the capital of the Bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

The Bank and other financial institutions must disclose their policies on sharing customer information with third parties and also disclose the nature of the firms with whom they share this data. Further, the Bank must allow customers the ability to choose not to have their information disclosed to any third parties other than those that perform services for the Bank.

The Bank Secrecy Act of 1970 (BSA) was designed to deter money laundering and the use of secret foreign bank accounts, establish regulatory reporting standards for currency transactions, and improve detection and investigation of criminal, tax and other regulatory violations. It and subsequent laws and regulations require the Bank to take steps to prevent the use of the Bank or its systems to facilitate the flow of illegal or illicit money. Those steps include ensuring effective Board and management oversight, the establishment of sound policies and procedures, developing effective monitoring and reporting capabilities, ensuring adequate training and establishing a comprehensive internal audit of BSA compliance activities.

In recent years, federal regulators have increased the attention paid to compliance with the provisions of BSA and related laws, with particular attention paid to Know Your Customer practices, which are now known commonly as Enhanced Due Diligence. Banks have been encouraged, by both regulators and by various industry groups, to enhance their identification procedures prior to accepting new customers in order to deter criminal elements from using the banking system to move and hide their illicit profits.

On October 26, 2001, the President signed into law the USA PATRIOT Act of 2001 that increases certain responsibilities for banks to, among other things, enhance due diligence in monitoring accounts related to certain terrorist activities. The USA PATRIOT Act also applies BSA procedures to broker-dealers. The Bank also is responsible for compliance with restrictions from the U.S. Treasury s Office of Foreign Assets Control (OFAC). Accordingly, our Bank restricts transactions with certain countries except as permitted by OFAC or in accordance with a license from OFAC.

Because our headquarters is in Washington, D.C., and also because of our pre-eminent embassy banking and growing international private banking operations, we, as well as regulatory authorities, closely monitor our compliance with these laws and regulations.

Competition and Environment

The Company faces significant competitive pressure from local, regional, national and international banking institutions as well as thrifts, finance companies, credit unions, brokerage and insurance companies and other financial intermediaries. Many of the Company s competitors are larger and have greater financial resources than we have. While competitive pressures are intense, there have been no significant events or trends that have impacted our ability to generate loans and deposits. The Company may be impacted, however, by future changes in social, political or economic environments, including but not limited to events transpiring in the Middle East and concerns about domestic and foreign terrorism, or a deterioration of the public s confidence in the banking system or the Company. Many of these factors are beyond our ability to control.

While we are not wholly dependent on any individual loan, deposit or wealth management customer, we do have a large depository relationship with the U.S. Government and its agencies. A withdrawal of these funds by this depositor would impact the Company s short-term liquidity position. In addition, the simultaneous withdrawal of funds by a combination of large depositors, which include sovereign governments and individuals based in the Middle East and Africa, or the simultaneous repayments of loans by a combination of such large borrowers, would negatively impact our operating results (see Management s Discussion and Analysis-Financial Position and Liquidity-Cross-Border Outstandings).

Additional Information

The Company files annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934 (the Exchange Act). The public may read and copy any materials that the Company files with the SEC at the SEC s Public Reference Room at 450 Fifth Street, NW, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC. The public can obtain any documents that the Company files with the SEC at http://www.sec.gov.

Beginning in 2003, the Company also will make available free of charge on or through its Internet website (http://www.riggsbank.com) the Company s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after the Company electronically files such materials with, or furnishes them to, the SEC.

6

EXECUTIVE OFFICERS OF THE REGISTRANT

*Executive Officer**	*Position*	*Age*
Robert L. Allbritton	Chairman of the Board and Chief Executive Officer of the Corporation since 2001, Chairman of the Board of Riggs Bank N.A. since 2001	33
Timothy C. Coughlin	President of the Corporation since 1992 and Chairman of Riggs Investment Advisors Inc. since 2001	60
Joseph M. Cahill	General Counsel of the Corporation since 2000 and Executive Vice President and General Counsel of Riggs Bank N.A. since 2001	49
William A. Craig	Executive Vice President of Riggs Bank N.A., Human Resources since 2000	60
Stanley M. Dore, III	Senior Vice President of Riggs Bank N.A., Risk Management since 2000	41
Henry A. Dudley, Jr.	Executive Vice President and Chief Trust Officer of Riggs Bank N.A. since 1994 and President of Riggs & Co. since 2001	56
Jeffrey T. Glynn	Executive Vice President of Riggs Bank N.A., Community Banking since 2000	44
Lawrence I. Hebert	President and Chief Executive Officer of Riggs Bank N.A. since 2001	56
Mark N. Hendrix	Executive Vice President of Riggs Bank N.A., Marketing since 1998	43
Shaun V. Kelley	Executive Vice President and Chief Credit Officer of Riggs Bank N.A. since 2001	49
Raymond M. Lund	Executive Vice President of Riggs Bank N.A., International Banking Group since 1996	41
Henry D. Morneault	Executive Vice President of Riggs Bank N.A. and Chairman of Riggs & Co. since 2001	52
Eartha C. Morris	Executive Vice President of Riggs Bank N.A., Operations since 2000	45
Robert C. Roane	Executive Vice President and Chief Operating Officer of Riggs Bank N.A. since 1999	46
Terrie G. Spiro	Executive Vice President of Riggs Bank N.A., Corporate & Institutional Banking since 2001	46
Steven T. Tamburo	Chief Financial Officer and Treasurer of the Corporation since 2001 Executive Vice President and Chief Financial Officer of Riggs Bank N.A. since 2001	34

* Executive officers of Riggs National Corporation, including certain executive officers of Riggs Bank N.A., as of December 31, 2002.

EXPERIENCE OF MANAGEMENT

Robert L. Allbritton has been Chairman of the Board and Chief Executive Officer of the Corporation and Chairman of the Board of Riggs Bank N.A. since 2001. He also serves as a director of Perpetual Corporation (indirect owner of Allbritton Communications Company and 99.7% owner of ALLNEWSCO, Inc.), Chairman and Chief Executive Officer of Allbritton Communications Company and Chairman and director of ALLNEWSCO, Inc.

Timothy C. Coughlin has served as President of the Corporation since 1992. He has been a director of the Corporation since 1988, Chairman of Riggs Investment Advisors Inc. since 2001, and was a Director of Riggs Bank N.A. from 1983 to 1996.

Joseph M. Cahill was appointed General Counsel of the Corporation in 2000 and has served as Executive Vice President and General Counsel of Riggs Bank N.A. since 2001. Mr. Cahill also served as Executive Director of Legal Affairs of Riggs Bank N.A. from 1998 to 2001, Litigation Manager of Riggs Bank N.A. from 1996 to 1997, and Associate Litigation Manager from 1993 to 1995.

William A. Craig, Executive Vice President, has served as head of Human Resources since 2000. Prior to joining Riggs, Mr. Craig served as Senior Vice President and Chief Administrative Officer at Merchant s Inc., and held similar positions at Perpetual Financial Corporation, Woodward and Lothrop, and Giant Food.

Stanley M. Dore, III, has served as Senior Vice President and Risk Manager since January 2001 and as Director of Risk Management, Riggs Bank N.A. since November 2000. He also served in various management roles at Sallie Mae, Inc. from 1989 to 2000, most recently as Head of Corporate Risk Management.

Henry A. Dudley, Jr., Executive Vice President, has served as President of Riggs & Co., which includes the Trust Division and Private Banking, since 2001. He also has served as Chief Trust Officer of the Bank since 1994.

Jeffrey T. Glynn has served as Executive Vice President-Community Banking since April of 2000. Mr. Glynn has served in various management positions with Riggs during the past 8 years. He held the position of Senior Vice President of RiggsDirect, the Bank s telephone banking group, from 1995 to 2000.

Lawrence I. Hebert, has served as President and Chief Executive Officer of Riggs Bank N.A. since 2001. He has served as a director of Riggs National Corporation since 1988 and as a director of Riggs Bank N.A. from 1981-1988, from 1989-1996, and since 2001. Mr. Hebert also serves as President and a director of Perpetual Corporation (indirect owner of Allbritton Communications Company and 99.7% owner of ALLNEWSCO, Inc.), director of ALLNEWSCO, Inc., and President of Westfield News Advertiser, Inc. Prior to joining Riggs, Mr. Hebert served as Chairman and Chief Executive Officer of Allbritton Communications Company.

Mark N. Hendrix, has served as Executive Vice President and Chief Marketing Officer of Riggs Bank N.A. since 1998. Prior to joining Riggs, Mr. Hendrix served as Director of Marketing Communications for Barnett Banks, Inc.

Shaun V. Kelley, has served as Executive Vice President and Chief Credit Officer since 2001. Prior to joining Riggs, Mr. Kelley was at First Union National Bank in Northern Virginia, serving as Managing Director of the Private Capital Management Group from 2000 to 2001, and as Senior Vice President and Senior Credit Officer from 1993 to 2000.

Raymond M. Lund has served as Executive Vice President-International Banking Group since 1996. Mr. Lund has served in various management positions during the past 13 years, including Head of the International and Domestic Private Banking Divisions.

Henry D. Morneault, has served as Executive Vice President and Chairman of Riggs & Co. since 2001. Mr. Morneault joined Riggs from FleetBoston Financial, where he was Group Manager and Managing Director of the Media and Entertainment Group.

Eartha C. Morris has served as Executive Vice President of Operations since April of 2000. Ms. Morris has served in various management positions within Riggs during the past 10 years. Prior to joining Riggs, Ms. Morris held similar positions at James Madison Ltd., Equitable Bank, Provident Bank and First American Bank.

Robert C. Roane, Executive Vice President, has served as Chief Operating Officer of Riggs Bank N.A. since May of 1999. Mr. Roane has served in various management positions with Riggs during the past 24 years.

Terrie G. Spiro, Executive Vice President, has served as Head of Corporate & Institutional Banking since 2001. Prior to joining Riggs, Ms. Spiro spent 12 years in President and CEO positions at Tysons Financial Corporation and Heritage Bancorp.

Steven T. Tamburo has served as Chief Financial Officer and Treasurer of the Corporation and Executive Vice President and Chief Financial Officer of Riggs Bank N.A. since 2001. Mr. Tamburo also served as Deputy Chief Financial Officer of the Corporation and as Senior Vice President and Deputy Chief Financial Officer of Riggs Bank N.A. from 2000 to 2001, as Senior Vice President and Controller of Riggs Bank N.A. from 1999 to 2000, and as Group Vice President-Management and Regulatory Reporting-Riggs Bank N.A. from 1998 to 1999. Prior to joining Riggs, Mr. Tamburo was a Senior Manager in the financial services practice at KPMG.

ITEM 2. PROPERTIES

We own properties located in Washington, D.C., which house our executive offices, 14 of our branches, and certain operational units of Riggs Bank. We also own an office building in Maryland, where additional operational units of Riggs Bank are located. Further, we own an office building in London (England), and lease various properties in: Washington, D.C.; London (England), Berlin (Germany), Jersey (Channel Islands), Miami (Florida), New Haven (Connecticut), northern Virginia and Maryland. Additional information concerning our facilities can be found in Notes 1 and 6 of Notes to Consolidated Financial Statements.

The facilities the Company owns and leases are generally adequate to meet the needs of its customers.

The net cost, or cost reduced by depreciation and amortization, of properties attributable to each of our segments is: $25.0 million in the Banking segment; $16.7 million in the International Banking segment; $2.1 million in Riggs & Co.; $0.1 million in Riggs Capital Partners and $146.8 million in the Other segment.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business we are involved in various types of litigation and disputes which may lead to litigation. The Company, based upon an assessment of the facts and circumstances of actual, threatened and unasserted legal actions, and, when deemed necessary, after consultation with outside counsel, has determined that pending legal actions will not have a material impact on its financial condition or future operations (see Note 9 of Notes to Consolidated Financial Statements).

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to security holders for vote during the fourth quarter of 2002.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The common stock of the Company is traded on The Nasdaq National Market under the symbol: RIGS.

A history of the Company s stock prices and dividends is as follows:

QUARTERLY STOCK INFORMATION

		PRICE RANGE		DIVIDENDS DECLARED AND PAID(2)
		HIGH	LOW	
2002	Fourth Quarter	$16.990	$12.900	$0.05
	Third Quarter	16.470	11.300	0.05
	Second Quarter	17.020	13.470	0.05
	First Quarter	16.880	13.260	0.05
2001	Fourth Quarter	$16.050	$13.280	$0.05
	Third Quarter	18.630	14.190	0.05
	Second Quarter	17.330	14.850	0.05
	First Quarter	16.688	12.000	0.05

(1) The stock information listed above represents high and low bid prices as reported on the NASDAQ National Market System.

(2) For a discussion of regulatory restrictions on our ability to pay dividends, see Note 10 of Notes to Consolidated Financial Statements.
As of January 31, 2003, there were 1,867 shareholders of record.

9

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

You should read the following information along with Management s Discussion and Analysis of Financial Condition and Results of Operations and our Consolidated Financial Statements and related Notes included in this Form 10-K.

(In Thousands, Except Per Share Amounts)	2002	2001	2000	1999	1998
Interest Income	$ 259,537	$ 301,962	$ 354,678	$ 334,443	$ 353,802
Interest Expense	66,729	110,846	163,308	147,503	163,450
Net Interest Income	192,808	191,116	191,370	186,940	190,352
Less: Provision for Loan Losses	421	2,526	18,791	2,500	
Net Interest Income after Provision for Loan Losses	192,387	188,590	172,579	184,440	190,352
Noninterest Income Excluding Securities Gains, Net	83,950	73,272	117,686	105,472	99,259
Securities Gains, Net	9,450	12,037	327	1,154	15,023
Noninterest Expense	240,384	266,341	224,350	207,244	193,752
Income before Taxes, Minority Interest, and Extraordinary Loss	45,403	7,558	66,242	83,822	110,882
Applicable Income Tax Expense	15,471	11,075	25,053	26,953	29,088
Minority Interest in Income of Subsidiaries, Net of Taxes	16,911	19,860	19,588	20,214	19,947
Net Income (Loss) before Extraordinary Loss	13,021	(23,377)	21,601	36,655	61,847
Extraordinary Loss, Net of Taxes				5,061	
Net Income (Loss)	$ 13,021	$ (23,377)	$ 21,601	$ 31,594	$ 61,847
Less: Dividends on Preferred Stock					9,854
Less: Excess of Call Price over Carrying Amount of Preferred Stock					13,808
Net Income (Loss) Available for Common Shareholders	$ 13,021	$ (23,377)	$ 21,601	$ 31,594	$ 38,185
Earnings (Loss) Per Share					
Basic before Extraordinary Loss	$ 0.46	$ (0.82)	$ 0.76	$ 1.29	$ 1.25
Diluted before Extraordinary Loss	0.45	(0.82)	0.76	1.26	1.21
Basic	0.46	(0.82)	0.76	1.11	1.25
Diluted	0.45	(0.82)	0.76	1.09	1.21
Dividends Declared and Paid Per Common Share	0.20	0.20	0.20	0.20	0.20
YEAR-END					
Total Assets	$6,825,695	$6,099,402	$5,554,472	$5,830,149	$5,502,331
Long-Term Debt	358,525	66,525	66,525	66,525	191,525
Shareholders Equity	389,241	360,823	382,746	337,713	392,728

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item is included in Items 7 and 8 to this Annual Report on Form 10-K and is incorporated herein by reference.

RIGGS NATIONAL CORPORATION

For a better understanding of the significant factors that influenced our performance during the past three years, you are advised that you should read all of the following discussion and analysis and our consolidated financial statements and related notes included in this Annual Report on Form 10-K. The following discussion and analysis contains forward-looking statements that are subject to risk, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. See Cautionary Note Regarding Forward-Looking Statements.

OVERVIEW

Riggs National Corporation is a bank holding company headquartered in Washington, D.C. The Company engages in a variety of banking and financial services including community, commercial and international banking, trust and investment management services and venture capital investing. We conduct our activities through six reportable segments: Banking, International Banking, Riggs & Co. (wealth management), Treasury, Riggs Capital Partners (venture capital) and Other. With the exception of venture capital investing, the activities of the Company are conducted through its principal operating subsidiary, Riggs Bank, and its subsidiaries and divisions. Venture capital investing is performed through two subsidiaries of the Company, Riggs Capital Partners and Riggs Capital Partners II.

We have 48 branch locations and 142 ATMs in the metropolitan Washington, D.C. area and a bank in the United Kingdom. We have additional operations or subsidiaries in London (England), Miami (Florida), Berlin (Germany), Jersey (Channel Islands) and Nassau (Bahamas). We serve an array of customers including individuals, partnerships, corporations, foundations, not-for-profit organizations and foreign embassies and delegations.

The Company faces significant competitive pressure from local, regional, national and international banking institutions as well as thrifts, finance companies, credit unions, brokerage and insurance companies and other financial intermediaries. Many of the Company s competitors are larger and have greater financial resources than we have. We compete on the basis of our reputation, localized decision-making, interest rates, convenient locations, hours of operation and quality of customer service.

The Company also is affected by prevailing economic conditions, including federal monetary and fiscal policies, federal regulation of financial institutions and the perceptions of customers regarding stability of financial markets and the financial services industry. These factors also affect the operations of all of the Company s segments. The International Banking segment also is affected by the political, social and economic environments in those countries in which it does business. While we strive to monitor and minimize risk, the Company does in fact fund customers that have alternative, and in some instances competing, goals and strategies. These competitive frictions may have future negative consequences to the Company. In addition, the Company s international presence exposes it to various political risks and the further risk that the general public may look unfavorably upon some of its foreign customer relationships (see Business-Competition and Environment and Financial Position and Liquidity-Cross-Border Outstandings).

In December 2001, the Company announced plans to implement a series of actions intended to enhance its financial performance and customer service and better position it for the current and long-term economic environment. This effort to Enhance Performance and Service (Project EPS) consists of a technology initiative, a re-design of operational processes and a realignment of our European operations to focus on private banking and embassy banking. We intend to standardize and upgrade our technology systems and infrastructure, which will enable us to both operate more efficiently and provide better service to our customers. During 2002 we have selected a new core systems vendor, designed a new, more efficient infrastructure, introduced new services, identified ways to improve efficiency and sold RBEL s commercial and trade finance loans. The technology upgrade is expected to be substantially completed in the second half of 2003. Our 2001 year-end results were adversely impacted by restructuring and other charges amounting to $40.0 million (see Note 2 of Notes to Consolidated Financial Statements). Of this amount, $34.1 million was included in noninterest expense, with $5.9 million recorded in applicable income tax expense. During 2002, Project EPS continued to adversely impact noninterest expense by a total of $7.5 million which included additional impairment and other charges. Through the implementation of our restructuring plan announced in 2001, we were able to eliminate many of the anticipated employee positions such that our workforce dropped from 1,613 full-time equivalent positions at December 31, 2001 to 1,522 at December 31, 2002.

For the year ended December 31, 2002, the Company had net income of $13.0 million, or $0.45 per diluted share, compared to a net loss of $23.4 million, or $(0.82) per diluted share, in 2001. Our 2001 results were adversely impacted by restructuring and other charges, as noted previously. Return on average assets was .21% in 2002 compared to (0.42)% in 2001 and return on average equity was 3.48% in 2002 compared to (5.92)% in 2001.

During 2002, the Company generated modest improvements over the prior year in noninterest income, net interest income and asset quality, as well as a reduction in losses related to venture capital investments. Excluding special charges in 2001, noninterest expense in 2002 was slightly higher than in the previous year as a result of higher pension and other employee benefit related expenses and increased project expense related to the Project EPS initiative.

Net interest income after provision for loan losses increased $3.8 million, or 2% from the prior year. Noninterest income increased by $8.1 million, or 9% in 2002 compared to 2001 due principally to venture capital investment losses that were lower by $16.3 million. Noninterest expense decreased by $26.0 million, or 10% from the prior year due primarily to the previously mentioned $34.1 million in restructuring and other charges that were taken in 2001. Excluding these charges, noninterest expense increased by approximately $8.2 million, or 4% from 2001, primarily due to increases in other employee benefit expenses of $4.4 million, consulting expenses of $1.8 million, and credit card processing charges of $1.0 million. Included in other noninterest expense for 2002 were impairment charges of $1.3 million on a property at our London operations and $1.0 million on a technology contract. In addition, we recorded $1.1 million to exit long-term maintenance contracts, also in London. The provision for loan losses was $421 thousand, a $2.1 million or 83% decrease from 2001. Nonperforming assets at December 31, 2002 were $670 thousand compared to $3.7 million at December 31, 2001. Riggs remains a well-capitalized institution which currently has minimal nonperforming assets.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management has prepared the consolidated financial statements included in this Form 10-K in conformity with accounting principles generally accepted in the United States of America applied on a consistent basis and which follow general practice within the banking industry. Accordingly, management is required to make certain estimates, judgments and assumptions that it believes to be reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net interest income and expense during the periods presented. The following accounting policies comprise those that management believes involve estimates, judgments and assumptions that are the most critical to aid in fully understanding and evaluating our reported financial results. Because of the uncertainty inherent in these matters, actual results could differ from estimates, judgments and assumptions we use in applying these critical accounting policies.

Reserve for Loan Losses
The reserve for loan losses is maintained at a level that we believe adequate to absorb probable losses in the loan portfolio. The determination of the adequacy of the reserve for loan losses is based upon an on-going, analytical review of the loan portfolio. This analysis requires application of judgment, evaluation of economic uncertainties and assessment of business conditions that may change. Because of these and other factors, adjustments to the reserve for loan losses may be required.

The analytical review of the loan portfolio performed to determine the adequacy of the reserve for loan losses includes a review of loans with balances over $500 thousand for impairment, an analysis of historical loss experience by loan type and, for groups of loans with similar characteristics, an evaluation of current economic conditions and all other factors we consider pertinent to the analysis. Impaired loans are defined as specifically reviewed loans for which it is probable that we will be unable to collect all amounts due in accordance with the loan agreement. Impaired loans are generally commercial and financial loans and commercial real estate loans and are usually on non-accrual status. Each impaired loan with an outstanding balance equal to or greater than $500 thousand has a specific, identified loan loss reserve associated with it. Impaired loans do not include large groups of smaller balance homogeneous loans with similar collateral characteristics, such as residential mortgage and home equity loans. Loss reserves for these types of loans are established on an aggregate basis using historical loss experience. Balances related to impaired loans for which there are specific reserves are excluded when applying historical loss ratios to determine loan loss reserves.

The specific reserves for impaired loans are included in the reserve for loan losses. Impaired loans are valued based upon the fair value of the related collateral if the loans are collateral dependent. For all other impaired loans, the specific reserves are based on the present values of expected cash flows discounted at each loan s initial effective interest rate.

Provisions to the reserve for loan losses are charged against, or credited to, earnings in amounts necessary to maintain an adequate reserve for loan losses. Commercial loans are charged-off when it is determined that they cannot be fully recovered and non-commercial loans are generally charged-off or loan foreclosure proceedings begun upon becoming 120 days delinquent or at such time as permitted by law or other regulations. Recoveries of loans previously charged-off are credited to the reserve for loan losses.

The Company maintains its reserve for loan losses in accordance with a policy approved by the Board of Directors. The Company has an established methodology for analyzing its reserve for loan losses that includes an internal loan classification policy. The Company periodically reviews its methodology to ascertain that it produces accurate assessments of probable loan losses. Domestic and international loans are subjected to similar review procedures.

While the Company believes its credit monitoring procedures are adequate, credit losses are, however, inherent to our business, and it is possible there may be unidentified losses in the loan portfolio at December 31, 2002 that may become apparent at a later date pursuant to our analysis or pursuant to comment following regulatory examination. The establishment of loan loss reserves for problem credits that are currently unidentified or unanticipated would negatively impact future earnings. A charge, if any is needed, would generally be recorded in the segment in which the loan is recorded.

Venture Capital Investments
Venture capital investments are accounted for at fair value with gains and losses included in noninterest income in the Consolidated Statements of Operations.

At December 31, 2002, the Company valued its venture capital portfolio at $49.4 million. This valuation was arrived at using a variety of factors including, but not limited to: market prices, where available, and discounted, if necessary, to reflect trading history, lock-up provisions, lack of market liquidity and other factors; cost, if there is no readily determinable market price and there has not been a material event, such as a follow-on round of financing or strategic sale; a value higher than cost if indicated by additional financing which fulfills certain requirements; and analysis and commentary from a fund s Investment Manager/General Partner.

12

Since the Company has no present intention to sell or liquidate the venture capital portfolio, the valuation of venture capital investments is subject to uncertainties in that it does not represent a negotiated value between the Company, as seller, an