

WESTAMERICA BANCORPORATION

Form 8-K

January 18, 2008

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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):
January 17, 2008

WESTAMERICA BANCORPORATION
(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 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-4c)

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Exhibits  
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99.1 Press release dated January 17, 2008

Item 2.02: Results of Operations and Financial Condition  
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On January 17, 2008 Westamerica Bancorporation announced their earnings for the fourth 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  
January 17, 2008

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Exhibit No.	Description	Sequentially Number Page
(99.1)	Press release dated January 17, 2008	5-13

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January 17, 2008

WESTAMERICA BANCORPORATION REPORTS ANNUAL EARNINGS

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of

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Westamerica Bank, today reported net income for the year ended December 31, 2007 of \$89.8 million, compared to \$98.8 million for 2006. Diluted earnings per share (EPS) for 2007 were \$2.98, compared to \$3.11 for the year 2006. Return on shareholders' equity for the year 2007 was 22.1 percent and return on assets was 1.93 percent, compared to 23.4 percent and 2.01 percent, respectively, for the year 2006.

Net income for the fourth quarter 2007 totaled \$21.8 million, or EPS of \$0.74, compared to net income of \$22.0 million and EPS of \$0.74 for the third quarter 2007, and net income of \$24.0 million and EPS of \$0.77 for the fourth quarter 2006. Fourth quarter 2007 results include a \$2.3 million litigation expense for Westamerica's proportionate share of Visa's litigation exposure for which Visa's members are responsible. Management currently anticipates that the Company's proportional share of the proceeds of the planned initial public offering by Visa will more than offset any liabilities related to Visa litigation. Fourth quarter 2007 results also include a \$700 thousand income tax refund, derived from an amended 2003 tax return, which reduced income tax expense. The expense for Visa litigation and the income tax refund combined to reduce net income by \$590 thousand, or diluted earnings per share by \$0.02.

"Our net interest margin increased to 4.53 percent in the fourth quarter 2007, compared to 4.34 percent in the third quarter 2007. The margin improvement was in large part due to declining short-term interest rates, which allowed us to reduce our cost of funds. Our consistent application of traditional, conservative loan underwriting practices over the last several years has helped maintain relatively steady loan quality. Our total non-performing assets were \$5.8 million at December 31, 2007, compared to \$5.7 million at September 30, 2007, \$5.2 million at December 31, 2006 and \$6.5 million at December 31, 2005," said Chairman, President and CEO David Payne. "Throughout 2007, we also focused on improving our fee income, which increased seven percent over 2006, and reducing our ongoing operating expenses, which fell two percent from 2006. We are proud to have generated a 22 percent return on our shareholders' equity in 2007," continued Payne.

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Net interest income on a fully taxable equivalent basis was \$46.8 million in the fourth quarter of 2007 compared to \$45.6 million in the prior quarter and \$49.0 million in the same quarter a year ago. The fourth quarter 2007 net interest margin on a fully taxable equivalent basis was 4.53 percent, compared to 4.34 percent for the previous quarter and 4.49 percent for the fourth quarter of 2006. For the full year 2007, net interest income and the net interest margin on a fully taxable equivalent basis were \$185.3 million and 4.40 percent, compared to \$204.7 million and 4.57 percent, respectively, for 2006.

The provision for credit losses was \$475 thousand for the fourth quarter of 2007, compared to \$75 thousand for the previous quarter and \$70 thousand for the year ago quarter. The increase in the provision for credit losses in the fourth quarter 2007 reflects Management's assessment of credit risk for the Company. In addition to increasing the provision for credit losses, Management reduced the reserve for unfunded credit commitments by \$400 thousand during the fourth quarter 2007 to reflect a reduction in unfunded construction loan commitments. As discussed below, the reduction in the reserve for unfunded credit commitments was recorded in other expenses.

Noninterest income in the fourth quarter of 2007 totaled \$14.7 million, unchanged from the prior quarter and compared to \$13.7 million reported for the year ago quarter. The increase from the year ago quarter is due to higher deposit service charges and merchant card processing fees. For the full year 2007, noninterest income increased to \$59.3 million from \$55.3 million for 2006. The \$4.0 million annual increase is primarily attributable to higher deposit

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service charges, merchant card processing fees, debit card fees, and \$822 thousand company owned life insurance proceeds recognized in 2007.

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Noninterest expense for the fourth quarter of 2007 totaled \$27.2 million compared to \$24.9 million in the prior quarter and \$24.5 million in the year ago quarter. The increase from the prior quarter is primarily attributable to:

- \* A \$402 thousand increase in data processing costs,
- \* A \$221 thousand reduction in personnel expenses,
- \* A \$149 thousand reduction in equipment costs,
- \* Lower other expenses primarily attributable to a \$400 thousand reduction in the reserve for unfunded credit commitments, and
- \* The \$2.3 million Visa litigation charge.

The higher data processing expenses and lower personnel and equipment costs are primarily due to conversion of the Company's item processing function to an outside vendor. This conversion occurred during the third quarter 2007 and is not expected to change overall expenses by a meaningful amount.

The increase in noninterest expense from the year ago quarter is primarily attributable to higher data processing expenses and the Visa litigation, offset in part by the reduction in the reserve for unfunded credit commitments, all of which are described above.

For the full year 2007, noninterest expense was \$101.4 million, down from \$101.7 million for 2006. The decrease is primarily attributable to:

- \* A \$2.2 million reduction in personnel costs,
- \* A \$647 thousand reduction in equipment costs,
- \* A \$548 thousand reduction in professional fees,
- \* \$434 thousand lower intangible asset amortization,
- \* A \$1.0 million increase in data processing costs,
- \* A \$299 increase in occupancy costs,
- \* The \$400 thousand reduction in the reserve for unfunded credit commitments, and
- \* The \$2.3 million Visa litigation charge.

Shareholders' equity was \$395 million at December 31, 2007, and the equity-to-asset ratio was 8.7 percent. At December 31, 2007, there were approximately 1.4 million shares remaining to purchase under the Company's existing share repurchase program. At December 31, 2007, the Company's assets totaled \$4.6 billion and loans outstanding totaled \$2.5 billion.

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Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 86 branches throughout 21 Northern and Central California counties.

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

### 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,

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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 September 30, 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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December 31, 2007

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### 1. Net Income Summary.

	(dollars in thousands except per-share amounts)				
	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07
1 Net Interest Income (Fully Taxable Equivalent)	\$46,812	\$49,029	-4.5%	\$45,563	2.7%
2 Provision for Credit Losses	475	70	578.6%	75	533.3%
3 Noninterest Income:					
4 Life Insurance Gains	0	0	n/m	0	n/m
5 Other	14,657	13,747	6.6%	14,644	0.1%
6 Total Noninterest Income	14,657	13,747	6.6%	14,644	0.1%
7 Noninterest Expense:					
8 VISA Litigation	2,338	0	n/m	0	n/m
9 Other	24,868	24,492	1.5%	24,853	0.1%
10 Total Noninterest Expense	27,206	24,492	11.1%	24,853	9.5%
11 Income Before Taxes (FTE)	33,788	38,214		35,279	
12 Income Tax Provision (FTE)	11,956	14,256	-16.1%	13,257	-9.8%

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13 Net Income	\$21,832	\$23,958	-8.9%	\$22,022	-0.9%
14 Average Shares Outstanding	29,213	30,699	-4.8%	29,532	-1.1%
15 Diluted Average Shares Outstanding	29,575	31,204	-5.2%	29,915	-1.1%
16 Operating Ratios:					
17 Basic Earnings Per Share	\$0.75	\$0.78	-4.2%	\$0.75	0.0%
18 Diluted Earnings Per Share	\$0.74	0.77	-3.9%	0.74	0.0%
19 Return On Assets	1.90%	1.98%		1.89%	
20 Return On Equity	21.7%	22.8%		21.7%	
21 Net Interest Margin (FTE)	4.53%	4.49%		4.34%	
22 Efficiency Ratio (FTE)	44.3%	39.0%		41.3%	
23 Dividends Paid Per Share	\$0.34	\$0.34	0.0%	\$0.34	0.0%
24 Dividend Payout Ratio	46%	44%		46%	

2. Net Interest Income.

	(dollars in thousands)					
	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07	12
1 Interest and Fee Income (FTE)	\$63,295	\$66,512	-4.8%	\$64,708	-2.2%	
2 Interest Expense	16,483	17,483	-5.7%	19,145	-13.9%	
3 Net Interest Income (FTE)	\$46,812	\$49,029	-4.5%	\$45,563	2.7%	
4 Average Earning Assets	\$4,124,196	\$4,366,675	-5.6%	\$4,198,859	-1.8%	\$
5 Average Interest-Bearing Liabilities	2,830,235	2,975,221	-4.9%	2,905,457	-2.6%	
6 Yield on Earning Assets (FTE)	6.11%	6.07%		6.14%		
7 Cost of Funds	1.58%	1.58%		1.80%		
8 Net Interest Margin (FTE)	4.53%	4.49%		4.34%		
9 Interest Expense/Interest-Bearing Liabilities	2.30%	2.32%		2.60%		
10 Net Interest Spread (FTE)	3.81%	3.75%		3.54%		

3. Loans & Other Earning Assets.

	(average volume, dollars in thousands)					
	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07	12
1 Total Assets	\$4,556,715	\$4,793,700	-4.9%	\$4,628,728	-1.6%	\$
2 Total Earning Assets	4,124,196	4,366,675	-5.6%	4,198,859	-1.8%	
3 Total Loans	2,496,403	2,547,524	-2.0%	2,514,685	-0.7%	

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4	Commercial Loans	615,093	637,194	-3.5%	625,490	-1.7%
5	Commercial Real Estate Loans	864,464	915,577	-5.6%	871,225	-0.8%
6	Consumer Loans	1,016,846	994,753	2.2%	1,017,970	-0.1%
7	Total Investment Securities	1,627,793	1,819,151	-10.5%	1,684,174	-3.3%
8	Available For Sale (Market Value)	569,832	630,826	-9.7%	590,749	-3.5%
9	Held To Maturity	1,057,961	1,188,325	-11.0%	1,093,425	-3.2%
10	HTM Unrealized Gain (Loss) at Period-End	4,134	(9,356)	n/m	(4,974)	n/m
11	Loans / Deposits	75.1%	71.7%		74.9%	

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4. Deposits & Other Interest-Bearing Liabilities.

(average volume, dollars in thousands)

	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07	12
1 Total Deposits	\$3,325,154	\$3,553,379	-6.4%	\$3,358,163	-1.0%	\$
2 Noninterest Demand	1,258,496	1,332,213	-5.5%	1,254,530	0.3%	
3 Interest-Bearing Transaction	546,485	593,236	-7.9%	566,556	-3.5%	
4 Savings	805,321	896,538	-10.2%	810,213	-0.6%	
5 Time greater than \$100K	512,610	505,390	1.4%	519,488	-1.3%	
6 Time less than \$100K	202,242	226,002	-10.5%	207,376	-2.5%	
7 Total Short-Term Borrowings	726,783	717,114	1.3%	764,992	-5.0%	
8 Fed Funds Purchased	544,640	517,913	5.2%	621,165	-12.3%	
9 Other Short-Term Funds	182,143	199,201	-8.6%	143,827	26.6%	
10 Long-Term Debt	36,794	36,941	-0.4%	36,832	-0.1%	
11 Shareholders' Equity	398,703	417,597	-4.5%	402,016	-0.8%	
12 Demand Deposits / Total Deposits	37.8%	37.5%		37.4%		
13 Transaction & Savings Deposits / Total Deposits	78.5%	79.4%		78.4%		

5. Interest Yields Earned & Rates Paid.

(dollars in thousands)

	Q4'07			Q3'07	
	Average Volume	Income/ Expense	Yield/ Rate	Yield/ Rate	Average Volume

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1	Interest & Fees Income Earned					
2	Total Earning Assets (FTE)	\$4,124,196	\$63,295	6.11%	6.14%	\$4,366,675
3	Total Loans (FTE)	2,496,403	41,389	6.58%	6.68%	2,547,524
4	Commercial Loans (FTE)	615,093	11,986	7.73%	8.07%	637,194
5	Commercial Real Estate Loans	864,464	15,492	7.11%	7.10%	915,577
6	Consumer Loans	1,016,846	13,911	5.43%	5.45%	994,753
7	Total Investment Securities (FTE)	1,627,793	21,906	5.38%	5.32%	1,819,151
8	Interest Expense Paid					
9	Total Earning Assets	4,124,196	16,483	1.58%	1.80%	4,366,675
10	Total Interest-Bearing Liabilities	2,830,235	16,483	2.30%	2.60%	2,975,221
11	Total Interest-Bearing Deposits	2,066,658	9,126	1.75%	1.88%	2,221,166
12	Interest-Bearing Transaction	546,485	515	0.37%	0.37%	593,236
13	Savings	805,321	1,636	0.81%	0.81%	896,538
14	Time less than \$100K	202,242	1,716	3.37%	3.36%	226,002
15	Time greater than \$100K	512,610	5,259	4.07%	4.61%	505,390
16	Total Short-Term Borrowings	726,783	6,779	3.65%	4.40%	717,114
17	Fed Funds Purchased	544,640	6,341	4.56%	5.15%	517,913
18	Other Short-Term Funds	182,143	438	0.95%	1.18%	199,201
19	Long-Term Debt	36,794	578	6.29%	6.28%	36,941
20	Net Interest Income and Margin (FTE)		\$46,812	4.53%	4.34%	

6. Noninterest Income.

(dollars in thousands except per share amounts)

	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07	12
1	Service Charges on Deposit Accounts	\$7,422	\$6,990	6.2%	\$7,569	-1.9%
2	Merchant Credit Card Income	2,817	2,652	6.2%	2,808	0.3%
3	ATM Fees & Interchange	709	676	4.9%	723	-1.9%
4	Debit Card Fees	972	902	7.8%	969	0.3%
5	Financial Services Commissions	265	331	-19.9%	383	-30.8%
6	Mortgage Banking Income	32	45	-28.9%	29	10.3%
7	Trust Fees	303	311	-2.6%	337	-10.1%
8	Other Income	2,137	1,840	16.2%	1,826	17.0%
9	Sub-total	14,657	13,747	6.6%	14,644	0.1%
10	Life Insurance Gains	0	0	n/m	0	n/m
11	Total Noninterest Income	\$14,657	\$13,747	6.6%	\$14,644	0.1%
12	Operating Ratios:					
13	Total Revenue (FTE)	\$61,469	\$62,776	-2.1%	\$60,207	2.1%
14	Noninterest Income / Revenue (FTE)	23.8%	21.9%		24.3%	
15	Service Charges / Deposits (annualized)	0.89%	0.78%		0.89%	
16	Total Revenue Per Share	\$8.35	\$8.11	2.9%	\$8.09	3.2%



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(annualized)

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## 7. Noninterest Expense.

	(dollars in thousands)				
	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07
1 Salaries & Benefits	\$12,366	\$12,405	-0.3%	\$12,587	-1.8%
2 Occupancy	3,386	3,227	4.9%	3,327	1.8%
3 Equipment	934	1,174	-20.4%	1,083	-13.8%
4 Data Processing	2,202	1,529	44.0%	1,800	22.3%
5 Courier	845	891	-5.2%	854	-1.1%
6 Postage	391	431	-9.3%	404	-3.2%
7 Telephone	343	365	-6.0%	342	0.3%
8 Professional Fees	534	614	-13.0%	451	18.4%
9 Stationery & Supplies	365	314	16.2%	323	13.0%
10 Loan Expense	195	199	-2.0%	217	-10.1%
11 Operational Losses	234	320	-26.9%	228	2.6%
12 Amortization of Identifiable Intangibles	893	1,016	-12.1%	893	0.0%
13 Other Operating	2,180	2,007	8.6%	2,344	-7.0%
14 Sub-total	24,868	24,492	1.5%	24,853	0.1%
15 VISA Litigation	2,338	0	n/m	0	n/m
16 Total Noninterest Expense	\$27,206	\$24,492	11.1%	\$24,853	9.5%
17 Full Time Equivalent Staff	868	891	-2.6%	876	-0.9%
18 Average Assets / Full Time Equivalent Staff	\$5,250	\$5,380	-2.4%	\$5,284	-0.6%
19 Operating Ratios:					
20 FTE Revenue / Full Time Equiv. Staff (annualized)	\$281	\$280	0.5%	\$273	3.0%
21 Noninterest Expense / Earning Assets (annualized)	2.62%	2.23%		2.35%	
22 Noninterest Expense / Revenues	44.3%	39.0%		41.3%	

## 8. Provision for Credit Losses.

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(dollars in thousands)

	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07	12
1 Provision for Credit Losses	\$475	\$70	578.6%	\$75	533.3%	
2 Gross Loan Losses	1,162	848	37.1%	1,031	12.7%	
3 Net Loan Losses	906	78	1063.2%	610	48.5%	
4 Recoveries / Gross Loan Losses	22%	91%		41%		
5 Average Total Loans	\$2,496,403	\$2,547,524	-2.0%	\$2,514,685	-0.7%	\$
6 Net Loan Losses / Loans (annualized)	0.14%	0.01%		0.10%		
7 Provision for Credit Losses / Loans (annualized)	0.08%	0.01%		0.01%		
8 Provision for Credit Losses / Net Loan Losses	52.4%	89.9%		12.3%		

9. Credit Quality.

(dollars in thousands)

	12/31/07	12/31/06	12/31/07 / 12/31/06	9/30/07	12/31/07 / 9/30/07	
1 Nonperforming Nonaccrual Loans	\$3,164	\$61	n/m	\$3,132	1.0%	
2 Performing Nonaccrual Loans	1,688	4,404	-61.7%	1,695	-0.4%	
3 Total Nonaccrual Loans	4,852	4,465	8.7%	4,827	0.5%	
4 Accruing Loans 90+ Days Past Due	297	65	356.9%	251	18.3%	
5 Total Nonperforming Loans	5,149	4,530	13.7%	5,078	1.4%	
6 Repossessed Collateral	613	647	-5.3%	613	0.0%	
7 Total Nonperforming Loans & 8 Repossessed Collateral	\$5,762	\$5,177	11.3%	\$5,691	1.2%	
9 Classified Loans	\$24,419	\$20,180	21.0%	\$21,403	14.1%	
10 Allowance for Loan Losses	\$52,506	\$55,330	-5.1%	\$52,938	-0.8%	
11 Total Loans Outstanding	2,502,976	2,531,734	-1.1%	2,511,374	-0.3%	
12 Total Assets	4,558,959	4,769,335	-4.4%	4,657,016	-2.1%	
13 Allowance for Loan Losses / Total Loans	2.10%	2.19%		2.11%		
14 Nonperforming Loans / Total Loans	0.21%	0.18%		0.20%		
15 Nonperforming Loans & Repossessed 16 Collateral/Total Assets	0.13%	0.11%		0.12%		
17 Allowance/Nonperforming Loans	1020%	1221%		1042%		
18 Allowance for Loan Losses / Classified Loans	215%	274%		247%		
19 Classified Loans / 20 (Equity + Allowance for Loan Losses)	5.5%	4.2%		4.7%		

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10.Capital.

(dollars in thousands, except per-share amounts)

	12/31/07	12/31/06	12/31/07 / 12/31/06	9/30/07	12/31/07 / 9/30/07
1 Shareholders' Equity	\$394,603	\$424,235	-7.0%	\$403,651	-2.2%
2 Tier I Regulatory Capital	278,970	298,576	-6.6%	283,015	-1.4%
3 Total Regulatory Capital	318,089	339,114	-6.2%	322,598	-1.4%
4 Total Assets	4,558,959	4,769,335	-4.4%	4,657,016	-2.1%
5 Risk-Adjusted Assets	2,986,737	3,057,054	-2.3%	3,017,668	-1.0%
6 Shareholders' Equity / Total Assets	8.66%	8.90%		8.67%	
7 Shareholders' Equity / Total Loans	15.77%	16.76%		16.07%	
8 Tier I Capital /Total Assets	6.12%	6.26%		6.08%	
9 Tier I Capital / Risk-Adjusted Assets	9.34%	9.77%		9.38%	
10 Total Capital / Risk-Adjusted Assets	10.65%	11.09%		10.69%	
11 Shares Outstanding	29,018	30,547	-5.0%	29,378	-1.2%
12 Book Value Per Share	\$13.60	\$13.89	-2.1%	\$13.74	-1.0%
13 Market Value Per Share	\$44.55	\$50.63	-12.0%	\$49.81	-10.6%

14 Share Repurchase Programs

(shares in thousands)

	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07	12
15 Total Shares Repurchased / Canceled	491	410	19.5%	492	-0.3%	
16 Average Repurchase Price	\$44.88	\$49.49	-9.3%	\$43.90	2.2%	
17 Net Shares Repurchased	360	363	-0.8%	354	1.8%	

11.Period-End Balance Sheets.

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(unaudited, dollars in thousands)					
	12/31/07	12/31/06	12/31/07 / 12/31/06	9/30/07	12/31/07 / 9/30/07
<b>1 Assets:</b>					
2 Cash and Money Market Assets	\$210,097	\$185,009	13.6%	\$219,960	-4.5%
3 Investment Securities	532,821	615,525	-13.4%	570,086	-6.5%
Available For Sale					
4 Investment Securities	1,045,288	1,165,092	-10.3%	1,081,009	-3.3%
Held to Maturity					
5 Loans, gross	2,502,976	2,531,734	-1.1%	2,511,374	-0.3%
6 Allowance For Loan Losses	(52,506)	(55,330)	-5.1%	(52,938)	-0.8%
7 Loans, net	2,450,470	2,476,404	-1.0%	2,458,436	-0.3%
8 Premises and Equipment	28,380	30,188	-6.0%	28,666	-1.0%
9 Identifiable Intangible	18,429	22,082	-16.5%	19,322	-4.6%
Assets					
10 Goodwill	121,719	121,719	0.0%	121,719	0.0%
11 Interest Receivable and	151,755	153,316	-1.0%	157,818	-3.8%
Other Assets					
12 Total Assets	\$4,558,959	\$4,769,335	-4.4%	\$4,657,016	-2.1%
<b>13 Liabilities and Shareholders' Equity:</b>					
<b>14 Deposits:</b>					
15 Noninterest Bearing	\$1,245,500	\$1,341,019	-7.1%	\$1,251,572	-0.5%
16 Interest-Bearing	544,411	588,668	-7.5%	549,263	-0.9%
Transaction					
17 Savings	760,006	865,268	-12.2%	806,797	-5.8%
18 Time	714,873	721,779	-1.0%	732,582	-2.4%
19 Total Deposits	3,264,790	3,516,734	-7.2%	3,340,214	-2.3%
20 Short-Term Borrowed Funds	798,599	731,977	9.1%	815,101	-2.0%
21 Debt Financing and	36,773	36,920	-0.4%	36,809	-0.1%
Notes Payable					
22 Liability For Interest,	64,194	59,469	7.9%	61,241	4.8%
Taxes and Other					
23 Total Liabilities	4,164,356	4,345,100	-4.2%	4,253,365	-2.1%
<b>24 Shareholders' Equity:</b>					
25 Paid-In Capital	\$337,201	\$344,263	-2.1%	\$337,627	-0.1%
26 Accumulated Other Comprehensive					
27 (Loss) Income	(4,520)	1,850	-344.3%	(412)	997.2%
28 Retained Earnings	61,922	78,122	-20.7%	66,436	-6.8%
29 Total Shareholders' Equity	394,603	424,235	-7.0%	403,651	-2.2%
30 Total Liabilities and	\$4,558,959	\$4,769,335	-4.4%	\$4,657,016	-2.1%
Shareholders' Equity					

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12. Income Statements.

	(unaudited, dollars in thousands, except per-share amounts)					
	Q4'07	Q4'06	Q4'07 / Q4'06	Q3'07	Q4'07 / Q3'07	12
1 Interest and Fee Income:						
2 Loans	\$40,214	\$41,198	-2.4%	\$41,134	-2.2%	
3 Money Market Assets and Funds Sold	3	2	n/m	2	n/m	
4 Investment Securities Available For Sale	6,528	7,185	-9.1%	6,713	-2.8%	
5 Investment Securities Held to Maturity	11,116	12,421	-10.5%	11,448	-2.9%	
6 Total Interest Income	57,861	60,806	-4.8%	59,297	-2.4%	
7 Interest Expense:						
8 Transaction Deposits	515	486	6.0%	526	-2.1%	
9 Savings Deposits	1,636	1,203	36.0%	1,649	-0.8%	
10 Time Deposits	6,975	7,594	-8.2%	7,791	-10.5%	
11 Short-Term Borrowed Funds	6,779	7,622	-11.1%	8,601	-21.2%	
12 Debt Financing and Notes Payable	578	578	-0.0%	578	-0.0%	
13 Total Interest Expense	16,483	17,483	-5.7%	19,145	-13.9%	
14 Net Interest Income	41,378	43,323	-4.5%	40,152	3.1%	
15 Provision for Credit Losses	475	70	578.6%	75	533.3%	
16 Noninterest Income:						
17 Service Charges on Deposit Accounts	7,422	6,990	6.2%	7,569	-1.9%	
18 Merchant Credit Card	2,817	2,652	6.2%	2,808	0.3%	
19 ATM Fees & Interchange	709	676	4.9%	723	-1.9%	
20 Debit Card Fees	972	902	7.8%	969	0.3%	
21 Financial Services Commissions	265	331	-19.9%	383	-30.8%	
22 Mortgage Banking	32	45	-28.9%	29	10.3%	
23 Trust Fees	303	311	-2.6%	337	-10.1%	
24 Life Insurance Gains	0	0	n/m	0	n/m	
25 Other	2,137	1,840	16.2%	1,826	17.0%	
26 Total Noninterest Income	14,657	13,747	6.6%	14,644	0.1%	
27 Noninterest Expense:						
28 Salaries and Related Benefits	12,366	12,405	-0.3%	12,587	-1.8%	
29 Occupancy	3,386	3,227	4.9%	3,327	1.8%	
30 Equipment	934	1,174	-20.4%	1,083	-13.8%	
31 Data Processing	2,202	1,529	44.0%	1,800	22.3%	
32 Professional Fees	534	614	-13.0%	451	18.4%	

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33	VISA Litigation	2,338	0	n/m	0	n/m	
34	Other	5,446	5,543	-1.7%	5,605	-2.8%	
		-----		-----		-----	
35	Total Noninterest Expense	27,206	24,492	11.1%	24,853	9.5%	
		-----		-----		-----	
36	Income Before Income Taxes	28,354	32,508	-12.8%	29,868	-5.1%	
37	Provision for income taxes	6,522	8,550	-23.7%	7,846	-16.9%	
		-----		-----		-----	
38	Net Income	\$21,832	\$23,958	-8.9%	\$22,022	-0.9%	
		=====		=====		=====	
39	Average Shares Outstanding	29,213	30,699	-4.8%	29,532	-1.1%	
40	Diluted Average Shares Outstanding	29,575	31,204	-5.2%	29,915	-1.1%	
41	Per Share Data:						
42	Basic Earnings	\$0.75	\$0.78	-4.2%	\$0.75	0.0%	
43	Diluted Earnings	0.74	0.77	-3.9%	0.74	0.0%	
44	Dividends Paid	0.34	0.34	0.0%	0.34	0.0%	