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WESTAMERICA BANCORPORATION

Form 8-K

January 20, 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):  
January 20, 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

99.1 Press release dated January 19, 2006

## Item 2.02: Results of Operations and Financial Condition

On January 19, 2006 Westamerica Bancorporation announced their quarterly earnings for the fourth quarter of 2005. 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  
January 20, 2006

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## INDEX TO EXHIBITS

Exhibit No.	Description	Sequentially Number Page
(99.1)	Press release dated January 19, 2006	5-16

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FOR IMMEDIATE RELEASE  
January 19, 2006

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### WESTAMERICA BANCORPORATION REPORTS RECORD ANNUAL EARNINGS

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported record net income for the year ended December 31, 2005 of \$107.4 million, compared to \$95.2 million for 2004. Diluted earnings per share (EPS) for 2005 were \$3.27, an 11 percent increase over \$2.93 for the year 2004. Results for the year 2005 include available-for-sale securities losses, gains on the sale of real estate, and company owned life insurance proceeds, which combined to increase net income \$247 thousand. Results for the year 2004 included an impairment charge related to Freddie Mac and Fannie Mae preferred stock, which reduced net income \$4.2 million, or EPS of \$0.13. Return on shareholders' equity for the year 2005 was 26.0 percent and return on assets was 2.12 percent, compared to 28.8 percent and 2.10 percent, respectively, for the year 2004. For the year 2005, shareholder dividends totaled \$1.22 per share, an 11 percent increase over \$1.10 per share for the year 2004.

"Fourth quarter 2005 results benefited from an increased net interest margin, strength in merchant card processing and debit card fees, and cost containment," said Chairman, President and CEO David Payne. "During the fourth quarter, our focus on reducing high-cost funding sources helped our net interest margin increase to 4.80 percent from 4.76 percent in the prior quarter. The March 2005 Redwood Empire Bancorp acquisition helped grow our fee income to 20 percent of revenues in 2005, while our efficiency ratio remains low at 37.7 percent. We are pleased to be generating a 26 percent return on our shareholders' equity," continued Payne.

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Net income for the fourth quarter 2005 totaled \$27.6 million, or EPS of \$0.85. Fourth quarter results include company owned life insurance proceeds, which account for \$0.01 EPS. Fourth quarter 2005 results compare to EPS of \$0.89 for the third quarter 2005, which included a gain on the sale of a facility vacated following the Redwood Empire Bancorp acquisition and company owned life insurance proceeds combining to account for \$0.06 EPS. Fourth quarter 2005 results also compare to EPS of \$0.65 for the fourth quarter 2004, which included the impairment charge, which reduced EPS \$0.13. Fourth quarter 2005 return on shareholders' equity was 26.0 percent and return on assets was 2.15 percent.

Net interest income on a fully taxable equivalent basis was \$55.8 million in the fourth quarter of 2005 compared to \$56.0 million in the prior quarter and \$54.6 million in the same quarter a year ago. The fourth quarter 2005 net interest margin on a taxable equivalent basis was 4.80 percent, compared to 4.76 percent for the previous quarter and 5.01 percent for the fourth quarter of 2004. For the full year 2005, net interest income and the net interest margin on a fully taxable equivalent basis were \$223.9 million and 4.82 percent, compared to \$218.0 million and 5.14 percent, respectively, for 2004.

The provision for credit losses was \$150 thousand for the fourth quarter of 2005, unchanged from the previous quarter and down from \$600 thousand for the year ago quarter. The level of the credit loss provision reflects management's assessment of credit risk for the loan portfolio.

Noninterest income in the fourth quarter of 2005 totaled \$14.4 million, compared to \$17.4 million reported in the previous quarter. The decrease from the prior quarter is primarily attributable to a third quarter \$2.4 million gain on the sale of a facility vacated following the Redwood Empire Bancorp acquisition. Noninterest income for the fourth quarter 2005 increased \$10.2 million from noninterest income for the fourth quarter 2004. The fourth quarter 2004 included a \$7.2 million "other than temporary impairment" charge for Freddie Mac and Fannie Mae preferred stock. The remaining \$3.0 million increase in fourth

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quarter 2005 noninterest income from fourth quarter 2004 levels is primarily attributable to higher merchant card processing fees, service charges on deposit accounts, and debit card income. For the full year 2005, noninterest income increased to \$54.5 million from \$38.6 million for 2004. Of the \$15.9 million annual increase, \$6.9 million of the increase is attributable to the 2004 impairment charge and the 2005 securities losses, gains from the sale of real estate and company owned life insurance proceeds. The remaining \$9.0 million increase in noninterest income from the prior year is primarily attributable to higher merchant card processing fees, debit card income, service charges on deposit accounts, and ATM fees.

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Noninterest expense for the fourth quarter of 2005 totaled \$26.2 million compared to \$26.8 million in the prior quarter and \$24.3 million in the year ago quarter. The decrease from the prior quarter is primarily attributable to lower salaries and benefits. The increase from the year ago quarter is primarily attributable to higher amortization of intangible assets, personnel costs, and occupancy expense as a result of the Redwood Empire Bancorp acquisition. For the full year, noninterest expense was \$104.9 million, up six percent from \$98.8 million for 2004. The increase is primarily attributable to higher amortization of intangible assets, salaries and benefits, occupancy and equipment expense, and professional fees.

Shareholders' equity was \$427 million at December 31, 2005, and the equity-to-asset ratio was 8.3 percent. At December 31, 2005, there were approximately 1.5 million shares remaining to purchase under the Company's existing share repurchase program. At December 31, 2005, the Company had total assets of \$5.1 billion and total loans outstanding of \$2.7 billion.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 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

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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

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Exchange Commission, including the Company's Form 10-Q for the quarter ended September 30, 2005 and Form 10-K for the year ended December 31, 2004, 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  
December 31, 2005

Public Information January 19, 2006

### 1. Net Income Summary.

	(dollars in thousands except per-share data)					
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'05
1. Net Interest Income	\$55,830	\$54,587	2.3%	\$55,993	-0.3%	\$223,000
(Fully Taxable Equivalent)						
2. Provision for Credit Losses	150	600	-75.0%	150	0.0%	
3. Noninterest Income:						
4. Investment Securities	0	(7,180)	n/m	0	n/m	(4,000)
(Loss/Impairment) Gains						
5. Loss on Extinguishment	0	0	n/m	0	n/m	
of Debt						
6. Other	14,427	11,449	26.0%	17,440	-17.3%	59,000
7. Total Noninterest Income	14,427	4,269	237.9%	17,440	-17.3%	54,000
8. Noninterest Expense	26,168	24,277	7.8%	26,791	-2.3%	104,000
9. Income Tax Provision (FTE)	16,340	12,814	27.5%	17,298	-5.5%	65,000
10. Net Income	\$27,599	\$21,165	30.4%	\$29,194	-5.5%	\$107,000
11. Average Shares Outstanding	32,029	31,761	0.8%	32,352	-1.0%	32,000
12. Diluted Average Shares	32,572	32,487	0.3%	32,972	-1.2%	32,000
Outstanding						
13. Operating Ratios:						
14. Basic Earnings Per Share	\$0.86	\$0.67	29.3%	\$0.90	-4.5%	\$3.00
15. Diluted Earnings Per Share	0.85	0.65	30.1%	0.89	-4.3%	3.00
16. Return On Assets	2.15%	1.81%		2.25%		2.00%
17. Return On Equity	26.0%	24.0%		27.3%		2.00%
18. Net Interest Margin (FTE)	4.80%	5.01%		4.76%		4.00%
19. Efficiency Ratio (FTE)	37.2%	41.2%		36.5%		3.00%
20. Dividends Paid Per Share	\$0.32	\$0.28	14.3%	\$0.30	6.7%	\$1.00

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21.Dividend Payout Ratio 38% 43% 34%

(FTE) Dollar amount or ratio on a fully-taxable equivalent basis.

## 2. Net Interest Income.

	(dollars in thousands)					
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'05
1. Interest and Fee Income (FTE)	\$68,349	\$60,540	12.9%	\$68,021	0.5%	\$267,000
2. Interest Expense	12,519	5,953	110.3%	12,028	4.1%	43,000
3. Net Interest Income (FTE)	\$55,830	\$54,587	2.3%	\$55,993	-0.3%	\$223,000
4. Average Earning Assets	\$4,639,319	\$4,352,493	6.6%	\$4,695,342	-1.2%	\$4,643,000
5. Average Interest-Bearing Liabilities	3,168,720	2,912,943	8.8%	3,266,697	-3.0%	3,218,000
6. Yield on Earning Assets (FTE)	5.87%	5.55%		5.77%		5.80%
7. Cost of Funds	1.07%	0.54%		1.01%		0.54%
8. Net Interest Margin (FTE)	4.80%	5.01%		4.76%		4.80%
9. Interest Expense/Interest-Bearing Liabilities	1.56%	0.81%		1.45%		1.56%
10.Net Interest Spread (FTE)	4.31%	4.74%		4.32%		4.31%

(FTE) Dollar amount, margin, or spread on a fully-taxable equivalent basis.

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## 3. Loans & Other Earning Assets.

	(average volume, dollars in thousands)					
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'05
1. Total Assets	\$5,089,078	\$4,653,950	9.3%	\$5,141,666	-1.0%	\$5,066,000
2. Total Earning Assets	4,639,319	4,352,493	6.6%	4,695,342	-1.2%	4,643,000
3. Total Loans	2,616,813	2,235,375	17.1%	2,643,270	-1.0%	2,576,000
4. Commercial Loans	698,375	620,309	12.6%	711,330	-1.8%	694,000
5. Commercial Real Estate Loans	921,141	740,909	24.3%	937,380	-1.7%	906,000
6. Consumer Loans	997,297	874,157	14.1%	994,560	0.3%	975,000
7. Total Investment Securities	2,022,506	2,117,118	-4.5%	2,052,072	-1.4%	2,066,000
8. Available For Sale (Market Value)	670,499	941,614	-28.8%	681,098	-1.6%	728,000
9. Held To Maturity	1,352,007	1,175,504	15.0%	1,370,974	-1.4%	1,338,000
10. HTM Unrealized (Loss)	(13,434)	5,154	n/m	(8,157)	n/m	(13,000)

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	Gain at Period-End				
11.Loans / Deposits	67.1%	60.1%	68.3%		6

## 4. Deposits & Other Interest-Bearing Liabilities.

	(average volume, dollars in thousands)					
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'0
1. Total Deposits	\$3,898,859	\$3,718,114	4.9%	\$3,872,414	0.7%	\$3,848,
2. Noninterest Demand	1,435,193	1,354,129	6.0%	1,400,272	2.5%	1,384,
3. Interest-Bearing Transaction	655,109	588,362	11.3%	632,680	3.5%	632,
4. Savings	1,073,971	1,139,713	-5.8%	1,104,237	-2.7%	1,105,
5. Other Time >\$100K	470,016	373,846	25.7%	455,293	3.2%	444,
6. Other Time <\$100K	264,570	262,064	1.0%	279,932	-5.5%	280,7
7. Total Short-Term Borrowings	664,752	527,529	26.0%	754,215	-11.9%	716,
8. Fed Funds Purchased	480,649	369,986	29.9%	585,156	-17.9%	550,
9. Other Short-Term Funds	184,103	157,543	16.9%	169,059	8.9%	166,
10.FHLB Debt	0	0	n/m	0	n/m	
11.Long-Term Debt	40,302	21,429	88.1%	40,340	-0.1%	36,
12.Shareholders' Equity	421,536	350,151	20.4%	424,277	-0.6%	412,
13.Demand Deposits / Total Deposits	36.8%	36.4%		36.2%		3
14.Transaction & Savings Deposits / Total Deposits	81.2%	82.9%		81.0%		8

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## 5. Interest Yields Earned & Rates Paid.

	(dollars in thousands)					
	Q4'05			Q3'05	Q4'0	
	Average Volume	Income/ Expense	Yield/ Rate	Yield/ Rate	Average Volume	Incom Expen
1. Interest & Fees Income Earned						
2. Total Earning Assets (FTE)	\$4,639,319	\$68,349	5.87%	5.77%	\$4,352,493	\$60,
3. Total Loans (FTE)	2,616,813	41,971	6.36%	6.21%	2,235,375	34,
4. Commercial Loans (FTE)	698,375	13,027	7.32%	6.92%	620,309	9,
5. Commercial Real Estate Loans	921,141	16,580	7.14%	7.12%	740,909	13,
6. Consumer Loans	997,297	12,364	5.03%	4.93%	874,157	10,
7. Total Investment Securities (FTE)	2,022,506	26,378	5.22%	5.19%	2,117,118	26,
8. Interest Expense Paid						
9. Total Earning Assets	4,639,319	12,519	1.07%	1.01%	4,352,493	5,
10. Total Interest-Bearing Liabilities	3,168,720	12,519	1.56%	1.45%	2,912,943	5,

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11.	Total Interest-Bearing Deposits	2,463,666	6,586	1.06%	0.96%	2,363,985	3,
12.	Interest-Bearing Transaction	655,109	457	0.28%	0.25%	588,362	
13.	Savings	1,073,971	953	0.35%	0.34%	1,139,713	
14.	Other Time <\$100K	264,570	1,444	2.17%	2.07%	262,064	1,
15.	Other Time >\$100K	470,016	3,732	3.15%	2.74%	373,846	1,
16.	Total Short-Term Borrowings	664,752	5,296	3.12%	2.81%	527,529	1,
17.	Fed Funds Purchased	480,649	4,888	3.98%	3.45%	369,986	1,
18.	Other Short-Term Funds	184,103	408	0.88%	0.60%	157,543	
19.	FHLB Debt	0	0	0.00%	0.00%	0	
20.	Long-Term Debt	40,302	637	6.32%	6.35%	21,429	
21.	Net Interest Income and Margin (FTE)		\$55,830	4.80%	4.76%		\$54,

(FTE) Income, yield, or margin on a fully-taxable equivalent basis.

## 6. Noninterest Income.

(dollars in thousands)						
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'0
1. Service Charges on Deposit Accounts	\$7,202	\$6,928	4.0%	\$7,436	-3.1%	\$29,
2. Merchant Credit Card Income	2,751	875	214.4%	2,631	4.6%	9,
3. ATM Fees & Interchange	653	597	9.4%	725	-9.9%	2,
4. Debit Card Fees	865	700	23.6%	834	3.7%	3,
5. Financial Services Fees	380	294	29.3%	388	-2.1%	1,
6. Mortgage Banking Income	62	82	-24.4%	62	0.0%	
7. Trust Fees	275	254	8.3%	323	-14.9%	1,
8. Other Income	2,239	1,719	30.3%	2,672	-16.2%	8,
9. Sub-total	14,427	11,449	26.0%	15,071	-4.3%	55,
10 Gains on Sales of Real Property	0	0	n/m	2,369	-100.0%	3,
11 Investment Securities Gains (Losses)	0	(7,180)	n/m	0	n/m	(4,
12 Loss on Extinguishment of Debt	0	0	n/m	0	n/m	
13 Total Noninterest Income	\$14,427	\$4,269	237.9%	\$17,440	-17.3%	\$54,
14 Operating Ratios:						
15 Total Revenue (FTE)	\$70,257	\$58,856	19.4%	\$73,433	-4.3%	\$278,
16 Noninterest Income / Revenue (FTE)	20.5%	7.3%		23.7%		1
17 Service Charges / Deposits (annualized)	0.73%	0.74%		0.76%		0
18 Total Revenue Per Share (annualized)	\$8.70	\$7.37	18.0%	\$9.01	-3.4%	\$8

(FTE) Dollar amount on a fully-taxable equivalent basis.



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## 7. Noninterest Expense.

	(dollars in thousands)					
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'04
1. Salaries & Benefits	\$13,055	\$12,595	3.7%	\$13,621	-4.2%	\$53,000
2. Occupancy	3,196	3,022	5.8%	3,201	-0.2%	12,000
3. Equipment	1,321	1,259	4.9%	1,347	-1.9%	5,000
4. Data Processing	1,524	1,494	2.0%	1,544	-1.3%	6,000
5. Courier	952	910	4.6%	989	-3.7%	3,000
6. Postage	441	361	22.2%	377	17.0%	1,000
7. Telephone	497	476	4.4%	537	-7.4%	2,000
8. Professional Fees	599	537	11.5%	497	20.5%	2,000
9. Stationery & Supplies	314	351	-10.5%	298	5.4%	1,000
10. Loan Expense	200	237	-15.6%	309	-35.3%	1,000
11. Merchant Card Expense	243	270	-10.0%	272	-10.7%	1,000
12. Operational Losses	303	217	39.6%	222	36.5%	1,000
13. Amortization of Identifiable Intangibles	1,064	136	n/m	1,064	0.0%	3,000
14. Other Operating	2,459	2,412	1.9%	2,513	-2.1%	9,000
15. Total Noninterest Expense	\$26,168	\$24,277	7.8%	\$26,791	-2.3%	\$104,000
16. Full Time Equivalent (FTE) Staff	945	960	-1.6%	956	-1.2%	9,000
17. Average Assets / Full Time Equivalent Staff	\$5,385	\$4,848	11.1%	\$5,378	0.1%	\$5,000
18. Operating Ratios:						
19. FTE Revenue / Full Time Equivalent Staff (annualized)	\$295	\$244	20.9%	\$305	-3.2%	\$2,000
20. Noninterest Expense / Earning Assets (annualized)	2.24%	2.22%		2.26%		2.00%
21. Noninterest Expense / Revenue	37.2%	41.2%		36.5%		3.00%

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## 8. Provision for Credit Losses.

	(dollars in thousands)					
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'04
1. Provision for Credit Losses	\$150	\$600	-75.0%	\$150	0.0%	\$1,000
2. Gross Loan Losses	701	1,596	-56.1%	684	2.5%	2,000
3. Net Loan Losses	287	836	-65.7%	338	-15.1%	1,000

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4. Recoveries / Gross Loan Losses	59%	48%	51%	
5. Average Total Loans	\$2,616,813	\$2,235,375	17.1%	\$2,643,270
6. Net Loan Losses / Loans	0.04%	0.15%	0.05%	
Net Loan Losses / Loans (annualized)				
7. Provision for Credit Losses / Loans (annualized)	0.02%	0.11%	0.02%	
8. Provision for Credit Losses / Net Loan Losses	52.3%	71.8%	44.4%	

## 9. Credit Quality.

(dollars in thousands)						
	12/31/05	12/31/04	12/31/05 / 12/31/04	9/30/05	12/31/05 / 9/30/05	6/30/05
1. Nonperforming Nonaccrual Loans	\$2,068	\$2,970	-30.4%	\$2,292	-9.8%	\$1,000
2. Performing Nonaccrual Loans	4,256	4,071	4.5%	4,514	-5.7%	6,000
3. Total Nonaccrual Loans	6,324	7,041	-10.2%	6,806	-7.1%	7,000
4. Accruing Loans 90+ Days Past Due	162	10	n/m	1,334	n/m	1,000
5. Total Nonperforming Loans	6,486	7,051	-8.0%	8,140	-20.3%	7,000
6. Repossessed Collateral	0	0	n/m	0	n/m	0
7. Total Nonperforming Loans & 8. Repossessed Collateral	\$6,486	\$7,051	-8.0%	\$8,140	-20.3%	\$7,000
9. Classified Loans	\$29,997	\$19,225	56.0%	\$36,656	-18.2%	\$37,000
10.Allowance for Loan Losses	\$55,849	\$54,152	3.1%	\$59,674	-6.4%	\$59,000
11.Total Loans Outstanding	2,672,221	2,300,230	16.2%	2,675,907	-0.1%	2,687,000
12.Total Assets	5,149,209	4,737,268	8.7%	5,153,091	-0.1%	5,191,000
13.Allowance for Loan Losses / Total Loans	2.09%	2.35%		2.23%		2.00%
14.Nonperforming Loans / Total Loans	0.24%	0.31%		0.30%		0.00%
15.Nonperforming Loans & Repossessed 16. Collateral/Total Assets	0.13%	0.15%		0.16%		0.00%
17.Allowance/Nonperforming Loans	861%	768%		733%		0
18.Allowance for Loan Losses / Classified Loans	186%	282%		163%		
19.Classified Loans / 20. (Equity + Allowance for Loan Losses)	6.2%	4.7%		7.5%		

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(dollars in thousands, except per-share amounts)						
	12/31/05	12/31/04	12/31/05 / 12/31/04	9/30/05	12/31/05 / 9/30/05	6/30/05
1. Shareholders' Equity	\$426,714	\$358,609	19.0%	\$432,024	-1.2%	\$439,000
2. Tier I Regulatory Capital	296,746	327,070	-9.3%	297,896	-0.4%	299,000
3. Total Regulatory Capital	339,881	367,333	-7.5%	341,147	-0.4%	342,000
4. Total Assets	5,149,209	4,737,268	8.7%	5,153,091	-0.1%	5,191,000
5. Risk-Adjusted Assets	3,267,226	2,948,797	10.8%	3,275,611	-0.3%	3,307,000
6. Shareholders' Equity / Total Assets	8.29%	7.57%		8.38%		8.29%
7. Shareholders' Equity / Total Loans	15.97%	15.59%		16.14%		16.14%
8. Tier I Capital /Total Assets	5.76%	6.90%		5.78%		5.78%
9. Tier I Capital / Risk-Adjusted Assets	9.08%	11.09%		9.09%		9.09%
10.Total Capital / Risk-Adjusted Assets	10.40%	12.46%		10.41%		10.41%
11.Shares Outstanding	31,882	31,640	0.8%	32,198	-1.0%	32,198
12.Book Value Per Share (\$)	\$13.38	\$11.33	18.1%	\$13.42	-0.3%	\$13.42
13.Market Value Per Share (\$)	53.07	58.31	-9.0%	51.65	2.7%	52.00

## 14.Share Repurchase Programs

(shares in thousands)						
	Q4'05	Q4'04	Q4'05 / Q4'04	Q3'05	Q4'05 / Q3'05	12/31'05
15.Total Shares Repurchased / Canceled	500	242	106.6%	437	14.4%	1,000
16. Average Repurchase Price	\$52.91	\$58.85	-10.1%	\$53.60	-1.3%	\$52.91
17.Net Shares Repurchased (Issued)	316	76	n/m	395	n/m	( )

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11.Period-End Balance Sheets.

(dollars in thousands)						
	12/31/05	12/31/04	12/31/05 / 12/31/04	9/30/05	12/31/05 / 9/30/05	6/30/05
1. Assets:						
2. Cash and Money Market Assets	\$209,807	\$126,687	65.6%	\$193,760	8.3%	\$195,000

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3.	Investment Securities Available For Sale	662,388	931,710	-28.9%	660,630	0.3%	691,
4.	Investment Securities Held to Maturity	1,337,216	1,260,832	6.1%	1,358,266	-1.5%	1,349,
5.	Loans, gross	2,672,221	2,300,230	16.2%	2,675,907	-0.1%	2,687,
6.	Allowance For Loan Losses	(55,849)	(54,152)	3.1%	(59,674)	-6.4%	(59,
7.	Loans, net	2,616,372	2,246,078	16.5%	2,616,233	0.0%	2,627,
9.	Premises and Equipment	33,221	35,223	-5.7%	33,640	-1.2%	34,
10.	Identifiable Intangible Assets	26,170	2,894	n/m	27,233	-3.9%	28,
11.	Goodwill	121,907	18,996	n/m	124,122	-1.8%	124,
12.	Interest Receivable and Other Assets	142,128	114,848	23.8%	139,207	2.1%	139,
13.	Total Assets	\$5,149,209	\$4,737,268	8.7%	\$5,153,091	-0.1%	\$5,191,
14.Liabilities and Shareholders' Equity:							
15. Deposits:							
16.	Noninterest Bearing	\$1,419,313	\$1,273,825	11.4%	\$1,412,470	0.5%	\$1,377,
17.	Interest-Bearing Transaction	658,667	591,593	11.3%	635,019	3.7%	614,
18.	Savings	1,022,645	1,091,981	-6.3%	1,094,130	-6.5%	1,114,
19.	Time	745,476	626,220	19.0%	732,316	1.8%	726,
20.	Total Deposits	3,846,101	3,583,619	7.3%	3,873,935	-0.7%	3,832,
21.	Short-Term Borrowed Funds	775,173	735,423	5.4%	764,143	1.4%	828,
22.	FHLB Debt	0	0	n/m	0	n/m	
24.	Debt Financing and Notes Payable	40,281	21,429	88.0%	40,318	-0.1%	40,
25.	Liability For Interest, Taxes and Other	60,940	38,188	59.6%	42,671	42.8%	50,
26.	Total Liabilities	4,722,495	4,378,659	7.9%	4,721,067	0.0%	4,751,
27.Shareholders' Equity:							
28.	Paid-In Capital	\$316,382	\$229,975	37.6%	\$316,597	-0.1%	\$319,
29.	Unrealized Gain (Loss) on						
30.	Investment Securities Available For Sale	1,882	9,638	n/m	2,762	-31.9%	8,
31.	Retained Earnings	108,450	118,996	-8.9%	112,665	-3.7%	112,
32.	Total Shareholders' Equity	426,714	358,609	19.0%	432,024	-1.2%	439,
33.	Total Liabilities and Shareholders' Equity	\$5,149,209	\$4,737,268	8.7%	\$5,153,091	-0.1%	\$5,191,

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12.Income Statements.

(amounts in thousands, except per-share amounts)  
Q4'05 / Q4'05 /

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	Q4'05	Q4'04	Q4'04	Q3'05	Q3'05	12/31'0
-----						
1. Interest and Fee Income:						
2. Loans	\$40,593	\$32,889	23.4%	\$40,008	1.5%	\$155,
3. Money Market Assets and Funds Sold	1	1	n/m	1	n/m	
4. Investment Securities Available For Sale	7,638	10,096	-24.3%	7,705	-0.9%	32,
5. Investment Securities Held to Maturity	14,002	11,764	19.0%	14,090	-0.6%	54,
6. Total Interest Income	62,234	54,750	13.7%	61,804	0.7%	242,
-----						
7. Interest Expense:						
8. Transaction Deposits	457	213	114.6%	401	14.0%	1,
9. Savings Deposits	953	874	9.0%	956	-0.3%	3,
10. Time Deposits	5,176	2,562	102.0%	4,610	12.3%	17,
11. Short-Term Borrowed Funds	5,296	1,988	166.4%	5,421	-2.3%	18,
12. Federal Home Loan Bank Advances	0	0	n/m	0	n/m	
13. Debt Financing and Notes Payable	637	316	101.6%	640	-0.5%	2,
14.Total Interest Expense	12,519	5,953	110.3%	12,028	4.1%	43,
-----						
15.Net Interest Income	49,715	48,797	1.9%	49,776	-0.1%	199,
-----						
16.Provision for Credit Losses	150	600	-75.0%	150	0.0%	
-----						
17.Noninterest Income:						
18. Service Charges on Deposit Accounts	7,202	6,928	4.0%	7,436	-3.1%	29,
19. Merchant Credit Card	2,751	875	214.4%	2,631	4.6%	9,
20. Financial Services Commissions	380	294	29.3%	388	-2.1%	1,
21. Mortgage Banking	62	82	-24.4%	62	0.0%	
22. Trust Fees	275	254	8.3%	323	-14.9%	1,
23. Gains on Sales of Real Property	0	0	n/m	2,369	-100.0%	3,
24. Securities Gains (Losses)	0	(7,180)	n/m	0	n/m	(4,
25. Loss on Extinguishment of Debt	0	0	n/m	0	n/m	
26. Other	3,757	3,016	24.6%	4,231	-11.2%	14,
27.Total Noninterest Income	14,427	4,269	237.9%	17,440	-17.3%	54,
-----						
28.Noninterest Expense:						
29. Salaries and Related Benefits	13,055	12,595	3.7%	13,621	-4.2%	53,
30. Occupancy	3,196	3,022	5.8%	3,201	-0.2%	12,
31. Equipment	1,321	1,259	4.9%	1,347	-1.9%	5,
32. Data Processing	1,524	1,494	2.0%	1,544	-1.3%	6,
33. Professional Fees	599	537	11.5%	497	20.5%	2,
34. Other	6,473	5,370	20.5%	6,581	-1.6%	25,
35.Total Noninterest Expense	26,168	24,277	7.8%	26,791	-2.3%	104,
-----						
36.Income Before Income Taxes	37,824	28,189	34.2%	40,275	-6.1%	147,
37.Provision for income taxes	10,225	7,024	45.6%	11,081	-7.7%	40,
38.Net Income	\$27,599	\$21,165	30.4%	\$29,194	-5.5%	\$107,
=====						
39.Average Shares Outstanding	32,029	31,761	0.8%	32,352	-1.0%	32,
40.Diluted Average Shares Outstanding	32,572	32,487	0.3%	32,972	-1.2%	32,
41.Per Share Data:						

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42.	Basic Earnings	\$0.86	\$0.67	29.3%	\$0.90	-4.5%	\$3
43.	Diluted Earnings	0.85	0.65	30.1%	0.89	-4.3%	3
44.	Dividends Paid	0.32	0.28	14.3%	0.30	6.7%	1