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WESTAMERICA BANCORPORATION

Form 8-K

July 19, 2007

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):

July 19, 2007  
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WESTAMERICA BANCORPORATION  
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(Exact Name of Registrant as Specified in Its Charter)

CALIFORNIA  
-----

(State or Other Jurisdiction of Incorporation)

001-9383  
-----

94-2156203  
-----

(Commission File Number)

(IRS Employer Identification No.)

1108 Fifth Avenue, San Rafael, California  
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94901

(Address of Principal Executive Offices)

(Zip Code)

(707) 863-6000  
-----

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Exhibits

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99.1 Press release dated July 17, 2007

Item 2.02: Results of Operations and Financial Condition

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On July 17, 2007 Westamerica Bancorporation announced their earnings for the second quarter of 2007. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

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Signatures

Pursuant to the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Westamerica Bancorporation

/s/ JOHN "ROBERT" THORSON

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John "Robert" Thorson  
Senior Vice President and Chief Financial Officer  
July 19, 2007

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| Exhibit No. | Description                          | Sequentially<br>Number Page |
|-------------|--------------------------------------|-----------------------------|
| (99.1)      | Press release dated<br>July 17, 2007 | 5-16                        |

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FOR IMMEDIATE RELEASE  
July 17, 2007

WESTAMERICA BANCORPORATION REPORTS \$22.4 MILLION  
QUARTERLY EARNINGS

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San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported quarterly net income for the second quarter of 2007 of \$22.4 million, or \$0.74 diluted earnings per share, compared to net income of \$24.5 million, or \$0.77 diluted earnings per share for the second quarter of 2006. For the second quarter of 2007, return on assets (ROA) was 1.92 percent and return on equity (ROE) was 21.9 percent.

Net income for the six months ended June 30, 2007 was \$45.9 million or \$1.50 diluted earnings per share compared to \$50.6 million or \$1.58 diluted earnings per share for the first six months of 2006. For the first six months of 2007, ROA and ROE were 1.97 percent and 22.5 percent, respectively.

"The competitive environment remains fierce for both loans and deposits, with continued pressure on net interest margins. While working to stabilize our margin, we are also focused on increasing our non-interest revenues and containing our expenses," said Chairman, President and CEO David Payne. "Our noninterest income increased 4.5 percent in the second quarter 2007 from the same period in 2006, while our expenses were reduced 6.2 percent from the year ago quarter. Our return on shareholders' equity at 21.9 percent for the second quarter 2007 remains relatively high for the banking industry," Payne added.

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Net interest income on a taxable equivalent basis was \$46.1 million for the second quarter of 2007, compared to \$51.5 million reported for the second quarter of 2006. The reduced net interest income is attributable to a lower net interest margin and lower average earning assets. Competition for deposits has caused funding costs to rise at a faster pace than earning asset yields. Loan yields have also been impacted by competition. The second quarter 2007 net interest margin on a taxable equivalent basis was 4.36 percent, compared to 4.41 percent for the prior quarter and 4.58 percent for the second quarter of 2006.

The provision for loan losses was \$75 thousand for the second quarter of 2007 unchanged from the prior quarter and down from \$150 thousand for the second quarter of 2006. Net charge-offs for the second quarter of 2007 totaled \$1.5 million, or 0.24 percent (annualized) of average loans compared to 0.08 (annualized) and 0.04 percent (annualized) of average loans for the prior quarter and second quarter of 2006, respectively. Non-performing loans and repossessed loan collateral at June 30, 2007 totaled \$5.8 million, increased from \$5.5 million at March 31, 2007.

Noninterest income for the second quarter of 2007 was \$14.7 million, compared to \$15.3 million for the previous quarter and \$14.1 million for the second quarter 2006.

The change in noninterest income from the prior quarter includes:

- \* Increased deposit service charges (\$188 thousand)
- \* Increased merchant card processing fees (\$319 thousand)
- \* \$822 thousand gain from company owned life insurance realized in the first quarter 2007.

The change in noninterest income from the second quarter 2006 includes:

- \* Increased deposit service charges (\$530 thousand)
- \* Increased merchant card processing fees (\$376 thousand)

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Noninterest expense for the second quarter of 2007 totaled \$24.7 million, unchanged from the prior quarter, but down from \$26.3 million for the second

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quarter of 2006. The decrease in expenses from the second quarter of 2006 was primarily due to lower personnel, equipment, professional, telephone, and intangible amortization costs. The second quarter 2007 efficiency ratio (expenses divided by revenues) was 40.7 percent, compared to 39.7 percent for the prior quarter and 40.2 percent for the second quarter of 2006.

Shareholders' equity at June 30, 2007 was \$408 million, reduced from \$420 million at March 31, 2007. The Company's total regulatory capital ratio was 10.8 percent at June 30, 2007 compared to 11.0 percent at March 31, 2007; both measurements exceed the "well-capitalized" level of 10 percent under regulatory requirements.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches and two trust offices throughout 21 Northern and Central California counties. At June 30, 2007, the Company's total assets and total loans outstanding were \$4.6 billion and \$2.5 billion, respectively.

Westamerica Bancorporation Web Address: [www.westamerica.com](http://www.westamerica.com)

For additional information contact:

Westamerica Bancorporation  
Robert A. Thorson - SVP & Chief Financial Officer  
707-863-6840

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### FORWARD-LOOKING INFORMATION:

The following appears in accordance with the Private Securities Litigation Reform Act of 1995:

This press release may contain forward-looking statements about the Company, including descriptions of plans or objectives of its management for future operations, products or services, and forecasts of its revenues, earnings or other measures of economic performance. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may."

Forward-looking statements, by their nature, are subject to risks and uncertainties. A number of factors - many of which are beyond the Company's control - could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. The Company's most recent annual and quarterly reports filed with the Securities and Exchange Commission, including the Company's Form 10-Q for the quarter ended March 31, 2007, and Form 10-K for the year ended December 31, 2006, describe some of these factors, including certain credit, market, operational, liquidity and interest rate risks associated with the Company's business and operations. Other factors described in these reports include changes in business and economic conditions, competition, fiscal and monetary policies, disintermediation, legislation including the Sarbanes-Oxley Act of 2002 and the Gramm-Leach-Bliley Act of 1999, and mergers and acquisitions.

Forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date forward looking statements are made.

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WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
June 30, 2007

Public Information July 17, 2007

### 1. Net Income Summary.

|   | (dollars in thousands except per-share amounts) |          |                  |          |                  |
|---|---|----------|------------------|----------|------------------|
|   | Q2'07   | Q2'06    | Q2'07 /<br>Q2'06 | Q1'07    | Q2'07 /<br>Q1'07 |
| 1 Net Interest Income<br>(Fully Taxable Equivalent) | \$46,059  | \$51,503 | -10.6%           | \$46,914 | -1.8%            |
| 2 Provision for Credit Losses                       | 75  | 150      | -50.0%           | 75       | 0.0%             |
| 3 Noninterest Income:                               |   |          |                  |          |                  |
| 4 Life Insurance Gains                              | 0   | 0        | n/m              | 822      | n/m              |
| 5 Other   | 14,700  | 14,061   | 4.5%             | 14,455   | 1.7%             |
| 6 Total Noninterest Income                          | 14,700  | 14,061   | 4.5%             | 15,277   | -3.8%            |
| 7 Noninterest Expense                               | 24,706  | 26,345   | -6.2%            | 24,664   | 0.2%             |
| 8 Income Before Taxes (FTE)                         | 35,978  | 39,069   |                  | 37,452   |                  |
| 9 Income Tax Provision (FTE)                        | 13,627  | 14,575   | -6.5%            | 13,882   | -1.8%            |
| 10 Net Income                                       | \$22,351  | \$24,494 | -8.8%            | \$23,570 | -5.2%            |
| 11 Average Shares Outstanding                       | 29,938  | 31,364   | -4.5%            | 30,342   | -1.3%            |
| 12 Diluted Average Shares<br>Outstanding            | 30,365  | 31,932   | -4.9%            | 30,824   | -1.5%            |
| 13 Operating Ratios:                                |   |          |                  |          |                  |
| 14 Basic Earnings Per Share                         | \$0.75  | \$0.78   | -4.4%            | \$0.78   | -3.9%            |
| 15 Diluted Earnings Per Share                       | 0.74  | 0.77     | -4.0%            | 0.76     | -3.7%            |
| 16 Return On Assets                                 | 1.92%   | 1.99%    |                  | 2.03%    |                  |
| 17 Return On Equity                                 | 21.9%   | 23.1%    |                  | 23.0%    |                  |
| 18 Net Interest Margin (FTE)                        | 4.36%   | 4.58%    |                  | 4.41%    |                  |
| 19 Efficiency Ratio (FTE)                           | 40.7%   | 40.2%    |                  | 39.7%    |                  |
| 20 Dividends Paid Per Share                         | \$0.34  | \$0.32   | 6.3%             | \$0.34   | 0.0%             |
| 21 Dividend Payout Ratio                            | 46%   | 42%      |                  | 44%      |                  |

### 2. Net Interest Income.

|                                 | (dollars in thousands) |          |                  |          |                  |
|---------------------------------|------------------------|----------|------------------|----------|------------------|
|                                 | Q2'07                  | Q2'06    | Q2'07 /<br>Q2'06 | Q1'07    | Q2'07 /<br>Q1'07 |
| 1 Interest and Fee Income (FTE) | \$64,875               | \$67,788 | -4.3%            | \$65,025 | -0.2%            |
| 2 Interest Expense              | 18,816                 | 16,285   | 15.5%            | 18,111   | 3.9%             |
| 3 Net Interest Income (FTE)     | \$46,059               | \$51,503 | -10.6%           | \$46,914 | -1.8%            |

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|   |             |             |       |             |       |
|---|-------------|-------------|-------|-------------|-------|
| 4 Average Earning Assets                        | \$4,245,342 | \$4,515,728 | -6.0% | \$4,287,431 | -1.0% |
| 5 Average Interest-Bearing Liabilities          | 2,926,090   | 3,139,054   | -6.8% | 2,961,252   | -1.2% |
| 6 Yield on Earning Assets (FTE)                 | 6.12%       | 6.01%       |       | 6.11%       |       |
| 7 Cost of Funds                                 | 1.77%       | 1.44%       |       | 1.70%       |       |
| 8 Net Interest Margin (FTE)                     | 4.36%       | 4.58%       |       | 4.41%       |       |
| 9 Interest Expense/Interest-Bearing Liabilities | 2.56%       | 2.07%       |       | 2.46%       |       |
| 10 Net Interest Spread (FTE)                    | 3.56%       | 3.94%       |       | 3.65%       |       |

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3. Loans & Other Earning Assets.

(average volume, dollars in thousands)

|   | Q2'07       | Q2'06       | Q2'07 /<br>Q2'06 | Q1'07       | Q2'07 /<br>Q1'07 |
|---|-------------|-------------|------------------|-------------|------------------|
| 1 Total Assets                            | \$4,668,627 | \$4,948,443 | -5.7%            | \$4,713,173 | -0.9%            |
| 2 Total Earning Assets                    | 4,245,342   | 4,515,728   | -6.0%            | 4,287,431   | -1.0%            |
| 3 Total Loans                             | 2,516,114   | 2,588,220   | -2.8%            | 2,519,861   | -0.1%            |
| 4 Commercial Loans                        | 626,270     | 679,511     | -7.8%            | 616,277     | 1.6%             |
| 5 Commercial Real Estate Loans            | 883,942     | 914,373     | -3.3%            | 900,625     | -1.9%            |
| 6 Consumer Loans                          | 1,005,902   | 994,336     | 1.2%             | 1,002,959   | 0.3%             |
| 7 Total Investment Securities             | 1,729,228   | 1,927,508   | -10.3%           | 1,767,570   | -2.2%            |
| 8 Available For Sale<br>(Market Value)    | 602,668     | 650,649     | -7.4%            | 612,852     | -1.7%            |
| 9 Held To Maturity                        | 1,126,560   | 1,276,859   | -11.8%           | 1,154,718   | -2.4%            |
| 10 HTM Unrealized (Loss)<br>at Period-End | (18,668)    | (33,374)    | n/m              | (5,955)     | n/m              |
| 11 Loans / Deposits                       | 74.5%       | 70.9%       |                  | 73.5%       |                  |

4. Deposits & Other Interest-Bearing Liabilities.

(average volume, dollars in thousands)

|                                | Q2'07       | Q2'06       | Q2'07 /<br>Q2'06 | Q1'07       | Q2'07 /<br>Q1'07 |
|--------------------------------|-------------|-------------|------------------|-------------|------------------|
| 1 Total Deposits               | \$3,377,413 | \$3,652,030 | -7.5%            | \$3,427,010 | -1.4%            |
| 2 Noninterest Demand           | 1,267,032   | 1,316,927   | -3.8%            | 1,270,522   | -0.3%            |
| 3 Interest-Bearing Transaction | 577,554     | 624,045     | -7.4%            | 586,860     | -1.6%            |
| 4 Savings                      | 824,300     | 964,776     | -14.6%           | 866,192     | -4.8%            |
| 5 Time > \$100K                | 496,338     | 503,488     | -1.4%            | 484,887     | 2.4%             |

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|    |  |         |         |        |         |        |
|----|--|---------|---------|--------|---------|--------|
| 6  | Time <\$100K                                       | 212,189 | 242,793 | -12.6% | 218,549 | -2.9%  |
| 7  | Total Short-Term Borrowings                        | 778,841 | 766,936 | 1.6%   | 767,858 | 1.4%   |
| 8  | Fed Funds Purchased                                | 625,060 | 548,770 | 13.9%  | 596,965 | 4.7%   |
| 9  | Other Short-Term Funds                             | 153,781 | 218,166 | -29.5% | 170,893 | -10.0% |
| 10 | Long-Term Debt                                     | 36,868  | 37,015  | -0.4%  | 36,905  | -0.1%  |
| 11 | Shareholders' Equity                               | 408,564 | 424,999 | -3.9%  | 414,957 | -1.5%  |
| 12 | Demand Deposits /<br>Total Deposits                | 37.5%   | 36.1%   |        | 37.1%   |        |
| 13 | Transaction & Savings<br>Deposits / Total Deposits | 79.0%   | 79.6%   |        | 79.5%   |        |

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5. Interest Yields Earned & Rates Paid.

|    | (dollars in thousands)                |                    |                |                |                   |             |
|----|---------------------------------------|--------------------|----------------|----------------|-------------------|-------------|
|    | Q2'07                                 |                    |                | Q1'07          | Q2                |             |
|    | Average<br>Volume                     | Income/<br>Expense | Yield/<br>Rate | Yield/<br>Rate | Average<br>Volume |             |
| 1  | Interest & Fees Income Earned         |                    |                |                |                   |             |
| 2  | Total Earning Assets (FTE)            | \$4,245,342        | \$64,875       | 6.12%          | 6.11%             | \$4,515,728 |
| 3  | Total Loans (FTE)                     | 2,516,114          | 41,938         | 6.69%          | 6.66%             | 2,588,220   |
| 4  | Commercial Loans (FTE)                | 626,270            | 12,496         | 7.73%          | 7.67%             | 679,511     |
| 5  | Commercial Real Estate<br>Loans       | 883,942            | 15,804         | 7.17%          | 7.18%             | 914,373     |
| 6  | Consumer Loans                        | 1,005,902          | 13,638         | 5.50%          | 5.41%             | 994,336     |
| 7  | Total Investment<br>Securities (FTE)  | 1,729,228          | 22,937         | 5.31%          | 5.35%             | 1,927,508   |
| 8  | Interest Expense Paid                 |                    |                |                |                   |             |
| 9  | Total Earning Assets                  | 4,245,342          | 18,816         | 1.77%          | 1.70%             | 4,515,728   |
| 10 | Total Interest-Bearing<br>Liabilities | 2,926,090          | 18,816         | 2.56%          | 2.46%             | 3,139,054   |
| 11 | Total Interest-Bearing<br>Deposits    | 2,110,381          | 9,520          | 1.81%          | 1.74%             | 2,335,103   |
| 12 | Interest-Bearing<br>Transaction       | 577,554            | 528            | 0.37%          | 0.36%             | 624,045     |
| 13 | Savings                               | 824,300            | 1,452          | 0.71%          | 0.66%             | 964,776     |
| 14 | Time <\$100K                          | 212,189            | 1,751          | 3.31%          | 3.22%             | 242,793     |
| 15 | Time > \$100K                         | 496,338            | 5,789          | 4.68%          | 4.66%             | 503,488     |
| 16 | Total Short-Term Borrowings           | 778,841            | 8,718          | 4.43%          | 4.32%             | 766,936     |
| 17 | Fed Funds Purchased                   | 625,060            | 8,294          | 5.25%          | 5.24%             | 548,770     |
| 18 | Other Short-Term Funds                | 153,781            | 424            | 1.10%          | 1.12%             | 218,166     |
| 19 | Long-Term Debt                        | 36,868             | 578            | 6.27%          | 6.27%             | 37,015      |
| 20 | Net Interest Income and Margin (FTE)  |                    | \$46,059       | 4.36%          | 4.41%             |             |

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6. Noninterest Income.

(dollars in thousands except per share amounts)

|  | Q2'07    | Q2'06    | Q2'07 /<br>Q2'06 | Q1'07    | Q2'07 /<br>Q1'07 |
|--|----------|----------|------------------|----------|------------------|
| 1 Service Charges on Deposit Accounts      | \$7,716  | \$7,186  | 7.4%             | \$7,528  | 2.5%             |
| 2 Merchant Credit Card Income              | 2,768    | 2,392    | 15.7%            | 2,449    | 13.0%            |
| 3 ATM Fees & Interchange                   | 714      | 717      | -0.4%            | 677      | 5.5%             |
| 4 Debit Card Fees                          | 960      | 876      | 9.6%             | 895      | 7.2%             |
| 5 Financial Services Fees                  | 363      | 363      | -0.0%            | 310      | 16.9%            |
| 6 Mortgage Banking Income                  | 33       | 49       | -33.9%           | 30       | 9.6%             |
| 7 Trust Fees                               | 304      | 287      | 6.0%             | 337      | -9.6%            |
| 8 Other Income                             | 1,842    | 2,191    | -15.9%           | 2,229    | -17.4%           |
| 9 Sub-total                                | 14,700   | 14,061   |                  | 14,455   |                  |
| 10 Life Insurance Gains                    | 0        | 0        | n/m              | 822      | n/m              |
| 11 Total Noninterest Income                | \$14,700 | \$14,061 | 4.5%             | \$15,277 | -3.8%            |
| 12 Operating Ratios:                       |          |          |                  |          |                  |
| 13 Total Revenue (FTE)                     | \$60,759 | \$65,564 | -7.3%            | \$62,191 | -2.3%            |
| 14 Noninterest Income / Revenue (FTE)      | 24.2%    | 21.4%    |                  | 24.6%    |                  |
| 15 Service Charges / Deposits (annualized) | 0.92%    | 0.79%    |                  | 0.89%    |                  |
| 16 Total Revenue Per Share (annualized)    | \$8.14   | \$8.38   | -2.9%            | \$8.31   | -2.1%            |

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7. Noninterest Expense.

(dollars in thousands)

|                       | Q2'07    | Q2'06    | Q2'07 /<br>Q2'06 | Q1'07    | Q2'07 /<br>Q1'07 |
|-----------------------|----------|----------|------------------|----------|------------------|
| 1 Salaries & Benefits | \$12,622 | \$13,559 | -6.9%            | \$12,568 | 0.4%             |
| 2 Occupancy           | 3,342    | 3,267    | 2.3%             | 3,291    | 1.5%             |
| 3 Equipment           | 1,147    | 1,315    | -12.8%           | 1,138    | 0.8%             |
| 4 Data Processing     | 1,543    | 1,531    | 0.8%             | 1,524    | 1.3%             |
| 5 Courier             | 857      | 909      | -5.7%            | 848      | 1.1%             |
| 6 Postage             | 396      | 397      | -0.2%            | 410      | -3.4%            |
| 7 Telephone           | 354      | 466      | -24.1%           | 360      | -1.8%            |
| 8 Professional Fees   | 409      | 833      | -50.9%           | 495      | -17.5%           |



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|  |          |          |        |          |        |
|--|----------|----------|--------|----------|--------|
| 9 Stationery & Supplies                              | 269      | 272      | -1.3%  | 315      | -14.6% |
| 10 Loan Expense                                      | 171      | 236      | -27.5% | 167      | 2.1%   |
| 11 Operational Losses                                | 171      | 255      | -32.9% | 160      | 6.9%   |
| 12 Amortization of Identifiable Intangibles          | 893      | 1,016    | -12.1% | 975      | -8.4%  |
| 13 Other Operating                                   | 2,532    | 2,289    | 10.6%  | 2,413    | 4.9%   |
| 14 Total Noninterest Expense                         | \$24,706 | \$26,345 | -6.2%  | \$24,664 | 0.2%   |
| 15 Full Time Equivalent Staff                        | 910      | 904      | 0.7%   | 892      | 2.0%   |
| 16 Average Assets / Full Time Equivalent Staff       | \$5,130  | \$5,474  | -6.3%  | \$5,284  | -2.9%  |
| 17 Operating Ratios:                                 |          |          |        |          |        |
| 18 FTE Revenue / Full Time Equiv. Staff (annualized) | \$268    | \$291    | -7.9%  | \$283    | -5.3%  |
| 19 Noninterest Expense / Earning Assets (annualized) | 2.33%    | 2.34%    |        | 2.33%    |        |
| 20 Noninterest Expense / Revenues                    | 40.7%    | 40.2%    |        | 39.7%    |        |

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8. Provision for Credit Losses.

|  | (dollars in thousands) |             |               |             |               |
|--|------------------------|-------------|---------------|-------------|---------------|
|  | Q2'07                  | Q2'06       | Q2'07 / Q2'06 | Q1'07       | Q2'07 / Q1'07 |
| 1 Provision for Credit Losses                      | \$75                   | \$150       | -50.0%        | \$75        | 0.0%          |
| 2 Gross Loan Losses                                | 2,244                  | 645         | 248.0%        | 1,244       | 80.4%         |
| 3 Net Loan Losses                                  | 1,491                  | 234         | 537.9%        | 516         | 188.9%        |
| 4 Recoveries / Gross Loan Losses                   | 34%                    | 64%         |               | 59%         |               |
| 5 Average Total Loans                              | \$2,516,114            | \$2,588,220 | -2.8%         | \$2,519,861 | -0.1%         |
| 6 Net Loan Losses / Loans (annualized)             | 0.24%                  | 0.04%       |               | 0.08%       |               |
| 7 Provision for Credit Losses / Loans (annualized) | 0.01%                  | 0.02%       |               | 0.01%       |               |
| 8 Provision for Credit Losses / Net Loan Losses    | 5.0%                   | 64.2%       |               | 14.5%       |               |

9. Credit Quality.

| (dollars in thousands) |          |                    |         |                   |
|------------------------|----------|--------------------|---------|-------------------|
| 06/30/07               | 06/30/06 | 6/30/07 / 06/30/06 | 3/31/07 | 6/30/07 / 3/31/07 |
|                        |          |                    |         |                   |

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|   |           |           |        |           |        |
|---|-----------|-----------|--------|-----------|--------|
| 1 Nonperforming Nonaccrual Loans                                    | \$3,140   | \$1,613   | 94.7%  | \$2,341   | 34.1%  |
| 2 Performing Nonaccrual Loans                                       | 1,898     | 3,899     | -51.3% | 2,459     | -22.8% |
| 3 Total Nonaccrual Loans  | 5,038     | 5,512     | -8.6%  | 4,800     | 5.0%   |
| 4 Accruing Loans 90+ Days<br>Past Due                               | 179       | 114       | n/m    | 82        | n/m    |
| 5 Total Nonperforming Loans   | 5,217     | 5,626     | -7.3%  | 4,882     | 6.9%   |
| 6 Repossessed Collateral  | 613       | 656       | n/m    | 647       | n/m    |
| 7 Total Nonperforming Loans &<br>8 Repossessed Collateral           | \$5,830   | \$6,282   | -7.2%  | \$5,529   | 5.4%   |
| 9 Classified Loans  | \$22,497  | \$25,682  | -12.4% | \$18,439  | 22.0%  |
| 10 Allowance for Loan Losses  | \$53,473  | \$55,684  | -4.0%  | \$54,889  | -2.6%  |
| 11 Total Loans Outstanding  | 2,521,738 | 2,580,612 | -2.3%  | 2,519,898 | 0.1%   |
| 12 Total Assets   | 4,647,069 | 4,905,642 | -5.3%  | 4,748,829 | -2.1%  |
| 13 Allowance for Loan Losses /<br>Total Loans                       | 2.12%     | 2.16%     |        | 2.18%     |        |
| 14 Nonperforming Loans /<br>Total Loans                             | 0.21%     | 0.22%     |        | 0.19%     |        |
| 15 Nonperforming Loans & Repossessed<br>16 Collateral/Total Assets  | 0.13%     | 0.13%     |        | 0.12%     |        |
| 17 Allowance/Nonperforming Loans                                    | 1025%     | 990%      |        | 1124%     |        |
| 18 Allowance for Loan Losses /<br>Classified Loans                  | 238%      | 217%      |        | 298%      |        |
| 19 Classified Loans /<br>20 (Equity + Allowance for<br>Loan Losses) | 4.9%      | 5.4%      |        | 3.9%      |        |

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10.Capital.

(dollars in thousands, except per-share amounts)

|  | 06/30/07  | 06/30/06  | 6/30/07 /<br>06/30/06 | 3/31/07   | 6/30/07 /<br>3/31/07 |
|--|-----------|-----------|-----------------------|-----------|----------------------|
| 1 Shareholders' Equity                   | \$407,982 | \$423,487 | -3.7%                 | \$419,810 | -2.8%                |
| 2 Tier I Regulatory Capital              | 286,818   | 300,661   | -4.6%                 | 293,382   | -2.2%                |
| 3 Total Regulatory Capital               | 326,582   | 341,788   | -4.4%                 | 333,658   | -2.1%                |
| 4 Total Assets                           | 4,647,069 | 4,905,642 | -5.3%                 | 4,748,829 | -2.1%                |
| 5 Risk-Adjusted Assets                   | 3,014,947 | 3,127,641 | -3.6%                 | 3,043,445 | -0.9%                |
| 6 Shareholders' Equity /<br>Total Assets | 8.78%     | 8.63%     |                       | 8.84%     |                      |
| 7 Shareholders' Equity /                 | 16.18%    | 16.41%    |                       | 16.66%    |                      |

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|                                |         |         |       |         |       |
|--------------------------------|---------|---------|-------|---------|-------|
| Total Loans                    |         |         |       |         |       |
| 8 Tier I Capital /Total Assets | 6.17%   | 6.13%   |       | 6.18%   |       |
| 9 Tier I Capital /             | 9.51%   | 9.61%   |       | 9.64%   |       |
| Risk-Adjusted Assets           |         |         |       |         |       |
| 10 Total Capital /             | 10.83%  | 10.93%  |       | 10.96%  |       |
| Risk-Adjusted Assets           |         |         |       |         |       |
| 11 Shares Outstanding          | 29,732  | 31,201  | -4.7% | 30,158  | -1.4% |
| 12 Book Value Per Share        | \$13.72 | \$13.57 | 1.1%  | \$13.92 | -1.4% |
| 13 Market Value Per Share      | 44.24   | 48.97   | -9.7% | 48.17   | -8.2% |

14 Share Repurchase Programs

|   |                       |         |                  |         |                  |   |
|---|-----------------------|---------|------------------|---------|------------------|---|
|   | (shares in thousands) |         |                  |         |                  |   |
|   | Q2'07                 | Q2'06   | Q2'07 /<br>Q2'06 | Q1'07   | Q2'07 /<br>Q1'07 | 6 |
| 15 Total Shares Repurchased /<br>Canceled | 456                   | 491     | -7.1%            | 447     | 2.0%             |   |
| 16 Average Repurchase Price               | \$46.77               | \$50.47 | -7.3%            | \$49.49 | -5.5%            |   |
| 17 Net Shares Repurchased                 | 426                   | 343     | 24.4%            | 389     | 9.6%             |   |

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11.Period-End Balance Sheets.

|   |                        |           |                       |           |                      |  |
|---|------------------------|-----------|-----------------------|-----------|----------------------|--|
|   | (dollars in thousands) |           |                       |           |                      |  |
|   | 06/30/07               | 06/30/06  | 6/30/07 /<br>06/30/06 | 3/31/07   | 6/30/07 /<br>3/31/07 |  |
| 1 Assets:                                     |                        |           |                       |           |                      |  |
| 2 Cash and Money Market Assets                | \$164,390              | \$189,204 | -13.1%                | \$208,734 | -21.2%               |  |
| 3 Investment Securities<br>Available For Sale | 582,959                | 620,294   | -6.0%                 | 602,220   | -3.2%                |  |
| 4 Investment Securities<br>Held to Maturity   | 1,104,132              | 1,243,936 | -11.2%                | 1,142,382 | -3.3%                |  |
| 5 Loans, gross                                | 2,521,738              | 2,580,612 | -2.3%                 | 2,519,898 | 0.1%                 |  |
| 6 Allowance For Loan Losses                   | (53,473)               | (55,684)  | -4.0%                 | (54,889)  | -2.6%                |  |
| 7 Loans, net                                  | 2,468,265              | 2,524,928 | -2.2%                 | 2,465,009 | 0.1%                 |  |
| 8 Premises and Equipment                      | 29,169                 | 31,785    | -8.2%                 | 29,643    | -1.6%                |  |

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|    |  |             |             |        |             |        |
|----|--|-------------|-------------|--------|-------------|--------|
| 9  | Identifiable Intangible Assets             | 20,215      | 24,114      | -16.2% | 21,108      | -4.2%  |
| 10 | Goodwill                                   | 121,719     | 121,719     | 0.0%   | 121,719     | 0.0%   |
| 11 | Interest Receivable and Other Assets       | 156,220     | 149,662     | 4.4%   | 158,014     | -1.1%  |
| 12 | Total Assets                               | \$4,647,069 | \$4,905,642 | -5.3%  | \$4,748,829 | -2.1%  |
| 13 | Liabilities and Shareholders' Equity:      |             |             |        |             |        |
| 14 | Deposits:                                  |             |             |        |             |        |
| 15 | Noninterest Bearing                        | \$1,266,941 | \$1,330,280 | -4.8%  | \$1,293,920 | -2.1%  |
| 16 | Interest-Bearing Transaction               | 554,036     | 606,633     | -8.7%  | 584,026     | -5.1%  |
| 17 | Savings                                    | 809,791     | 951,819     | -14.9% | 851,800     | -4.9%  |
| 18 | Time                                       | 704,264     | 758,315     | -7.1%  | 714,626     | -1.5%  |
| 19 | Total Deposits                             | 3,335,032   | 3,647,047   | -8.6%  | 3,444,372   | -3.2%  |
| 20 | Short-Term Borrowed Funds                  | 809,261     | 746,517     | 8.4%   | 776,781     | 4.2%   |
| 21 | Debt Financing and Notes Payable           | 36,846      | 36,993      | -0.4%  | 36,883      | -0.1%  |
| 22 | Liability For Interest, Taxes and Other    | 57,948      | 51,598      | 12.3%  | 70,983      | -18.4% |
| 23 | Total Liabilities                          | 4,239,087   | 4,482,155   | -5.4%  | 4,329,019   | -2.1%  |
| 24 | Shareholders' Equity:                      |             |             |        |             |        |
| 25 | Paid-In Capital                            | \$338,290   | \$346,224   | -2.3%  | \$341,724   | -1.0%  |
| 26 | Accumulated Other Comprehensive            |             |             |        |             |        |
| 27 | (Loss) Income                              | (777)       | (4,771)     | n/m    | 3,593       | n/m    |
| 28 | Retained Earnings                          | 70,469      | 82,034      | -14.1% | 74,493      | -5.4%  |
| 29 | Total Shareholders' Equity                 | 407,982     | 423,487     | -3.7%  | 419,810     | -2.8%  |
| 30 | Total Liabilities and Shareholders' Equity | \$4,647,069 | \$4,905,642 | -5.3%  | \$4,748,829 | -2.1%  |

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12. Income Statements.

(dollars in thousands, except per-share amounts)

|                                      | Q2'07    | Q2'06    | Q2'07 / Q2'06 | Q1'07    | Q2'07 / Q1'07 | 6 |
|--------------------------------------|----------|----------|---------------|----------|---------------|---|
| 1 Interest and Fee Income:           |          |          |               |          |               |   |
| 2 Loans                              | \$40,727 | \$41,160 | -1.1%         | \$40,167 | 1.4%          |   |
| 3 Money Market Assets and Funds Sold | 2        | 2        | n/m           | 2        | n/m           |   |

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|    |  |          |          |        |          |        |
|----|--|----------|----------|--------|----------|--------|
| 4  | Investment Securities Available For Sale | 6,841    | 7,377    | -7.3%  | 7,122    | -3.9%  |
| 5  | Investment Securities Held to Maturity   | 11,771   | 13,338   | -11.8% | 12,083   | -2.6%  |
| 6  | Total Interest Income                    | 59,341   | 61,877   | -4.1%  | 59,374   | -0.1%  |
| 7  | Interest Expense:                        |          |          |        |          |        |
| 8  | Transaction Deposits                     | 528      | 427      | 23.6%  | 523      | 0.9%   |
| 9  | Savings Deposits                         | 1,452    | 924      | 57.1%  | 1,409    | 3.1%   |
| 10 | Time Deposits                            | 7,540    | 6,661    | 13.2%  | 7,305    | 3.2%   |
| 11 | Short-Term Borrowed Funds                | 8,718    | 7,695    | 13.3%  | 8,296    | 5.1%   |
| 12 | Debt Financing and Notes Payable         | 578      | 578      | 0.0%   | 578      | 0.0%   |
| 13 | Total Interest Expense                   | 18,816   | 16,285   | 15.5%  | 18,111   | 3.9%   |
| 14 | Net Interest Income                      | 40,525   | 45,592   | -11.1% | 41,263   | -1.8%  |
| 15 | Provision for Credit Losses              | 75       | 150      | -50.0% | 75       | 0.0%   |
| 16 | Noninterest Income:                      |          |          |        |          |        |
| 17 | Service Charges on Deposit Accounts      | 7,716    | 7,186    | 7.4%   | 7,528    | 2.5%   |
| 18 | Merchant Credit Card                     | 2,768    | 2,392    | 15.7%  | 2,449    | 13.0%  |
| 19 | Financial Services Commissions           | 363      | 363      | -0.0%  | 310      | 16.9%  |
| 20 | Mortgage Banking                         | 33       | 49       | -33.9% | 30       | 9.6%   |
| 21 | Trust Fees                               | 304      | 287      | 6.0%   | 337      | -9.6%  |
| 22 | Life Insurance Gains                     | 0        | 0        | n/m    | 822      | n/m    |
| 23 | Other                                    | 3,516    | 3,784    | -7.1%  | 3,801    | -7.5%  |
| 24 | Total Noninterest Income                 | 14,700   | 14,061   | 4.5%   | 15,277   | -3.8%  |
| 25 | Noninterest Expense:                     |          |          |        |          |        |
| 26 | Salaries and Related Benefits            | 12,622   | 13,559   | -6.9%  | 12,568   | 0.4%   |
| 27 | Occupancy                                | 3,342    | 3,267    | 2.3%   | 3,291    | 1.5%   |
| 28 | Equipment                                | 1,147    | 1,315    | -12.8% | 1,138    | 0.8%   |
| 29 | Data Processing                          | 1,543    | 1,531    | 0.8%   | 1,524    | 1.3%   |
| 30 | Professional Fees                        | 409      | 833      | -50.9% | 495      | -17.5% |
| 31 | Other                                    | 5,643    | 5,840    | -3.4%  | 5,648    | -0.1%  |
| 32 | Total Noninterest Expense                | 24,706   | 26,345   | -6.2%  | 24,664   | 0.2%   |
| 33 | Income Before Income Taxes               | 30,444   | 33,158   | -8.2%  | 31,801   | -4.3%  |
| 34 | Provision for income taxes               | 8,093    | 8,664    | -6.6%  | 8,231    | -1.7%  |
| 35 | Net Income                               | \$22,351 | \$24,494 | -8.8%  | \$23,570 | -5.2%  |
| 36 | Average Shares Outstanding               | 29,938   | 31,364   | -4.5%  | 30,342   | -1.3%  |
| 37 | Diluted Average Shares Outstanding       | 30,365   | 31,932   | -4.9%  | 30,824   | -1.5%  |
| 38 | Per Share Data:                          |          |          |        |          |        |
| 39 | Basic Earnings                           | \$0.75   | \$0.78   | -4.4%  | \$0.78   | -3.9%  |
| 40 | Diluted Earnings                         | 0.74     | 0.77     | -4.0%  | 0.76     | -3.7%  |
| 41 | Dividends Paid                           | 0.34     | 0.32     | 6.3%   | 0.34     | 0.0%   |