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WESTAMERICA BANCORPORATION

Form 8-K

October 18, 2006

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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):  
October 17, 2006  
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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-4(c))

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Exhibits

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99.1 Press release dated October 17, 2006

Item 2.02: Results of Operations and Financial Condition

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On October 17, 2006 Westamerica Bancorporation announced their quarterly earnings for the third quarter of 2006. 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  
October 17, 2006

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INDEX TO EXHIBITS

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Exhibit No.	Description	Sequentially Number Page
(99.1)	Press release dated October 17, 2006	5-15

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FOR IMMEDIATE RELEASE  
October 17, 2006

## Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

### WESTAMERICA BANCORPORATION REPORTS QUARTERLY EARNINGS FOR THIRD QUARTER 2006

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported net income of \$24.2 million for the third quarter of 2006, compared to \$24.5 million for the second quarter of 2006. Third quarter 2006 diluted earnings per share were \$0.77, unchanged from the second quarter of 2006. Return on average common equity (ROE) for the third quarter of 2006 was 22.7 percent and return on assets (ROA) was 1.98 percent. Third quarter 2005 net income of \$28.9 million, or \$0.88 diluted earnings per share, includes a gain on the sale of a facility vacated following the Redwood Empire Bancorp acquisition and recognition of company owned life insurance proceeds which, on a combined basis, account for \$0.06 diluted earnings per share.

For the first nine months of 2006, net income totaled \$74.9 million, compared to \$78.9 million for the same period in 2005. Diluted earnings per share were \$2.34 for the first nine months of 2006, compared to \$2.39 for the same period in 2005. Results for the first nine months of 2005 include a realized loss on sale of securities, and gains from the sale of property, and company owned life insurance proceeds, which, on a combined basis, reduced net income by \$100 thousand.

"Results for the third quarter of 2006 include a stabilizing net interest margin and controlled expense levels," said Chairman, President and CEO David Payne. "Our 1.52 percent cost of funds reflects the value of our significant noninterest bearing demand deposits and other low-cost deposits comprising 79 percent of Westamerica's deposit base. Our relatively low cost of funds supported a 4.54 percent margin for the third quarter 2006. Cost consciousness throughout the Company has helped reduce our noninterest expenses 3.8 percent in the first nine months of 2006, compared to the same period last year," added Payne.

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Net interest income on a fully taxable equivalent basis was \$50.2 million in the third quarter of 2006 compared to \$51.5 million and \$56.0 million in the second quarter of 2006 and the third quarter of 2005, respectively. The third quarter of 2006 net interest margin (fully taxable equivalent) was 4.54 percent, down from 4.58 percent and 4.76 percent in the second quarter of 2006 and the third quarter of 2005, respectively. Rising short-term interest rates combined with limited change in intermediate interest rates and highly competitive loan and deposit pricing has resulted in an operating environment with declining net interest margins.

Noninterest income for the first nine months of 2006 totaled \$41.6 million, compared to \$40.1 million in the first nine months of 2005. The \$1.5 million increase is primarily due to:

- \* \$860 thousand higher merchant credit card income attributable to the acquisition of Redwood Empire Bancorp on March 1, 2005.
- \* \$335 thousand increase in debit card and ATM fees.
- \* \$480 thousand decrease in service charges on deposit accounts, primarily account analysis fees.
- \* \$600 thousand increase due to \$4.9 million in securities losses and \$4.3 million in gains from the sale of real estate and life insurance proceeds recognized in 2005.

Noninterest expense for the third quarter of 2006 was \$25.4 million, reduced from \$26.3 million for the prior quarter and \$27.3 million for the third quarter of 2005. The efficiency ratio for the third quarter of 2006 was 39.6 percent, compared to 40.2 percent for the prior quarter and 37.2 percent for the third quarter of 2005.

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The provision for credit losses was \$75 thousand for the third quarter of 2006, reduced from \$150 thousand for the previous quarter and for the third quarter of 2005. The reduced provision for credit losses reflects management's assessment of credit risk for the loan portfolio.

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At September 30, 2006, shareholders' equity was \$427 million and the Company's total regulatory capital ratio was 11.0 percent, which exceeds the "well-capitalized" level of 10 percent under regulatory requirements. During the third quarter 2006, shares repurchased, net of shares issued, totaled 291 thousand shares. At September 30, 2006, 1.9 million shares remain authorized under the Company's stock repurchase plan.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches throughout 21 Northern and Central California counties. At September 30, 2006, the company had total assets outstanding of \$4.8 billion.

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 June 30, 2006 and Form 10-K for the year ended December 31, 2005, 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

Public Information October 17, 2006

September 30, 2006

1. Net Income Summary.

(dollars in thousands except per-share data)

	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
1 Net Interest Income (Fully Taxable Equivalent)	\$50,197	\$55,993	-10.4%	\$51,503	-2.5%	\$155,
2 Provision for Credit Losses	75	150	-50.0%	150	-50.0%	
3 Noninterest Income:						
4 Investment Securities (Loss/Impairment) Gains	0	0	n/m	0	n/m	
5 Gains on Sales of Real Property	0	2,369	n/m	0	n/m	
6 Other	13,899	15,071	-7.8%	14,061	-1.2%	41,
7 Total Noninterest Income	13,899	17,440	-20.3%	14,061	-1.2%	41,
8 Noninterest Expense	25,403	27,319	-7.0%	26,345	-3.6%	77,
9 Income Tax Provision (FTE)	14,381	17,079	-15.8%	14,575	-1.3%	44,
10 Net Income	\$24,237	\$28,885	-16.1%	\$24,494	-1.0%	\$74,
11 Average Shares Outstanding	31,070	32,352	-4.0%	31,364	-0.9%	31,
12 Diluted Average Shares Outstanding	31,558	32,972	-4.3%	31,932	-1.2%	31,
13 Operating Ratios:						
14 Basic Earnings Per Share	\$0.78	\$0.89	-12.6%	\$0.78	-0.1%	\$2
15 Diluted Earnings Per Share	0.77	0.88	-12.3%	0.77	0.1%	2
16 Return On Assets	1.98%	2.23%		1.99%		2
17 Return On Equity	22.7%	27.0%		23.1%		2
18 Net Interest Margin (FTE)	4.54%	4.76%		4.58%		4
19 Efficiency Ratio (FTE)	39.6%	37.2%		40.2%		3
20 Dividends Paid Per Share	\$0.32	\$0.30	6.7%	\$0.32	0.0%	\$0
21 Dividend Payout Ratio	42%	34%		42%		

2. Net Interest Income.

(dollars in thousands)

	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
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1 Interest and Fee Income (FTE)	\$67,185	\$68,021	-1.2%	\$67,788	-0.9%	\$203,
2 Interest Expense	16,988	12,028	41.2%	16,285	4.3%	47,
3 Net Interest Income (FTE)	\$50,197	\$55,993	-10.3%	\$51,503	-2.5%	\$155,
4 Average Earning Assets	\$4,419,609	\$4,695,342	-5.9%	\$4,515,728	-2.1%	\$4,513,
5 Average Interest-Bearing Liabilities	3,045,282	3,266,697	-6.8%	3,139,054	-3.0%	3,129,
6 Yield on Earning Assets (FTE)	6.05%	5.77%		6.01%		6
7 Cost of Funds	1.52%	1.01%		1.44%		1
8 Net Interest Margin (FTE)	4.54%	4.76%		4.58%		4
9 Interest Expense/Interest-Bearing Liabilities	2.20%	1.45%		2.07%		2
10 Net Interest Spread (FTE)	3.85%	4.32%		3.94%		3

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3. Loans & Other Earning Assets.

	(average volume, dollars in thousands)					
	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
1 Total Assets	\$4,846,286	\$5,141,666	-5.7%	\$4,948,443	-2.1%	\$4,949,
2 Total Earning Assets	4,419,609	4,695,342	-5.9%	4,515,728	-2.1%	4,513,
3 Total Loans	2,555,472	2,643,270	-3.3%	2,588,220	-1.3%	2,586,
4 Commercial Loans	654,179	711,329	-8.0%	679,512	-3.7%	674,
5 Commercial Real Estate Loans	913,919	937,380	-2.5%	914,373	-0.0%	917,
6 Consumer Loans	987,373	994,560	-0.7%	994,336	-0.7%	994,
7 Total Investment Securities	1,864,137	2,052,073	-9.2%	1,927,508	-3.3%	1,927,
8 Available For Sale (Market Value)	636,480	681,098	-6.6%	650,649	-2.2%	650,
9 Held To Maturity	1,227,657	1,370,975	-10.5%	1,276,859	-3.9%	1,276,
10 HTM Unrealized (Loss) at Period-End	(6,777)	(8,157)	n/m	(33,374)	n/m	(6,
11 Loans / Deposits	70.9%	68.3%		70.9%		7

4. Deposits & Other Interest-Bearing Liabilities.

	(average volume, dollars in thousands)					
	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
1 Total Deposits	\$3,602,565	\$3,872,414	-7.0%	\$3,652,030	-1.4%	\$3,679,

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2	Noninterest Demand	1,311,786	1,400,272	-6.3%	1,316,927	-0.4%	1,328,
3	Interest-Bearing Transaction	602,996	632,680	-4.7%	624,045	-3.4%	626,
4	Savings	943,396	1,104,237	-14.6%	964,776	-2.2%	976,
5	Other Time >\$100K	509,741	455,293	12.0%	503,488	1.2%	504,
6	Other Time <\$100K	234,646	279,932	-16.2%	242,793	-3.4%	243,8
7	Total Short-Term Borrowings	717,524	754,215	-4.9%	766,936	-6.4%	740,
8	Fed Funds Purchased	485,095	585,156	-17.1%	548,770	-11.6%	527,
9	Other Short-Term Funds	232,429	169,060	37.5%	218,166	6.5%	213,
10	Long-Term Debt	36,978	40,340	-8.3%	37,015	-0.1%	37,
11	Shareholders' Equity	422,735	424,277	-0.4%	424,999	-0.5%	424,
12	Demand Deposits / Total Deposits	36.4%	36.2%		36.1%		3
13	Transaction & Savings Deposits / Total Deposits	79.3%	81.0%		79.6%		7

5. Interest Yields Earned & Rates Paid.

(dollars in thousands)							
	Q3'06			Q2'06		Q3'0	
	Average Volume	Income/ Expense	Yield/ Rate	Yield/ Rate	Average Volume	Incom Expens	
1	Interest & Fees Income Earned						
2	Total Earning Assets (FTE)	\$4,419,609	\$67,185	6.05%	6.01%	\$4,695,342	\$68,
3	Total Loans (FTE)	2,555,472	42,589	6.61%	6.58%	2,643,270	41,
4	Commercial Loans (FTE)	654,179	13,151	7.74%	7.57%	711,329	12,
5	Commercial Real Estate Loans	913,919	16,396	7.12%	7.28%	937,380	16,
6	Consumer Loans	987,373	13,042	5.36%	5.25%	994,560	12,
7	Total Investment Securities (FTE)	1,864,137	24,596	5.28%	5.25%	2,052,073	26,
8	Interest Expense Paid						
9	Total Earning Assets	4,419,609	16,988	1.52%	1.44%	4,695,342	12,
10	Total Interest-Bearing Liabilities	3,045,282	16,988	2.20%	2.07%	3,266,697	12,
11	Total Interest-Bearing Deposits	2,290,779	9,010	1.56%	1.38%	2,472,142	5,
12	Interest-Bearing Transaction	602,996	430	0.28%	0.27%	632,680	
13	Savings	943,396	1,173	0.49%	0.38%	1,104,237	
14	Other Time <\$100K	234,646	1,722	2.91%	2.61%	279,932	1,
15	Other Time >\$100K	509,741	5,686	4.43%	4.05%	455,293	3,
16	Total Short-Term Borrowings	717,524	7,399	4.04%	3.97%	754,215	5,
17	Fed Funds Purchased	485,095	6,508	5.25%	4.93%	585,156	5,
18	Other Short-Term Funds	232,429	891	1.52%	1.58%	169,060	
19	Long-Term Debt	36,978	578	6.25%	6.25%	40,340	
20	Net Interest Income and Margin (FTE)		\$50,197	4.54%	4.58%		\$55,

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6. Noninterest Income.

(dollars in thousands except per-share data)

	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
1 Service Charges on Deposit Accounts	\$7,155	\$7,436	-3.8%	\$7,186	-0.4%	\$21,000
2 Merchant Credit Card Income	2,430	2,631	-7.6%	2,392	1.6%	7,000
3 ATM Fees & Interchange	753	725	3.8%	717	4.9%	2,000
4 Debit Card Fees	883	834	5.9%	876	0.8%	2,000
5 Financial Services Fees	377	388	-2.9%	363	3.7%	1,000
6 Mortgage Banking Income	36	62	-42.8%	49	-27.9%	0
7 Trust Fees	298	323	-7.7%	287	3.9%	0
8 Other Income	1,967	2,672	-26.4%	2,191	-10.2%	6,000
9 Sub-total	13,899	15,071	-7.8%	14,061	-1.2%	41,000
10 Gains on Sales of Real Property	0	2,369	n/m	0	n/m	0
11 Investment Securities Gains (Losses)	0	0	n/m	0	n/m	0
12 Total Noninterest Income	\$13,899	\$17,440	-20.3%	\$14,061	-1.2%	\$41,000
13 Operating Ratios:						
14 Total Revenue (FTE)	\$64,096	\$73,433	-12.7%	\$65,564	-2.2%	\$197,000
15 Noninterest Income / Revenue (FTE)	21.7%	23.7%		21.4%		20.0%
16 Service Charges / Deposits (annualized)	0.79%	0.76%		0.79%		0.76%
17 Total Revenue Per Share (annualized)	\$8.18	\$9.01	-9.1%	\$8.38	-2.4%	\$8.00

7. Noninterest Expense.

(dollars in thousands)

	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
1 Salaries & Benefits	\$13,080	\$14,149	-7.6%	\$13,559	-3.5%	\$39,000
2 Occupancy	3,321	3,201	3.7%	3,267	1.6%	9,000
3 Equipment	1,194	1,347	-11.4%	1,315	-9.2%	3,000
4 Data Processing	1,503	1,544	-2.7%	1,531	-1.8%	4,000
5 Courier	904	989	-8.5%	909	-0.6%	2,000
6 Postage	410	377	8.5%	397	3.2%	1,000
7 Telephone	371	537	-31.0%	466	-20.4%	1,000
8 Professional Fees	532	497	7.1%	833	-36.1%	1,000
9 Stationery & Supplies	307	298	3.2%	272	13.0%	0
10 Loan Expense	253	309	-18.3%	236	7.2%	0
11 Operational Losses	129	222	-41.9%	255	-49.3%	0
12 Amortization of Identifiable Intangibles	1,016	1,064	-4.5%	1,016	0.0%	3,000
13 Other Operating	2,383	2,785	-14.4%	2,289	4.1%	6,000



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14	Total Noninterest Expense	\$25,403	\$27,319	-7.0%	\$26,345	-3.6%	\$77,
15	Full Time Equivalent Staff	901	956	-5.8%	904	-0.3%	
16	Average Assets / Full Time Equivalent Staff	\$5,379	\$5,378	0.0%	\$5,474	-1.7%	\$5,
17	Operating Ratios:						
18	FTE Revenue / Full Time Equivalent Staff (annualized)	\$282	\$305	-7.4%	\$291	-3.0%	\$
19	Noninterest Expense / Earning Assets (annualized)	2.28%	2.31%		2.34%		2
20	Noninterest Expense / Revenues	39.6%	37.2%		40.2%		3

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8. Provision for Credit Losses.

(dollars in thousands)

	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
1	Provision for Credit Losses	\$75	\$150	-50.0%	\$150	-50.0%
2	Gross Loan Losses	1,011	684	47.8%	645	56.8%
3	Net Loan Losses	421	338	24.5%	234	80.0%
4	Recoveries / Gross Loan Losses	58%	51%		64%	
5	Average Total Loans	\$2,555,472	\$2,643,270	-3.3%	\$2,588,220	-1.3%
6	Net Loan Losses / Loans (annualized)	0.07%	0.05%		0.04%	
7	Provision for Credit Losses / Loans (annualized)	0.01%	0.02%		0.02%	
8	Provision for Credit Losses / Net Loan Losses	17.8%	44.4%		64.2%	

9. Credit Quality.

(dollars in thousands)

	9/30/06	9/30/05	9/30/06 / 9/30/05	6/30/06	9/30/06 / 6/30/06	3/31/06
1	Nonperforming Nonaccrual Loans	\$1,162	\$2,292	-49.3%	\$1,613	-28.0%
2	Performing Nonaccrual Loans	3,889	4,514	-13.9%	3,899	-0.3%
3	Total Nonaccrual Loans	5,051	6,806	-25.8%	5,512	-8.4%
4	Accruing Loans 90+ Days Past Due	252	1,334		114	n
5	Total Nonperforming Loans	5,303	8,140	-34.9%	5,626	-5.7%
6	Repossessed Collateral	656	0		656	n/m

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7 Total Nonperforming Loans & Repossessed Collateral	\$5,959	\$8,140	-26.8%	\$6,282	-5.1%	\$6,282
9 Classified Loans	\$24,767	\$36,656	-32.4%	\$25,681	-3.6%	\$28,145
10 Allowance for Loan Losses	\$55,338	\$59,674	-7.3%	\$55,684	-0.6%	\$55,684
11 Total Loans Outstanding	2,552,929	2,675,907	-4.6%	2,580,612	-1.1%	2,639,125
12 Total Assets	4,845,360	5,161,473	-6.1%	4,906,886	-1.3%	5,055,360
13 Allowance for Loan Losses / Total Loans	2.17%	2.23%		2.16%		2.16%
14 Nonperforming Loans / Total Loans	0.21%	0.30%		0.22%		0.22%
15 Nonperforming Loans & Repossessed Collateral/Total Assets	0.12%	0.16%		0.13%		0.13%
17 Allowance/Nonperforming Loans	1044%	733%		990%		990%
18 Allowance for Loan Losses / Classified Loans	223%	163%		217%		217%
19 Classified Loans / (Equity + Allowance for Loan Losses)	5.1%	7.3%		5.4%		5.4%

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10. Capital.

(dollars in thousands, except per-share amounts)

	9/30/06	9/30/05	9/30/06 / 9/30/05	6/30/06	9/30/06 / 6/30/06	3/31/06
1 Shareholders' Equity	\$426,976	\$440,406	-3.0%	\$421,731	1.2%	\$429,125
2 Tier I Regulatory Capital	300,344	297,896	0.8%	300,661	-0.1%	303,125
3 Total Regulatory Capital	341,207	341,147	0.0%	341,788	-0.2%	345,125
4 Total Assets	4,845,360	5,161,473	-6.1%	4,906,886	-1.3%	5,055,360
5 Risk-Adjusted Assets	3,094,942	3,275,611	-5.5%	3,127,641	-1.0%	3,222,125
6 Shareholders' Equity / Total Assets	8.81%	8.53%		8.59%		8.59%
7 Shareholders' Equity / Total Loans	16.72%	16.46%		16.34%		16.34%
8 Tier I Capital /Total Assets	6.20%	5.77%		6.13%		6.13%
9 Tier I Capital / Risk-Adjusted Assets	9.70%	9.09%		9.61%		9.61%
10 Total Capital / Risk-Adjusted Assets	11.02%	10.41%		10.93%		10.93%
11 Shares Outstanding	30,910	32,198	-4.0%	31,201	-0.9%	31,201
12 Book Value Per Share (\$)	\$13.81	\$13.68	1.0%	\$13.52	2.2%	\$13.52
13 Market Value Per Share (\$)	50.51	51.65	-2.2%	48.97	3.1%	51.65

14 Share Repurchase Programs

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	(shares in thousands)					
	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06
15 Total Shares Repurchased / Canceled	436	437	-0.3%	491	-11.3%	1,
16 Average Repurchase Price	\$47.98	\$53.60	-10.5%	\$50.47	-4.9%	\$50
17 Net Shares Repurchased (Issued)	291	395	-26.3%	343	-15.1%	

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11. Period-End Balance Sheets.

	(dollars in thousands)					
	9/30/06	9/30/05	9/30/06 / 9/30/05	6/30/06	9/30/06 / 6/30/06	3/31/06
1 Assets:						
2 Cash and Money Market Assets	\$192,175	\$193,760	-0.8%	\$189,204	1.6%	\$188,000
3 Investment Securities Available For Sale	617,736	660,630	-6.5%	620,294	-0.4%	642,000
4 Investment Securities Held to Maturity	1,211,589	1,358,266	-10.8%	1,243,936	-2.6%	1,307,000
5 Loans, gross	2,552,929	2,675,907	-4.6%	2,580,612	-1.1%	2,639,000
6 Allowance For Loan Losses	(55,338)	(59,674)	-7.3%	(55,684)	-0.6%	(55,000)
7 Loans, net	2,497,591	2,616,233	-4.5%	2,524,928	-1.1%	2,584,000
8 Premises and Equipment	30,979	33,640	-7.9%	31,785	-2.5%	32,000
9 Identifiable Intangible Assets	23,098	27,233	-15.2%	24,114	-4.2%	25,000
10 Goodwill	121,719	124,122	-1.9%	121,719	0.0%	121,000
11 Interest Receivable and Other Assets	150,473	147,589	2.0%	150,906	-0.3%	152,000
12 Total Assets	\$4,845,360	\$5,161,473	-6.1%	\$4,906,886	-1.3%	\$5,055,000
13 Liabilities and Shareholders' Equity:						
14 Deposits:						
15 Noninterest Bearing	\$1,298,519	\$1,412,470	-8.1%	\$1,330,280	-2.4%	\$1,355,000
16 Interest-Bearing Transaction	581,705	635,019	-8.4%	606,633	-4.1%	641,000
17 Savings	926,262	1,094,130	-15.3%	951,819	-2.7%	1,004,000
18 Time	744,645	732,316	1.7%	758,315	-1.8%	737,000
19 Total Deposits	3,551,131	3,873,935	-8.3%	3,647,047	-2.6%	3,739,000

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20	Short-Term Borrowed Funds	768,841	764,143	0.6%	746,517	3.0%	784,
21	Debt Financing and Notes Payable	36,956	40,318	-8.3%	36,993	-0.1%	37,
22	Liability For Interest, Taxes and Other	61,456	42,671	44.0%	54,598	12.6%	65,
23	Total Liabilities	4,418,384	4,721,067	-6.4%	4,485,155	-1.5%	4,626,
24	Shareholders' Equity:						
25	Paid-In Capital	\$346,603	\$345,229	0.4%	\$346,224	0.1%	\$344,
26	Unrealized Gain (Loss) on Investment Securities						
27	Available For Sale	1,805	2,762	n/m	(4,771)	n/m	(
28	Retained Earnings	78,568	92,415	-15.0%	80,278	-2.1%	85,
29	Total Shareholders' Equity	426,976	440,406	-3.0%	421,731	1.2%	429,
30	Total Liabilities and Shareholders' Equity	\$4,845,360	\$5,161,473	-6.1%	\$4,906,886	-1.3%	\$5,055,

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12. Income Statements.

(dollars in thousands, except per-share amounts)

	Q3'06	Q3'05	Q3'06 / Q3'05	Q2'06	Q3'06 / Q2'06	9/30'06	
1	Interest and Fee Income:						
2	Loans	\$41,292	\$40,008	3.2%	\$41,160	0.3%	\$123,
3	Money Market Assets and Funds Sold	1	1	n/m	2	n/m	
4	Investment Securities Available For Sale	7,227	7,705	-6.2%	7,377	-2.0%	22,
5	Investment Securities Held to Maturity	12,845	14,090	-8.8%	13,338	-3.7%	39,
6	Total Interest Income	61,365	61,804	-0.7%	61,877	-0.8%	185,
7	Interest Expense:						
8	Transaction Deposits	430	401	7.1%	427	0.6%	1,
9	Savings Deposits	1,173	956	22.6%	924	26.9%	2,
10	Time Deposits	7,408	4,610	60.7%	6,661	11.2%	19,
11	Short-Term Borrowed Funds	7,399	5,421	36.5%	7,695	-3.8%	21,
12	Debt Financing and Notes Payable	578	640	-9.7%	578	0.0%	1,
13	Total Interest Expense	16,988	12,028	41.2%	16,285	4.3%	47,
14	Net Interest Income	44,377	49,776	-10.8%	45,592	-2.7%	137,
15	Provision for Credit Losses	75	150	-50.0%	150	-50.0%	

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16	Noninterest Income:						
17	Service Charges on Deposit Accounts	7,155	7,436	-3.8%	7,186	-0.4%	21,
18	Merchant Credit Card	2,430	2,631	-7.6%	2,392	1.6%	7,
19	Financial Services Commissions	377	388	-2.9%	363	3.7%	1,
20	Mortgage Banking	36	62	-42.8%	49	-27.9%	
21	Trust Fees	298	323	-7.7%	287	3.9%	
22	Gains on Sales of Real Property	0	2,369	n/m	0	n/m	
23	Securities Gains (Losses)	0	0	n/m	0	n/m	
24	Other	3,603	4,231	-14.8%	3,784	-4.8%	10,
25	Total Noninterest Income	13,899	17,440	-20.3%	14,061	-1.2%	41,
26	Noninterest Expense:						
27	Salaries and Related Benefits	13,080	14,149	-7.6%	13,559	-3.5%	39,
28	Occupancy	3,321	3,201	3.7%	3,267	1.6%	9,
29	Equipment	1,194	1,347	-11.4%	1,315	-9.2%	3,
30	Data Processing	1,503	1,544	-2.7%	1,531	-1.8%	4,
31	Professional Fees	532	497	7.1%	833	-36.1%	1,
32	Other	5,773	6,581	-12.3%	5,840	-1.1%	17,
33	Total Noninterest Expense	25,403	27,319	-7.0%	26,345	-3.6%	77,
34	Income Before Income Taxes	32,798	39,747	-17.5%	33,158	-1.1%	101,
35	Provision for income taxes	8,561	10,862	-21.2%	8,664	-1.2%	27,
36	Net Income	\$24,237	\$28,885	-16.1%	\$24,494	-1.0%	\$74,
37	Average Shares Outstanding	31,070	32,352	-4.0%	31,364	-0.9%	31,
38	Diluted Average Shares Outstanding	31,558	32,972	-4.3%	31,932	-1.2%	31,
39	Per Share Data:						
40	Basic Earnings	\$0.78	\$0.89	-12.6%	\$0.78	-0.1%	\$2,
41	Diluted Earnings	0.77	0.88	-12.3%	0.77	0.1%	2,
42	Dividends Paid	0.32	0.30	6.7%	0.32	0.0%	0,