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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

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

99.1 Press release dated July 17, 2007

Item 2.02: Results of Operations and Financial Condition

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

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

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Exhibit No.	Description	Sequentially Number Page
(99.1)	Press release dated 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

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 / Q2'06	Q1'07	Q2'07 / Q1'07
1 Net Interest Income (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 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 / Q2'06	Q1'07	Q2'07 / 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 / Q2'06	Q1'07	Q2'07 / 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 (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) 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 / Q2'06	Q1'07	Q2'07 / 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 / Total Deposits	37.5%	36.1%		37.1%	
13	Transaction & Savings 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 Volume	Income/ Expense	Yield/ Rate	Yield/ Rate	Average 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 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 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 Liabilities	2,926,090	18,816	2.56%	2.46%	3,139,054
11 Total Interest-Bearing Deposits	2,110,381	9,520	1.81%	1.74%	2,335,103
12 Interest-Bearing 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 / Q2'06	Q1'07	Q2'07 / 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 / Q2'06	Q1'07	Q2'07 / 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	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 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 & 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 / Total Loans	2.12%	2.16%		2.18%	
14 Nonperforming Loans / Total Loans	0.21%	0.22%		0.19%	
15 Nonperforming Loans & Repossessed 16 Collateral/Total Assets	0.13%	0.13%		0.12%	
17 Allowance/Nonperforming Loans	1025%	990%		1124%	
18 Allowance for Loan Losses / Classified Loans	238%	217%		298%	
19 Classified Loans / 20 (Equity + Allowance for 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 / 06/30/06	3/31/07	6/30/07 / 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 / 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 / Q2'06	Q1'07	Q2'07 / Q1'07	6
15 Total Shares Repurchased / 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 / 06/30/06	3/31/07	6/30/07 / 3/31/07	
1 Assets:						
2 Cash and Money Market Assets	\$164,390	\$189,204	-13.1%	\$208,734	-21.2%	
3 Investment Securities Available For Sale	582,959	620,294	-6.0%	602,220	-3.2%	
4 Investment Securities 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 (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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FINANCIAL HIGHLIGHTS
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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%