

WESTAMERICA BANCORPORATION

Form 8-K

January 16, 2009

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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 16, 2009  
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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  
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(Commission File Number)

94-2156203  
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(IRS Employer Identification No.)

1108 Fifth Avenue, San Rafael, California  
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(Address of Principal Executive Offices)

94901  
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(Zip Code)

(707) 863-6000  
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(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 January 15, 2009

Item 2.02: Results of Operations and Financial Condition  
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On January 15, 2009 Westamerica Bancorporation announced their earnings for the fourth quarter of 2008. 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 16, 2009

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Exhibit No.	Description	Sequentially Number Page
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(99.1)	Press release dated January 15, 2009	5-12

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FOR IMMEDIATE RELEASE  
January 15, 2009

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### WESTAMERICA BANCORPORATION REPORTS QUARTERLY AND ANNUAL EARNINGS

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported net income for the fourth quarter 2008 of \$20.8 million, or diluted earning per share (EPS) of \$0.71. Fourth quarter 2008 results include "other than temporary impairment" securities losses of \$1.9 million net of tax, which reduced EPS by \$0.07. In the prior year's fourth quarter, Westamerica reported net income of \$21.8 million, or EPS of \$0.74. Fourth quarter 2007 results include a \$2.3 million litigation expense for Westamerica's proportionate share of Visa's litigation exposure and a \$700 thousand income tax refund. The expense for Visa litigation and the income tax refund combined to reduce net income by \$590 thousand, or EPS by \$0.02.

"Our net interest margin increased to 5.44 percent in the fourth quarter 2008, compared to 5.19 percent in the third quarter 2008. The margin improvement was in large part due to declining short-term interest rates, which allowed us to reduce our cost of funds. Our credit quality remains relatively healthy in the recessionary economy. Our total non-performing assets were \$14.3 million at December 31, 2008, compared to \$13.4 million at September 30, 2008. Our \$44.5 million reserve for loan losses at December 31, 2008 compares favorably to net loan losses of \$10.7 million for all of 2008," said Chairman, President and CEO David Payne. "We are pleased to report a 21 percent annualized return on our shareholders' equity for the fourth quarter 2008," continued Payne.

Westamerica reported net income for the year ended December 31, 2008 of \$59.8 million, or EPS of \$2.04, compared to net income of \$89.8 million and EPS of \$2.98 for 2007. Results for 2008 include gains from the VISA initial public offering, securities losses on FHLMC and FNMA preferred stock, and a \$1 million tax benefit from adjusting 2007 tax estimates to the filed tax return which combined to reduce net income by \$30.7 million and EPS by \$1.05. Results for 2007 include the \$2.3 million expense for Visa litigation, the \$700 thousand income tax refund, and life insurance proceeds of \$822 thousand which combined to increase net income by \$200 thousand.

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Net interest income on a fully taxable equivalent basis was \$49.9 million in the fourth quarter of 2008 compared to \$48.7 million in the prior quarter and \$46.8 million in the same quarter a year ago. The fourth quarter 2008 net interest margin on a fully taxable equivalent basis was 5.44 percent, compared to 5.19 percent for the previous quarter and 4.53 percent for the fourth quarter of 2007. For the full year 2008, net interest income and the net interest margin on a fully taxable equivalent basis were \$196.3 million and 5.13 percent, compared to \$185.3 million and 4.40 percent, respectively, for 2007.

The provision for credit losses was \$900 thousand for the fourth quarter of 2008, compared to \$600 thousand for the previous quarter and \$475 thousand for the year ago quarter. The increase in the provision for credit losses in the fourth quarter 2008 reflects Management's assessment of credit risk for the Company.

Non-interest income in the fourth quarter of 2008 totaled \$9.9 million, compared to \$14.7 million for the year ago quarter. The reduction from the year ago quarter was due to \$3.3 million in securities losses, lower merchant credit card fees, and lower official check fees.

Non-interest expense for the fourth quarter of 2008 totaled \$26.2 million compared to \$25.2 million in the prior quarter and \$27.2 million in the year ago quarter. The increase from the prior quarter is primarily attributable to higher professional fees and operational losses. The reduction in non-interest

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expense from the year ago quarter is primarily attributable to the Visa litigation charge recorded in the fourth quarter 2007, offset in part by higher personnel costs and professional fees in the fourth quarter 2008.

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For the full year 2008, non-interest expense was \$100.8 million compared to \$101.4 million for 2007. Non-interest expense was increased \$2.3 million in 2007 with the recognition of Westamerica's proportionate share of Visa's litigation exposure, and reduced \$2.3 million in 2008 upon Visa's funding of a litigation settlement escrow. Operating expenses increased approximately \$4.0 million in 2008 compared to 2007 primarily due to higher personnel, data processing, and professional fees, offset in part by lower amortization of identifiable intangible assets.

Shareholders' equity was \$410 million at December 31, 2008 increased from \$395 million at December 31, 2007. At December 31, 2008, the equity-to-asset ratio was 10.2 percent, increased from 8.7 percent at December 31, 2007. At December 31, 2008, the Company's assets totaled \$4.0 billion and loans outstanding totaled \$2.4 billion.

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, 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, 2008 and Form 10-K for the year ended December 31, 2007, 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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FINANCIAL HIGHLIGHTS  
December 31, 2008

Public Information January 15, 2009

1. Net Income Summary.

	(dollars in thousands except per-share amounts)					
	Q4'08	Q4'07	^Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Net Interest Income (Fully Taxable Equivalent)	\$49,850	\$46,812	6.5%	\$48,693	2.4%	\$1
2 Provision for Loan Losses	900	475	n/m	600	50.0%	
3 Noninterest Income:						
4 Net Losses From Equity Securities	(3,269)	0	n/m	(41,206)	n/m	(
5 Other	13,177	14,657	-10.1%	13,707	-3.9%	
6 Total Noninterest Income	9,908	14,657	n/m	(27,499)	n/m	
7 Noninterest Expense:						
8 VISA Litigation	0	2,338	n/m	0	n/m	
9 Other	26,166	24,868	5.2%	25,203	3.8%	1
10 Total Noninterest Expense	26,166	27,206	-3.8%	25,203	3.8%	1
11 Income (Loss) Before Taxes (FTE)	32,692	33,788	-3.2%	(4,609)	n/m	
12 Income Tax Provision (Benefit) (FTE)	11,882	11,956	-0.6%	(4,653)	n/m	
13 Net Income	\$20,810	\$21,832	-4.7%	\$44	n/m	\$
14 Average Shares Outstanding	28,884	29,213	-1.1%	28,908	-0.1%	
15 Diluted Average Shares Outstanding	29,218	29,575	-1.2%	29,273	-0.2%	
16 Operating Ratios:						
17 Basic Earnings Per Share	\$0.72	\$0.75	-4.0%	\$0.00	n/m	
18 Diluted Earnings Per Share	0.71	0.74	-4.1%	0.00	n/m	
19 Return On Assets (annualized)	2.04%	1.90%		0.00%		
20 Return On Equity (annualized)	20.6%	21.7%		0.0%		
21 Net Interest Margin (FTE) (annualized)	5.44%	4.53%		5.19%		
22 Efficiency Ratio (FTE)	43.8%	44.3%		n/m		
23 Dividends Paid Per Share	\$0.35	\$0.34	2.9%	\$0.35	0.0%	
24 Dividend Payout Ratio	49%	46%		n/m		

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2. Net Interest Income.

	(dollars in thousands)					
	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Interest and Fee Income (FTE)	\$54,442	\$63,295	-14.0%	\$56,131	-3.0%	\$2
2 Interest Expense	4,592	16,483	-72.1%	7,438	-38.3%	
3 Net Interest Income (FTE)	\$49,850	\$46,812	6.5%	\$48,693	2.4%	\$1
4 Average Earning Assets	\$3,654,966	\$4,124,196	-11.4%	\$3,745,058	-2.4%	\$3,8
5 Average Interest-Bearing Liabilities	2,425,928	2,830,235	-14.3%	2,486,659	-2.4%	2,5
6 Yield on Earning Assets (FTE) (annualized)	5.94%	6.11%		5.98%		
7 Cost of Funds (annualized)	0.50%	1.58%		0.79%		
8 Net Interest Margin (FTE) (annualized)	5.44%	4.53%		5.19%		
9 Interest Expense/Interest-Bearing Liabilities (annualized)	0.75%	2.30%		1.19%		
10 Net Interest Spread (FTE) (annualized)	5.19%	3.81%		4.79%		

3. Loans & Other Earning Assets.

	(average volume, dollars in thousands)					
	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Total Assets	\$4,053,295	\$4,556,715	-11.0%	\$4,137,232	-2.0%	\$4,2
2 Total Earning Assets	3,654,966	4,124,196	-11.4%	3,745,058	-2.4%	3,8
3 Total Loans	2,399,741	2,496,403	-3.9%	2,414,317	-0.6%	2,4
4 Commercial Loans	586,245	615,093	-4.7%	597,176	-1.8%	6
5 Commercial Real Estate Loans	819,645	864,464	-5.2%	830,001	-1.2%	8
6 Consumer Loans	993,851	1,016,846	-2.3%	987,140	0.7%	9
7 Total Investment Securities	1,255,225	1,627,793	-22.9%	1,330,741	-5.7%	1,3
8 Available For Sale (Market Value)	299,494	569,832	-47.4%	359,220	-16.6%	4
9 Held To Maturity	955,731	1,057,961	-9.7%	971,521	-1.6%	9
10 HTM Unrealized Gain (Loss) at Period-End	885	4,134	n/m	(15,042)	n/m	
11 Loans / Deposits	77.0%	75.1%		76.5%		

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4. Deposits & Other Interest-Bearing Liabilities.

	(average volume, dollars in thousands)					
	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Total Deposits	\$3,115,989	\$3,325,154	-6.3%	\$3,154,340	-1.2%	\$3,1
2 Noninterest Demand	1,167,490	1,258,496	-7.2%	1,172,953	-0.5%	1,1
3 Interest-Bearing Transaction	533,746	546,485	-2.3%	539,286	-1.0%	5
4 Savings	742,897	805,321	-7.8%	764,535	-2.8%	7
5 Time greater than \$100K	479,207	512,610	-6.5%	484,396	-1.1%	4
6 Time less than \$100K	192,649	202,242	-4.7%	193,170	-0.3%	1
7 Total Short-Term Borrowings	450,778	726,783	-38.0%	470,109	-4.1%	5
8 Fed Funds Purchased	325,275	544,640	-40.3%	342,338	-5.0%	4
9 Other Short-Term Funds	125,503	182,143	-31.1%	127,771	-1.8%	1
10 Long-Term Debt	26,651	36,794	-27.6%	35,163	-24.2%	
11 Shareholders' Equity	401,598	398,703	0.7%	412,133	-2.6%	4
12 Demand Deposits / Total Deposits	37.5%	37.8%		37.2%		
13 Transaction & Savings Deposits / Total Deposits	78.4%	78.5%		78.5%		

5. Interest Yields Earned & Rates Paid.

	(dollars in thousands)					
	Q4'08			Q3'08		Q4
	Average Volume	Income/ Expense	Yield */ Rate	Yield*/ Rate	Average Volume	Inc Exp
1 Interest & Fees Income Earned						
2 Total Earning Assets (FTE)	\$3,654,966	\$54,442	5.94%	5.98%	\$4,124,196	\$
3 Total Loans (FTE)	2,399,741	37,063	6.14%	6.24%	2,496,403	
4 Commercial Loans (FTE)	586,245	9,123	6.19%	6.64%	615,093	
5 Commercial Real Estate Loans	819,645	14,471	7.02%	6.96%	864,464	
6 Consumer Loans	993,851	13,469	5.39%	5.39%	1,016,846	
7 Total Investment Securities (FTE)	1,255,225	17,379	5.54%	5.49%	1,627,793	
8 Interest Expense Paid						
9 Total Earning Assets	3,654,966	4,592	0.50%	0.79%	4,124,196	
10 Total Interest-Bearing Liabilities	2,425,928	4,592	0.75%	1.19%	2,830,235	

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11	Total Interest-Bearing Deposits	1,948,499	3,571	0.73%	1.00%	2,066,658
12	Interest-Bearing Transaction	533,746	252	0.19%	0.26%	546,485
13	Savings	742,897	763	0.41%	0.55%	805,321
14	Time less than \$100K	192,649	1,065	2.20%	2.47%	202,242
15	Time greater than \$100K	479,207	1,491	1.24%	1.94%	512,610
16	Total Short-Term Borrowings	450,778	598	0.52%	1.63%	726,783
17	Fed Funds Purchased	325,275	415	0.50%	1.95%	544,640
18	Other Short-Term Funds	125,503	183	0.58%	0.77%	182,143
19	Long-Term Debt	26,651	423	6.34%	5.96%	36,794
20	Net Interest Income and Margin (FTE) * Annualized		\$49,850	5.44%	5.19%	\$

6. Noninterest Income.

(dollars in thousands except per share amounts)

	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Service Charges on Deposit Accounts	\$7,383	\$7,422	-0.5%	\$7,555	-2.3%	\$
2 Merchant Credit Card Income	2,623	2,817	-6.9%	2,611	0.4%	
3 ATM Fees & Interchange	685	709	-3.4%	756	-9.4%	
4 Debit Card Fees	917	972	-5.6%	970	-5.4%	
5 Financial Services Commission	141	265	-46.8%	186	-24.3%	
6 Mortgage Banking Income	19	32	-41.8%	39	-51.8%	
7 Trust Fees	255	303	-15.9%	293	-13.0%	
8 Other Income	1,154	2,137	-46.0%	1,297	-11.0%	
9 Sub-total	13,177	14,657	-10.1%	13,707	-3.9%	
10 Net Losses From Equity Securities	(3,269)	0	n/m	(41,206)	n/m	(
11 Total Noninterest Income	\$9,908	\$14,657	-32.4%	(\$27,499)	n/m	(
12 Operating Ratios:						
13 Total Revenue (FTE)	\$59,758	\$61,469	-2.8%	\$21,194	182.0%	\$1
14 Noninterest Income / Revenue (FTE)	16.6%	23.8%		n/m		
15 Service Charges / Average Deposits (annualized)	0.94%	0.89%		0.95%		
16 Total Revenue Per Average Share (annualized)	\$8.23	\$8.35	-1.4%	\$2.92	182.2%	

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7. Noninterest Expense.



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(dollars in thousands)						
	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Salaries & Benefits	\$12,823	\$12,366	3.7%	\$12,621	1.6%	\$
2 Occupancy	3,405	3,386	0.6%	3,465	-1.7%	
3 Equipment	976	934	4.5%	903	8.1%	
4 Data Processing	2,117	2,202	-3.8%	2,098	0.9%	
5 Courier	835	845	-1.2%	835	0.0%	
6 Postage	346	391	-11.6%	369	-6.3%	
7 Telephone	344	343	0.4%	342	0.7%	
8 Professional Fees	920	534	72.3%	485	89.7%	
9 Stationery & Supplies	334	365	-8.6%	272	22.7%	
10 Loan Expense	258	195	32.5%	246	4.8%	
11 Operational Losses	352	234	50.3%	113	210.0%	
12 Amortization of Identifiable Intangibles	788	893	-11.7%	788	0.0%	
13 Other Operating	2,668	2,180	22.4%	2,666	0.1%	
14 Sub-total	26,166	24,868	5.2%	25,203	3.8%	1
15 VISA Litigation	0	2,338	n/m	0	n/m	
16 Total Noninterest Expense	\$26,166	\$27,206	-3.8%	\$25,203	3.8%	\$1
17 Full Time Equivalent Staff	886	868	2.1%	899	-1.4%	
18 Average (Avg.) Assets / Full Time Equivalent Staff	\$4,575	\$5,250	-12.9%	\$4,602	-0.6%	
19 Operating Ratios:						
20 FTE Revenue / Full Time Equiv. Staff (annualized)	\$268	\$281	-4.6%	\$94	185.1%	
21 Noninterest Expense / Avg. Earning Assets (annualized)	2.85%	2.62%		2.68%		
22 Noninterest Expense / FTE Revenues	43.8%	44.3%		n/m		

8. Provision for Loan Losses.

(dollars in thousands)						
	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Provision for Loan Losses	\$900	\$475	n/m	\$600	50.0%	
2 Gross Loan Losses	6,881	1,162	492.2%	1,786	285.3%	
3 Net Loan Losses	6,527	907	619.6%	1,467	344.9%	
4 Recoveries / Gross Loan Losses	5%	22%		18%		
5 Average (Avg.) Total Loans	\$2,399,741	\$2,496,403	-3.9%	\$2,414,317	-0.6%	\$2,4
6 Net Loan Losses / Avg. Loans (annualized)	1.08%	0.14%		0.24%		

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7 Provision for Loan Losses / Avg. Loans (annualized)	0.15%	0.08%	0.10%
8 Provision for Loan Losses / Net Loan Losses	13.8%	52.4%	40.9%

9. Credit Quality.

(dollars in thousands)

	12/31/08	12/31/07	12/31/08 / 12/31/07	9/30/08	12/31/08 / 9/30/08	6/30/08
1 Nonperforming Nonaccrual Loans	\$8,883	\$3,164	180.8%	\$12,132	-26.8%	\$
2 Nonperforming Nonaccrual Loans	1,143	1,688	-32.3%	73	1465.8%	
3 Total Nonaccrual Loans	10,026	4,852	106.6%	12,205	-17.9%	
4 Accruing Loans 90+ Days Past Due	755	297	154.2%	363	108.0%	
5 Total Nonperforming Loans	10,781	5,149	109.4%	12,568	-14.2%	
6 Repossessed Loan Collateral	3,505	613	n/m	814	n/m	
7 Total Nonperforming Loans & Repossessed Loan Collateral	\$14,286	\$5,762	147.9%	\$13,382	6.8%	\$
8 Classified Loans	\$34,028	\$24,419	39.4%	\$38,070	-10.6%	\$
10 Allowance for Loan Losses	\$44,470	\$52,506	-15.3%	\$50,097	-11.2%	\$
11 Total Loans Outstanding	2,382,426	2,502,976	-4.8%	2,408,704	-1.1%	2,4
12 Total Assets	4,032,934	4,558,959	-11.5%	4,089,482	-1.4%	4,1
13 Allowance for Loan Losses / Total Loans	1.87%	2.10%		2.08%		
14 Nonperforming Loans / Total Loans	0.45%	0.21%		0.52%		
15 Nonperforming Loans & Repossessed Loan Collateral / Total Assets	0.35%	0.13%		0.33%		
17 Allowance/Nonperforming Loans	412%	1020%		399%		
18 Allowance for Loan Losses / Classified Loans	131%	215%		132%		
19 Classified Loans / (Equity + Allowance for Loan Losses)	7.5%	5.5%		8.5%		

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10.Capital.

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(dollars in thousands, except per-share amounts)

	12/31/08	12/31/07	12/31/08 / 12/31/07	9/30/08	12/31/08 / 9/30/08	6/30/08
1 Shareholders' Equity	\$409,852	\$394,603	3.9%	\$399,128	2.7%	\$409,852
2 Tier I Regulatory Capital	288,859	278,970	3.5%	278,117	3.9%	288,859
3 Total Regulatory Capital	324,455	318,089	2.0%	314,023	3.3%	324,455
4 Total Assets	4,032,934	4,558,959	-11.5%	4,089,482	-1.4%	4,032,934
5 Risk-Adjusted Assets	2,758,866	2,986,737	-7.6%	2,790,304	-1.1%	2,758,866
6 Shareholders' Equity / Total Assets	10.16%	8.66%		9.76%		10.16%
7 Shareholders' Equity / Total Loans	17.20%	15.77%		16.57%		17.20%
8 Tier I Capital /Total Assets	7.16%	6.12%		6.80%		7.16%
9 Tier I Capital / Risk-Adjusted Assets	10.47%	9.33%		9.97%		10.47%
10 Total Capital / Risk-Adjusted Assets	11.76%	10.64%		11.25%		11.76%
11 Tangible Equity Ratio	7.01%	5.76%		6.62%		7.01%
12 Shares Outstanding	28,880	29,018	-0.5%	28,895	-0.1%	28,880
13 Book Value Per Share	\$14.19	\$13.60	4.4%	\$13.81	2.7%	\$14.19
14 Market Value Per Share	\$51.15	\$44.55	14.8%	\$57.53	-11.1%	\$51.15

15 Share Repurchase Programs

(shares in thousands)

	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31/08
16 Total Shares Repurchased / Canceled	16	491	-96.8%	108	-85.4%	16
17 Average Repurchase Price	\$50.74	\$44.88	13.1%	\$50.10	1.3%	\$50.74
18 Net Shares Repurchased (Issued)	15	360	n/m	(6)	n/m	15

11.Period-End Balance Sheets.

(unaudited, dollars in thousands)

	12/31/08	12/31/07	12/31/08 / 12/31/07	9/30/08	12/31/08 / 9/30/08	6/30/08
1 Assets:						

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2	Cash and Money Market Assets	\$139,224	\$210,097	-33.7%	\$142,678	-2.4%	\$1
3	Investment Securities Available For Sale	288,454	532,821	-45.9%	304,871	-5.4%	3
4	Investment Securities Held to Maturity	949,325	1,045,288	-9.2%	962,621	-1.4%	9
5	Loans, gross	2,382,426	2,502,976	-4.8%	2,408,704	-1.1%	2,4
6	Allowance For Loan Losses	(44,470)	(52,506)	-15.3%	(50,097)	-11.2%	(
7	Loans, net	2,337,956	2,450,470	-4.6%	2,358,607	-0.9%	2,3
8	Premises and Equipment	27,351	28,380	-3.6%	26,789	2.1%	
9	Identifiable Intangible Assets	15,208	18,429	-17.5%	15,996	-4.9%	
10	Goodwill	121,699	121,719	-0.0%	121,702	-0.0%	1
11	Interest Receivable and Other Assets	153,717	151,755	1.3%	156,218	-1.6%	1
12	Total Assets	\$4,032,934	\$4,558,959	-11.5%	\$4,089,482	-1.4%	\$4,1
13 Liabilities and Shareholders' Equity:							
14 Deposits:							
15	Noninterest Bearing	\$1,158,632	\$1,245,500	-7.0%	\$1,173,852	-1.3%	\$1,1
16	Interest-Bearing Transaction	525,153	544,411	-3.5%	518,944	1.2%	5
17	Savings	745,496	760,006	-1.9%	751,512	-0.8%	7
18	Time	665,773	714,873	-6.9%	685,480	-2.9%	6
19	Total Deposits	3,095,054	3,264,790	-5.2%	3,129,788	-1.1%	3,1
20	Short-Term Borrowed Funds	457,275	798,599	-42.7%	487,973	-6.3%	5
21	Debt Financing and Notes Payable	26,631	36,773	-27.6%	26,665	-0.1%	
22	Liability For Interest, Taxes and Other	44,122	64,194	-31.3%	45,928	-3.9%	
23	Total Liabilities	3,623,082	4,164,356	-13.0%	3,690,354	-1.8%	3,7
24 Shareholders' Equity:							
25	Paid-In Capital	354,674	337,201	5.2%	354,537	0.0%	3
26	Accumulated Other Comprehensive						
27	Income (Loss)	1,040	(4,520)	n/m	551	88.9%	
28	Retained Earnings	54,138	61,922	-12.6%	44,040	22.9%	
29	Total Shareholders' Equity	409,852	394,603	3.9%	399,128	2.7%	4
30	Total Liabilities and Shareholders' Equity	\$4,032,934	\$4,558,959	-11.5%	\$4,089,482	-1.4%	\$4,1

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12.Income Statements.

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(unaudited, dollars in thousands, except per-share amounts)

	Q4'08	Q4'07	Q4'08 / Q4'07	Q3'08	Q4'08 / Q3'08	12/31
1 Interest and Fee Income:						
2 Loans	\$35,942	\$40,214	-10.6%	\$36,710	-2.1%	\$1
3 Money Market Assets and Funds Sold	1	3	n/m	1	n/m	
4 Investment Securities Available For Sale	3,426	6,528	-47.5%	4,041	-15.2%	
5 Investment Securities Held to Maturity	10,076	11,116	-9.4%	10,223	-1.4%	
6 Total Interest Income	49,445	57,861	-14.5%	50,975	-3.0%	2
7 Interest Expense:						
8 Transaction Deposits	252	515	-51.0%	346	-27.2%	
9 Savings Deposits	763	1,636	-53.4%	1,048	-27.2%	
10 Time Deposits	2,556	6,975	-63.4%	3,566	-28.3%	
11 Short-Term Borrowed Funds	598	6,779	-91.2%	1,954	-69.4%	
12 Debt Financing and Notes Payable	423	578	-26.9%	524	-19.3%	
13 Total Interest Expense	4,592	16,483	-72.1%	7,438	-38.3%	
14 Net Interest Income	44,853	41,378	8.4%	43,537	3.0%	1
15 Provision for Loan Losses	900	475	n/m	600	50.0%	
16 Noninterest Income:						
17 Service Charges on Deposit Accounts	7,383	7,422	-0.5%	7,555	-2.3%	
18 Merchant Credit Card	2,623	2,817	-6.9%	2,611	0.4%	
19 ATM Fees & Interchange	685	709	-3.4%	756	-9.4%	
20 Debit Card Fees	917	972	-5.6%	970	-5.4%	
21 Financial Services Commissions	141	265	-46.8%	186	-24.3%	
22 Mortgage Banking	19	32	-41.8%	39	-51.8%	
23 Trust Fees	255	303	-15.9%	293	-13.0%	
24 Net Losses From Equity Securities	(3,269)	0	n/m	(41,206)	n/m	(
25 Other	1,154	2,137	-46.0%	1,297	-11.0%	
26 Total Noninterest Income	9,908	14,657	n/m	(27,499)	n/m	
27 Noninterest Expense:						
28 Salaries and Related Benefits	12,823	12,366	3.7%	12,621	1.6%	
29 Occupancy	3,405	3,386	0.6%	3,465	-1.7%	
30 Equipment	976	934	4.5%	903	8.1%	
31 Data Processing	2,117	2,202	-3.8%	2,098	0.9%	
32 Professional Fees	920	534	72.3%	485	89.7%	
33 VISA Litigation	0	2,338	n/m	0	n/m	
34 Other	5,925	5,446	8.8%	5,631	5.2%	
35 Total Noninterest Expense	26,166	27,206	-3.8%	25,203	3.8%	1
36 Income (Loss) Before Income Taxes	27,695	28,354	-2.3%	(9,765)	n/m	
37 Income Tax Provision (Benefit)	6,885	6,522	5.6%	(9,809)	n/m	
38 Net Income	\$20,810	\$21,832	-4.7%	\$44	n/m	\$

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	=====	=====	=====	=====	=====
39 Average Shares Outstanding	28,884	29,213	-1.1%	28,908	-0.1%
40 Diluted Average Shares Outstanding	29,218	29,575	-1.2%	29,273	-0.2%
41 Per Share Data:					
42 Basic Earnings	\$0.72	\$0.75	-4.0%	\$0.00	n/m
43 Diluted Earnings	0.71	0.74	-4.1%	0.00	n/m
44 Dividends Paid	0.35	0.34	2.9%	0.35	0.0%