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WESTAMERICA BANCORPORATION

Form 8-K

October 20, 2004

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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 19, 2004

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 October 19, 2004

Item 2.02: Results of Operations and Financial Condition

On October 19, 2004 Westamerica Bancorporation announced their quarterly earnings for the third quarter of 2004. 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/ DENNIS R. HANSEN

Dennis R. Hansen, SVP and Controller
October 20, 2004

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INDEX TO EXHIBITS

Exhibit No. -----	Description -----	Sequentially Number Page -----
(99.1)	Press release dated October 19, 2004	5-16

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FOR IMMEDIATE RELEASE

October 19, 2004

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WESTAMERICA BANCORPORATION REPORTS RECORD QUARTERLY EARNINGS FOR THIRD QUARTER 2004

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported record net income of \$25.1 million for the third quarter of 2004, up from \$24.1 million for the third quarter of 2003. Third quarter 2004 diluted earnings per share increased 7.2 percent to \$0.78 from \$0.72 for the third quarter of 2003. Return on average common equity (ROE) for the third quarter of 2004 was 30.1 percent and return on assets (ROA) was 2.19 percent, compared to 29.2 percent and 2.18 percent, respectively, in the third quarter of 2003.

For the first nine months of 2004, net income totaled \$74.1 million, an increase of \$3.3 million compared to \$70.8 million for the same period in 2003. Diluted earnings per share were \$2.28 for the first nine months of 2004, an increase of 7.9 percent compared to \$2.12 for the same period in 2003. ROE and ROA were 30.6 percent and 2.20 percent, respectively, for the first nine months of 2004, compared to 29.4 percent and 2.20 percent, respectively, for the same period in 2003.

"The third quarter of 2004 benefited from higher fee income, efficiency, and improving credit quality," said Chairman, President and CEO David Payne. "New deposit service products fueled a \$775 thousand increase in fee income over the third quarter of last year. This improvement in revenue, combined with our efficient cost structure resulted in an efficiency ratio of 36.9 percent in the third quarter of 2004. Our year-to-date annualized net charge-offs to average loans declined to 0.10 percent through September 30, 2004 compared to 0.15 percent in 2003," added Payne.

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Net interest income on a fully taxable equivalent basis was \$54.5 million in the third quarter of 2004 compared to \$54.3 million in the prior quarter and \$54.3 million in the third quarter of 2003. The third quarter of 2004 net interest margin was 5.11 percent, down from 5.21 percent in the prior quarter and 5.31 percent in the third quarter of 2003. A reduction in commercial real estate loans combined with a sustained period of low interest rates have resulted in an operating environment with declining net interest margins.

Noninterest income in the third quarter of 2004 totaled \$11.8 million, compared to \$11.7 million in the prior quarter and \$11.0 million in the third quarter of 2003. In comparison to both the prior quarter and third quarter of 2003, the third quarter of 2004 benefited from higher service charges on deposit accounts and financial services fees offset in part by lower merchant credit card income and mortgage banking income.

Noninterest expense for the third quarter of 2004 was \$24.5 million, a reduction of \$500 thousand from the prior quarter. The decrease is due to lower expenses for personnel, equipment, professional fees, and postage offset in part by higher occupancy costs. Compared to the third quarter of 2003, noninterest expense decreased \$1 million in the third quarter of 2004. The decrease is due to lower expenses for personnel, equipment, and professional fees.

The efficiency ratio for the third quarter of 2004 was 36.9 percent, compared to the prior quarter at 37.9 percent and the third quarter of 2003 at 39.1 percent.

The provision for loan losses was \$600 thousand for the third quarter of 2004, reduced from \$750 thousand in both the previous quarter and third quarter of 2003. The reduced provision for loan losses reflects management's assessment of credit risk for the loan portfolio.

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Shareholders' equity was \$352 million at September 30, 2004, which represents an increase of \$22 million from \$330 at June 30, 2004. The increase is attributable to retained earnings, net of shareholder dividends, of \$16 million and other comprehensive income of \$10 million related to unrealized appreciation in available for sale investment securities, reduced by purchase and retirement of company common stock of \$4 million, net of stock option proceeds. Net repurchases of the Company's common stock in the third quarter 2004 totaled 68 thousand shares.

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As announced August 25, 2004, Westamerica signed a definitive agreement to acquire Redwood Empire Bancorp, parent company of National Bank of the Redwoods. The transaction is valued at approximately \$148 million, of which, approximately \$57 million will be paid in cash and the remainder by issuance of Westamerica common stock. Within this earlier announcement, Westamerica stated its intention to reduce the allocation of its operating cash flow toward the repurchase and retirement of its common stock in order to meet the approximate \$57 million cash payment for this transaction.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches throughout 22 Northern and Central California counties. At September 30, 2004, the company had total assets outstanding of \$4.6 billion.

Westamerica Bancorporation Web Address: www.westamerica.com

For additional information contact:

Westamerica Bancorporation
Robert A. Thorson - SVP & Treasurer
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, 2004 and Form 10-K for the year ended December 31, 2003, 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

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circumstances or events that occur after the date forward looking statements are made.

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FINANCIAL HIGHLIGHTS
September 30, 2004

Public Information October 19, 2004

1. Net Income Summary.

			(dollars in thousands except per-share)			
	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
1. Net Interest Income (Fully Taxable Equivalent)	\$54,528	\$54,264	0.5%	\$54,271	0.5%	\$163,
2. Loan Loss Provision	600	750	-20.0%	750	-20.0%	2,
3. Noninterest Income:						
4. Investment Securities Gains (Losses)	(14)	2,150	n/m	395	n/m	2,
5. Loss on Extinguishment of Debt	0	(2,166)	n/m	(390)	n/m	(2,
6. Other	11,802	11,029	7.0%	11,656	1.3%	34,
7. Total Noninterest Income	11,788	11,013	7.0%	11,661	1.1%	34,
8. Noninterest Expense	24,491	25,534	-4.1%	24,990	-2.0%	74,
9. Income Tax Provision (FTE)	16,130	14,920	8.1%	15,548	3.7%	47,
10. Net Income	\$25,095	\$24,073	4.2%	\$24,644	1.8%	\$74,
11. Average Shares Outstanding	31,713	32,770	-3.2%	31,760	-0.1%	31,
12. Diluted Average Shares Outstanding	32,352	33,273	-2.8%	32,343	0.0%	32,
13. Operating Ratios:						
14. Basic Earnings Per Share	\$0.79	\$0.73	7.7%	\$0.78	2.0%	\$2,
15. Diluted Earnings Per Share	0.78	0.72	7.2%	0.76	1.8%	2,
16. Return On Assets	2.19%	2.18%		2.21%		2,
17. Return On Equity	30.1%	29.2%		31.1%		3,
18. Net Interest Margin (FTE)	5.11%	5.31%		5.21%		5,
19. Efficiency Ratio (FTE)	36.9%	39.1%		37.9%		3,
20. Dividends Paid Per Share	\$0.28	\$0.26	7.7%	\$0.28	0.0%	\$0,
21. Dividend Payout Ratio	36%	36%		37%		

2. Net Interest Income.

(dollars in thousands)

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	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
1. Interest and Fee Income (FTE)	\$59,570	\$60,553	-1.6%	\$58,868	1.2%	\$178,
2. Interest Expense	5,042	6,289	-19.8%	4,597	9.7%	15,
3. Net Interest Income (FTE)	\$54,528	\$54,264	0.5%	\$54,271	0.5%	\$163,
4. Average Earning Assets	\$4,260,701	\$4,072,793	4.6%	\$4,177,358	2.0%	\$4,198,
5. Average Interest-Bearing Liabilities	2,882,817	2,806,275	2.7%	2,868,615	0.5%	2,877,
6. Yield on Earning Assets (FTE)	5.58%	5.92%		5.65%		5
7. Cost of Funds	0.47%	0.61%		0.44%		0
8. Net Interest Margin (FTE)	5.11%	5.31%		5.21%		5
9. Interest Expense/Interest-Bearing Liabilities	0.69%	0.89%		0.64%		0
10. Net Interest Spread (FTE)	4.89%	5.03%		5.01%		4

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3. Loans & Other Earning Assets.

	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
(average volume, dollars in thousands)						
1. Total Assets	\$4,557,925	\$4,373,156	4.2%	\$4,482,261	1.7%	\$4,497,
2. Total Earning Assets	4,260,701	4,072,793	4.6%	4,177,358	2.0%	4,198,
3. Total Loans	2,247,664	2,331,855	-3.6%	2,268,989	-0.9%	2,266,
4. Commercial Loans	624,925	616,140	1.4%	623,688	0.2%	621,
5. Commercial Real Estate Loans	752,395	867,421	-13.3%	779,408	-3.5%	779,
6. Consumer Loans	870,344	848,294	2.6%	865,893	0.5%	865,
7. Total Investment Securities	2,013,037	1,740,938	15.6%	1,908,369	5.5%	1,932,
8. Available For Sale (Market Value)	928,930	1,179,781	-21.3%	1,092,295	-15.0%	1,148,
9. Held To Maturity	1,084,107	561,157	93.2%	816,074	32.8%	783,
10. HTM Unrealized (Loss) Gain at Period-End	9,176	5,866	n/m	(11,265)	n/m	9,
11. Loans / Deposits	62.2%	66.6%		65.0%		6

4. Deposits & Other Interest-Bearing Liabilities.

	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
(average volume, dollars in thousands)						
1. Total Deposits	\$3,616,319	\$3,500,911	3.3%	\$3,489,250	3.6%	\$3,514,

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2. Noninterest Demand	1,305,840	1,203,378	8.5%	1,256,128	4.0%	1,257,
3. Interest-Bearing Transaction	581,264	565,437	2.8%	574,854	1.1%	573,
4. Savings	1,115,052	1,034,480	7.8%	1,044,943	6.7%	1,066,
5. Other Time >\$100K	347,579	394,282	-11.8%	339,773	2.3%	342,
6. Other Time <\$100K	266,584	303,334	-12.1%	273,552	-2.5%	274,2
7. Total Short-Term Borrowings	550,909	363,394	51.6%	614,065	-10.3%	566,
8. Fed Funds Purchased	350,071	214,333	63.3%	323,953	8.1%	357,
9. Other Short-Term Funds	200,838	149,061	34.7%	290,112	-30.8%	208,
10. FHLB Debt	0	124,086	n/m	0	n/m	32,
11. Long-Term Debt	21,429	21,262	0.8%	21,428	0.0%	21,
12. Shareholders' Equity	332,219	326,529	1.7%	318,560	4.3%	323,
13. Demand Deposits/Total Deposits	36.1%	34.4%		36.0%		3
14. Transaction & Savings Deposits/ Total Deposits	83.0%	80.1%		82.4%		8

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5. Interest Yields Earned & Rates Paid.

	(dollars in thousands)					
	Q3'04			Q2'04		Q3'04
	Average Volume	Income/ Expense	Yield/ Rate	Yield/ Rate	Average Volume	Income Expense
1. Interest Income Earned to:						
2. Total Earning Assets (FTE)	\$4,260,701	\$59,570	5.58%	5.65%	\$4,072,793	\$60,
3. Total Loans (FTE)	2,247,664	34,302	6.07%	6.16%	2,331,855	38,
4. Commercial Loans (FTE)	624,925	9,754	6.16%	5.99%	616,140	9,
5. Commercial Real Estate Loans	752,395	13,955	7.38%	7.59%	867,421	17,
6. Consumer Loans	870,344	10,593	4.95%	5.04%	848,294	11,
7. Total Investment Securities (FTE)	2,013,037	25,268	5.02%	5.05%	1,740,938	21,
8. Interest Expense Paid to:						
9. Total Earning Assets	4,260,701	5,042	0.47%	0.44%	4,072,793	6,
10. Total Interest-Bearing Liabilities	2,882,817	5,042	0.69%	0.64%	2,806,275	6,
11. Total Interest-Bearing Deposits	2,310,479	3,253	0.56%	0.54%	2,297,533	3,
12. Interest-Bearing Transaction	581,264	163	0.11%	0.09%	565,437	
13. Savings	1,115,052	955	0.34%	0.38%	1,034,480	1,
14. Other Time <\$100K	266,584	999	1.49%	1.41%	303,334	1,
15. Other Time >\$100K	347,579	1,136	1.30%	1.09%	394,282	1,
16. Total Short-Term Borrowings	550,909	1,473	1.05%	0.83%	363,394	
17. Fed Funds Purchased	350,071	1,282	1.43%	1.01%	214,333	
18. Other Short-Term Funds	200,838	191	0.38%	0.63%	149,061	
19. FHLB Debt	0	0	0.00%	0.00%	124,086	1,
20. Long-Term Debt	21,429	316	5.90%	5.90%	21,262	
21. Net Interest Income and Margin (FTE)		\$54,528	5.11%	5.21%		\$54,

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6. Noninterest Income.

	(dollars in thousands)					
	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
1. Service Charges on Deposit Accounts	\$7,465	\$6,735	10.8%	\$7,360	1.4%	\$21,
2. Merchant Credit Card Income	899	993	-9.5%	909	-1.1%	2,
3. ATM Fees & Interchange	664	644	3.1%	643	3.3%	1,
4. Debit Card Fees	654	556	17.6%	638	2.5%	1,
5. Financial Services Fees	409	249	64.3%	360	13.6%	
6. Mortgage Banking Income	41	185	-77.8%	131	-68.7%	
7. Trust Fees	265	245	8.2%	258	2.7%	
8. Other Income	1,405	1,422	-1.2%	1,357	3.5%	4,
9. Sub-total	11,802	11,029	7.0%	11,656	1.3%	34,
10. Investment Securities Gains (Losses)	(14)	2,150	n/m	395	n/m	2,
11. Loss on Extinguishment of Debt	0	(2,166)	n/m	(390)	n/m	(2,
12. Total Noninterest Income	\$11,788	\$11,013	7.0%	\$11,661	1.1%	\$34,
13. Operating Ratios:						
14. Total Revenue (FTE)	\$66,316	\$65,277	1.6%	\$65,932	0.6%	\$197,
15. Noninterest Income / Revenue (FTE)	17.8%	16.9%		17.7%		1
16. Service Charges / Deposits (annualized)	0.82%	0.76%		0.85%		0
17. Total Revenue Per Share (annualized)	\$8.32	\$7.90	5.3%	\$8.35	-0.4%	\$8

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7. Noninterest Expense.

	(dollars in thousands)					
	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
1. Salaries & Benefits	\$13,054	\$13,495	-3.3%	\$13,332	-2.1%	\$39,
2. Occupancy	3,022	3,076	-1.8%	2,944	2.6%	8,
3. Equipment	1,101	1,319	-16.5%	1,273	-13.5%	3,
4. Data Processing	1,525	1,520	0.3%	1,521	0.3%	4,
5. Courier	923	941	-1.9%	888	3.9%	2,
6. Postage	288	381	-24.4%	364	-20.9%	1,
7. Telephone	529	519	1.9%	535	-1.1%	1,

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8. Professional Fees	411	529	-22.3%	511	-19.6%	1,
9. Stationery & Supplies	333	331	0.6%	309	7.8%	
10. Loan Expense	289	339	-14.7%	295	-2.0%	
11. Merchant Card Expense	292	317	-7.9%	268	9.0%	
12. Operational Losses	265	237	11.8%	238	11.3%	
13. Amortization of Core Deposit Intangibles	136	165	-17.6%	136	0.0%	
14. Other Operating	2,323	2,365	-1.8%	2,376	-2.2%	7,
15. Total Noninterest Expense	\$24,491	\$25,534	-4.1%	\$24,990	-2.0%	\$74,
16. Full Time Equivalent Staff	980	1,016	-3.5%	995	-1.5%	
17. Average Assets / Full Time Equivalent Staff	\$4,651	\$4,304	8.1%	\$4,505	3.2%	\$4,
18. Operating Ratios:						
19. FTE Revenue / Full Time Equivalent Staff (annualized)	\$269	\$255	5.6%	\$267	1.0%	\$
20. Noninterest Expense / Earning Assets (annualized)	2.29%	2.49%		2.41%		2
21. Noninterest Expense / Revenues	36.9%	39.1%		37.9%		3

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8. Loan Loss Provision.

	(dollars in thousands)					
	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
1. Loan Loss Provision	\$600	\$750	-20.0%	\$750	-20.0%	\$2,
2. Gross Loan Losses	1,115	1,422	-21.6%	1,324	-15.8%	3,
3. Net Loan Losses	161	729	-77.9%	636	-74.7%	1,
4. Recoveries/Gross Losses	86%	49%		52%		
5. Average Total Loans	\$2,247,664	\$2,331,855	-3.6%	\$2,268,989	-0.9%	\$2,266,
6. Net Loan Losses / Loans (annualized)	0.03%	0.12%		0.11%		0
7. Loan Loss Provision / Loans (annualized)	0.11%	0.13%		0.13%		0
8. Loan Loss Provision / Net Loan Losses	372.7%	102.9%		117.9%		12

9. Credit Quality.

	(dollars in thousands)					
	9/30/04	9/30/03	9/30/04 / 9/30/03	6/30/04	9/30/04 / 6/30/04	3/31/04

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1. Nonperforming Nonaccrual Loans	\$3,996	\$5,484	-27.1%	\$4,695	-14.9%	\$5,
2. Performing Nonaccrual Loans	2,777	2,145	29.5%	2,233	24.4%	2,
3. Total Nonaccrual Loans	6,773	7,629	-11.2%	6,928	-2.2%	7,
4. Accruing Loans 90+ Days Days Past Due	182	272	-33.1%	202	-9.9%	
5. Total Nonperforming Loans	6,955	7,901	-12.0%	7,130	-2.5%	7,
6. Repossessed Collateral	0	742	n/m	0	n/m	
7. Total Nonperforming Loans & 8. Repossessed Collateral	\$6,955	\$8,643	-19.5%	\$7,130	-2.5%	\$7,
9. Classified Loans	\$20,868	\$23,479	-11.1%	\$21,495	-2.9%	\$22,
10.Allowance for Loan Losses	\$54,388	\$54,180	0.4%	\$53,949	0.8%	\$53,
11.Total Loans Outstanding	2,301,991	2,364,418	-2.6%	2,319,255	-0.7%	2,322,
12.Total Assets	4,636,071	4,482,793	3.4%	4,611,811	0.5%	4,424,
13.Allowance for Loan Losses / Total Loans	2.36%	2.29%		2.33%		2
14.Nonperforming Loans / Total Loans	0.30%	0.33%		0.31%		0
15.Nonperforming Loans & Repossessed 16. Assets/Total Assets	0.15%	0.19%		0.15%		0
17.Allowance/Nonperforming Loans	782%	686%		757%		
18.Allowance for Loan Losses / Classified Loans	261%	231%		251%		
19.Classified Loans / 20. (Equity + Allowance for Loan Losses)	5.1%	5.8%		5.6%		

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10.Capital.

	(dollars in thousands, except per-share)					
	9/30/04	9/30/03	9/30/04 / 9/30/03	6/30/04	9/30/04 / 6/30/04	3/31/04
1. Shareholders' Equity	\$351,924	\$350,922	0.3%	\$329,795	6.7%	\$338,
2. Tier I Regulatory Capital	321,700	312,308	3.0%	309,037	4.1%	295,
3. Total Regulatory Capital	361,868	350,380	3.3%	350,834	3.1%	335,
4. Total Assets	4,636,071	4,482,793	3.4%	4,611,811	0.5%	4,424,
5. Risk-Adjusted Assets	2,964,945	3,018,061	-1.8%	2,979,145	-0.5%	2,983,
6. Shareholders' Equity / Total Assets	7.59%	7.83%		7.15%		7
7. Shareholders' Equity / Total Loans	15.29%	14.84%		14.22%		14
8. Tier I Capital / Total Assets	6.94%	6.97%		6.70%		6
9. Tier I Capital / Risk-Adjusted Assets	10.85%	10.35%		10.37%		9
10.Total Capital /	12.20%	11.61%		11.78%		11

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Risk-Adjusted Assets						
11. Shares Outstanding	31,716	32,723	-3.1%	31,784	-0.2%	31,784
12. Book Value Per Share (\$)	\$11.10	\$10.72	3.5%	\$10.38	6.9%	\$10.38
13. Market Value Per Share (\$)	54.89	44.48	23.4%	52.45	4.7%	52.45

14. Share Repurchase Programs

	(shares in thousands)					
	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
15. Total Shares Repurchased / Canceled	92	354	-74.0%	154	-40.3%	
16. Average Repurchase Price	\$51.95	\$44.43	16.9%	\$49.17	5.7%	\$49.17
17. Net Shares Repurchased (Issued)	68	214	n/m	3	2567.7%	

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11. Period-End Balance Sheets.

	(dollars in thousands)					
	9/30/04	9/30/03	9/30/04 / 9/30/03	6/30/04	9/30/04 / 6/30/04	3/31/04
1. Assets:						
2. Cash and Money Market Assets	\$165,811	\$189,902	-12.7%	\$186,056	-10.9%	\$167,000
3. Investment Securities Available For Sale	967,266	1,245,311	-22.3%	1,024,798	-5.6%	1,219,000
4. Investment Securities Held to Maturity	1,080,392	569,996	89.5%	960,522	12.5%	586,000
5. Loans, gross	2,301,991	2,364,418	-2.6%	2,319,255	-0.7%	2,322,000
6. Allowance For Loan Losses	(54,388)	(54,180)	0.4%	(53,949)	0.8%	(53,000)
7. Loans, net	2,247,603	2,310,238	-2.7%	2,265,306	-0.8%	2,269,000
9. Premises and Equipment	35,267	35,566	-0.8%	35,343	-0.2%	35,000
10. Core Deposit Intangible Assets	3,030	3,602	-15.9%	3,166	-4.3%	3,000
11. Goodwill	18,996	18,996	0.0%	18,996	0.0%	18,000
12. Interest Receivable and Other Assets	117,706	109,182	7.8%	117,624	0.1%	125,000
13. Total Assets	\$4,636,071	\$4,482,793	3.4%	\$4,611,811	0.5%	\$4,424,000
14. Liabilities and Shareholders' Equity:						
15. Deposits:						
16. Noninterest Bearing	\$1,323,446	\$1,213,578	9.1%	\$1,272,278	4.0%	\$1,210,000
17. Interest-Bearing	561,206	559,031	0.4%	569,575	-1.5%	562,000

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Transaction						
18. Savings	1,119,356	1,075,625	4.1%	1,072,701	4.3%	1,049,
19. Time	641,798	687,895	-6.7%	590,875	8.6%	624,
20. Total Deposits	3,645,806	3,536,129	3.1%	3,505,429	4.0%	3,447,
21. Short-Term Borrowed Funds	578,285	433,348	33.4%	712,553	-18.8%	491,
22. FHLB Debt	0	105,000	n/m	0	n/m	20,
23. Debt Financing and	21,429	9,643	122.2%	21,429	0.0%	21,
24. Notes Payable						
25. Liability For Interest, Taxes and Other	38,627	47,751	-19.1%	42,605	-9.3%	105,
26. Total Liabilities	4,284,147	4,131,871	3.7%	4,282,016	0.0%	4,086,
27. Shareholders' Equity:						
28. Paid-In Capital	\$224,489	\$220,527	1.8%	\$224,042	0.2%	\$219,
29. Unrealized (Loss) Gain on Investment Securities						
30. Available For Sale	8,185	16,004	n/m	(1,416)	n/m	21,
31. Retained Earnings	119,250	114,391	4.2%	107,169	11.3%	98,
32. Total Shareholders' Equity	351,924	350,922	0.3%	329,795	6.7%	338,
33. Total Liabilities and Shareholders' Equity	\$4,636,071	\$4,482,793	3.4%	\$4,611,811	0.5%	\$4,424,

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12. Income Statements.

	(dollars in thousands, except per-share amounts)					
	Q3'04	Q3'03	Q3'04 / Q3'03	Q2'04	Q3'04 / Q2'04	9/30'04
1. Interest and Fee Income:						
2. Loans	\$32,911	\$37,491	-12.2%	\$33,403	-1.5%	\$100,
3. Money Market Assets and Funds Sold	0	2	n/m	0	n/m	
4. Investment Securities Available For Sale	10,721	12,554	-14.6%	11,679	-8.2%	37,
5. Investment Securities Held to Maturity	10,272	4,913	109.1%	8,189	25.4%	23,
6. Total Interest Income	53,904	54,960	-1.9%	53,271	1.2%	161,
7. Interest Expense:						
8. Transaction Deposits	163	145	12.4%	124	31.5%	
9. Savings Deposits	955	1,440	-33.7%	992	-3.7%	3,
10. Time Deposits	2,135	2,400	-11.0%	1,878	13.7%	5,
11. Short-Term Borrowed Funds	1,473	747	97.2%	1,285	14.6%	3,
12. Federal Home Loan Bank Advances	0	1,172	n/m	2	n/m	
13. Debt Financing and Notes Payable	316	385	-17.9%	316	0.0%	

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14.Total Interest Expense	5,042	6,289	-19.8%	4,597	9.7%	15,
15.Net Interest Income	48,862	48,671	0.4%	48,674	0.4%	146,
16.Provision for Loan Losses	600	750	-20.0%	750	-20.0%	2,
17.Noninterest Income:						
18. Service Charges on Deposit Accounts	7,465	6,735	10.8%	7,360	1.4%	21,
19. Merchant Credit Card	899	993	-9.5%	909	-1.1%	2,
20. Financial Services Commissions	409	249	64.3%	360	13.6%	
21. Mortgage Banking	41	185	-77.8%	131	-68.7%	
22. Trust Fees	265	245	8.2%	258	2.7%	
23. Securities Gains (Losses)	(14)	2,150	n/m	395	n/m	2,
24. Loss on Extinguishment of Debt	0	(2,166)	n/m	(390)	n/m	(2,
25. Other	2,723	2,622	3.9%	2,638	3.2%	7,
26.Total Noninterest Income	11,788	11,013	7.0%	11,661	1.1%	34,
27.Noninterest Expense:						
28. Salaries and Related Benefits	13,054	13,495	-3.3%	13,332	-2.1%	39,
29. Occupancy	3,022	3,076	-1.8%	2,944	2.6%	8,
30. Equipment	1,101	1,319	-16.5%	1,273	-13.5%	3,
31. Data Processing	1,525	1,520	0.3%	1,521	0.3%	4,
32. Professional Fees	411	529	-22.3%	511	-19.6%	1,
33. Other	5,378	5,595	-3.9%	5,409	-0.6%	16,
34.Total Noninterest Expense	24,491	25,534	-4.1%	24,990	-2.0%	74,
35.Income Before Income Taxes	35,559	33,400	6.5%	34,595	2.8%	104,
36.Provision for income taxes	10,464	9,327	12.2%	9,951	5.2%	30,
37.Net Income	\$25,095	\$24,073	4.2%	\$24,644	1.8%	\$74,
38.Average Shares Outstanding	31,713	32,770	-3.2%	31,760	-0.1%	31,
39.Diluted Average Shares Outstanding	32,352	33,273	-2.8%	32,343	0.0%	32,
40.Per Share Data:						
41. Basic Earnings	\$0.79	\$0.73	7.7%	\$0.78	2.0%	\$2
42. Diluted Earnings	0.78	0.72	7.2%	0.76	1.8%	2
43. Dividends Paid	0.28	0.26	7.7%	0.28	0.0%	0