

WESTAMERICA BANCORPORATION
FINANCIAL HIGHLIGHTS
September 30, 2020

1. Net Income Summary.

(in thousands except per-share amounts)

	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Net Interest and Fee Income (FTE)	\$41,780	\$40,349	3.5%	\$42,063	-0.7%	\$124,390	\$120,925	2.9%
2 Provision for Credit Losses	-	-	n/m	-	n/m	4,300	-	n/m
3 Noninterest Income	10,476	11,809	-11.3%	9,554	9.7%	31,678	35,676	-11.2%
4 Noninterest Expense	24,603	24,033	2.4%	24,754	-0.6%	74,021	74,777	-1.0%
5 Income Before Taxes (FTE)	27,653	28,125	-1.7%	26,863	2.9%	77,747	81,824	-5.0%
6 Income Tax Provision (FTE)	7,602	7,735	-1.7%	7,301	4.1%	21,172	22,163	-4.5%
7 Net Income	\$20,051	\$20,390	-1.7%	\$19,562	2.5%	\$56,575	\$59,661	-5.2%
8 Average Common Shares Outstanding	26,930	26,986	-0.2%	26,935	0.0%	26,977	26,924	0.2%
9 Diluted Average Common Shares Outstanding	26,946	27,027	-0.3%	26,951	0.0%	26,998	26,976	0.1%
10 Operating Ratios:								
11 Basic Earnings Per Common Share	\$0.74	\$0.76	-2.6%	\$0.72	2.8%	\$2.10	\$2.22	-5.4%
12 Diluted Earnings Per Common Share	0.74	0.75	-1.3%	0.72	2.8%	2.10	2.21	-5.0%
13 Return On Assets (a)	1.24%	1.45%		1.30%		1.25%	1.43%	
14 Return On Common Equity (a)	11.2%	11.9%		11.1%		10.7%	11.9%	
15 Net Interest Margin (FTE) (a)	2.78%	3.11%		2.99%		2.95%	3.12%	
16 Efficiency Ratio (FTE)	47.1%	46.1%		48.0%		47.4%	47.8%	
17 Dividends Paid Per Common Share	\$0.41	\$0.41	0.0%	\$0.41	0.0%	\$1.23	\$1.22	0.8%
18 Common Dividend Payout Ratio	55%	55%		57%		59%	55%	

2. Net Interest Income.

(dollars in thousands)

	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Interest and Fee Income (FTE)	\$42,246	\$40,804	3.5%	\$42,498	-0.6%	\$125,733	\$122,362	2.8%
2 Interest Expense	466	455	2.4%	435	7.1%	1,343	1,437	-6.5%
3 Net Interest and Fee Income (FTE)	\$41,780	\$40,349	3.5%	\$42,063	-0.7%	\$124,390	\$120,925	2.9%
4 Average Earning Assets	\$6,001,287	\$5,176,744	15.9%	\$5,635,014	6.5%	\$5,627,517	\$5,173,581	8.8%
5 Average Interest-Bearing Liabilities	2,931,717	2,586,880	13.3%	2,774,450	5.7%	2,785,451	2,640,705	5.5%
6 Yield on Earning Assets (FTE) (a)	2.81%	3.15%		3.02%		2.98%	3.16%	
7 Cost of Funds (a)	0.03%	0.04%		0.03%		0.03%	0.04%	
8 Net Interest Margin (FTE) (a)	2.78%	3.11%		2.99%		2.95%	3.12%	
9 Interest Expense/Interest-Bearing Liabilities (a)	0.06%	0.07%		0.06%		0.06%	0.07%	
10 Net Interest Spread (FTE) (a)	2.75%	3.08%		2.96%		2.92%	3.09%	

3. Loans & Other Earning Assets.

(average volume, dollars in thousands)

	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Total Assets	\$6,414,399	\$5,570,843	15.1%	\$6,058,365	5.9%	\$6,044,098	\$5,580,965	8.3%
2 Total Earning Assets	6,001,287	5,176,744	15.9%	5,635,014	6.5%	5,627,517	5,173,581	8.8%
3 Total Loans	1,312,758	1,142,668	14.9%	1,232,073	6.5%	1,223,250	1,177,057	3.9%
4 Total Commercial Loans	444,091	231,232	92.1%	344,053	29.1%	337,566	258,317	30.7%
5 Paycheck Protection Program (PPP) Loans	243,104	-	n/m	132,500	83.5%	125,632	-	n/m
6 Commercial Loans	200,987	231,232	-13.1%	211,553	-5.0%	211,934	258,317	-18.0%
7 Commercial Real Estate Loans	566,626	579,069	-2.1%	578,572	-2.1%	574,950	580,453	-0.9%
8 Consumer Loans	302,041	332,367	-9.1%	309,448	-2.4%	310,734	338,287	-8.1%
9 Total Investment Securities	4,360,119	3,687,049	18.3%	3,957,851	10.2%	4,055,733	3,675,102	10.4%
10 Equity Securities	-	352	n/m	-	n/m	-	1,285	n/m
11 Debt Securities Available For Sale	3,750,737	2,862,537	31.0%	3,293,009	13.9%	3,394,467	2,782,898	22.0%
12 Debt Securities Held To Maturity	609,382	824,160	-26.1%	664,842	-8.3%	661,266	890,919	-25.8%
13 Total Interest-Bearing Cash	328,410	347,027	-5.4%	445,090	-26.2%	348,534	321,422	8.4%
14 Loans / Deposits	23.7%	24.0%		23.7%		23.6%	24.6%	

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4. Deposits, Other Interest-Bearing Liabilities & Equity.

	<i>(average volume, dollars in thousands)</i>							
	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Total Deposits	\$5,533,144	\$4,770,976	16.0%	\$5,200,475	6.4%	\$5,188,797	\$4,789,084	8.3%
2 Noninterest Demand	2,695,458	2,234,494	20.6%	2,496,840	8.0%	2,472,495	2,203,755	12.2%
3 Interest-Bearing Transaction	1,039,833	916,180	13.5%	980,872	6.0%	987,666	935,811	5.5%
4 Savings	1,634,814	1,441,282	13.4%	1,558,201	4.9%	1,563,387	1,464,037	6.8%
5 Time greater than \$100K	72,045	77,568	-7.1%	72,267	-0.3%	72,718	80,142	-9.3%
6 Time less than \$100K	90,994	101,452	-10.3%	92,295	-1.4%	92,531	105,339	-12.2%
7 Total Short-Term Borrowings	94,031	50,398	86.6%	70,116	34.1%	68,917	55,376	24.5%
8 Other Borrowed Funds	-	-	n/m	699	-100.0%	232	-	n/m
9 Shareholders' Equity	714,400	681,513	4.8%	705,882	1.2%	708,559	669,043	5.9%
10 Demand Deposits / Total Deposits	48.7%	46.8%		48.0%		47.7%	46.0%	
11 Transaction & Savings Deposits / Total Deposits	97.1%	96.2%		96.8%		96.8%	96.1%	

5. Interest Yields Earned & Rates Paid.

	<i>(dollars in thousands)</i>						
	Q3'2020			Q2'2020		Q3'2019	
	Average Volume	Income/ Expense	Yield* / Rate*	Yield* / Rate	Average Volume	Income/ Expense	Yield* / Rate*
1 Interest & Fee Income Earned							
2 Total Earning Assets (FTE)	\$6,001,287	\$42,246	2.81%	3.02%	\$5,176,744	\$40,804	3.15%
3 Total Loans (FTE)	1,312,758	15,394	4.67%	5.02%	1,142,668	14,535	5.05%
4 Total Commercial Loans (FTE)	444,091	4,648	4.16%	4.74%	231,232	3,102	5.32%
5 PPP Loans	243,104	2,501	4.08%	5.07%	-	-	n/m
6 Commercial Loans (FTE)	200,987	2,147	4.25%	4.52%	231,232	3,102	5.32%
7 Commercial Real Estate Loans	566,626	7,298	5.12%	5.49%	579,069	7,772	5.32%
8 Consumer Loans	302,041	3,448	4.54%	4.46%	332,367	3,661	4.37%
9 Total Investment Securities (FTE)	4,360,119	26,768	2.46%	2.73%	3,687,049	24,368	2.64%
10 Total Interest-Bearing Cash	328,410	84	0.10%	0.10%	347,027	1,901	2.14%
11 Interest Expense Paid							
12 Total Earning Assets	6,001,287	466	0.03%	0.03%	5,176,744	455	0.04%
13 Total Interest-Bearing Liabilities	2,931,717	466	0.06%	0.06%	2,586,880	455	0.07%
14 Total Interest-Bearing Deposits	2,837,686	450	0.06%	0.06%	2,536,482	447	0.07%
15 Interest-Bearing Transaction	1,039,833	85	0.03%	0.03%	916,180	92	0.04%
16 Savings	1,634,814	238	0.06%	0.06%	1,441,282	210	0.06%
17 Time less than \$100K	90,994	47	0.21%	0.20%	101,452	64	0.25%
18 Time greater than \$100K	72,045	80	0.44%	0.44%	77,568	81	0.41%
19 Total Short-Term Borrowings	94,031	16	0.07%	0.06%	50,398	8	0.06%
20 Other Borrowed Funds	-	-	n/m	0.35%	-	-	n/m
21 Net Interest Income and Margin (FTE)		\$41,780	2.78%	2.99%		\$40,349	3.11%
* Annualized							

6. Noninterest Income.

	<i>(dollars in thousands except per-share amounts)</i>							
	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Service Charges on Deposit Accounts	\$3,298	\$4,510	-26.9%	\$3,151	4.7%	\$10,697	\$13,508	-20.8%
2 Merchant Processing Services	2,860	2,494	14.7%	2,277	25.6%	7,495	7,708	-2.8%
3 Debit Card Fees	1,611	1,641	-1.8%	1,459	10.4%	4,538	4,789	-5.2%
4 Trust Fees	756	733	3.1%	714	5.9%	2,247	2,199	2.2%
5 ATM Processing Fees	606	725	-16.4%	518	17.0%	1,703	2,080	-18.1%
6 Other Service Fees	454	580	-21.7%	420	8.1%	1,380	1,742	-20.8%
7 Financial Services Commissions	58	75	-22.7%	123	-52.8%	306	270	13.4%
8 Life Insurance Gains	-	-	n/m	-	n/m	-	433	n/m
9 Securities Gains	-	-	n/m	71	n/m	71	50	n/m
10 Other Operating(4)	833	1,051	-20.7%	821	1.5%	3,241	2,897	11.9%
11 Total Noninterest Income	\$10,476	\$11,809	-11.3%	\$9,554	9.7%	\$31,678	\$35,676	-11.2%
12 Operating Ratios:								
13 Total Revenue (FTE)	\$52,256	\$52,158	0.2%	\$51,617	1.2%	\$156,068	\$156,601	-0.3%
14 Noninterest Income / Revenue (FTE)	20.0%	22.6%		18.5%		20.3%	22.8%	
15 Service Charges / Avg. Deposits (a)	0.24%	0.38%		0.24%		0.28%	0.38%	
16 Total Revenue Per Avg. Common Share (a)	\$7.72	\$7.67	0.7%	\$7.71	0.1%	\$7.73	\$7.78	-0.6%

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7. Noninterest Expense.

<i>(dollars in thousands)</i>								
	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Salaries & Benefits	\$12,540	\$12,559	-0.2%	\$12,900	-2.8%	\$38,458	\$38,757	-0.8%
2 Occupancy and Equipment	5,014	5,199	-3.6%	4,791	4.7%	14,737	15,163	-2.8%
3 Outsourced Data Processing	2,338	2,374	-1.5%	2,324	0.6%	7,067	7,110	-0.6%
4 Professional Fees	669	645	3.7%	643	4.0%	1,701	1,791	-5.0%
5 Courier Service	500	456	9.6%	508	-1.6%	1,499	1,349	11.1%
6 Amortization of Identifiable Intangibles	72	76	-5.3%	73	-1.4%	218	465	-53.1%
7 Loss Contingency (1)	-	-	n/m	-	n/m	-	553	n/m
8 Other Operating	3,470	2,724	27.4%	3,515	-1.3%	10,341	9,589	7.8%
9 Total Noninterest Expense	<u>\$24,603</u>	<u>\$24,033</u>	2.4%	<u>\$24,754</u>	-0.6%	<u>\$74,021</u>	<u>\$74,777</u>	-1.0%
10 Operating Ratios:								
11 Noninterest Expense / Avg. Earning Assets (a)	1.63%	1.84%		1.77%		1.76%	1.93%	
12 Noninterest Expense / FTE Revenues	47.1%	46.1%		48.0%		47.4%	47.8%	

8. Allowance for Credit Losses.

<i>(dollars in thousands)</i>								
	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Average Total Loans	\$1,312,758	\$1,142,668	14.9%	\$1,232,073	6.5%	\$1,223,250	\$1,177,057	3.9%
2 Prior Period Allowance for Credit Losses on Loans (ACLL)	\$24,529	\$20,117	21.9%	\$24,804	-1.1%	\$19,484	\$21,351	-8.7%
3 Adoption of ASU 2016-13 ⁽²⁾	-	-	n/m	-	n/m	2,017	-	n/m
4 Beginning of Period ACLL	24,529	20,117	21.9%	24,804	-1.1%	21,501	21,351	0.7%
5 Provision for Credit Losses	-	-	n/m	-	n/m	4,300	-	n/m
6 Net ACLL Losses	(387)	(289)	33.9%	(275)	40.7%	(1,659)	(1,523)	8.9%
7 End of Period ACLL	<u>\$24,142</u>	<u>\$19,828</u>	21.8%	<u>\$24,529</u>	-1.6%	<u>\$24,142</u>	<u>\$19,828</u>	21.8%
8 Gross ACLL Recoveries / Gross ACLL Losses	56%	72%		66%		49%	55%	
9 Net ACLL Losses / Avg. Total Loans (a)	0.12%	0.10%		0.09%		0.18%	0.17%	

<i>(dollars in thousands)</i>								
	9/30/20	9/30/19	9/30/20 / 9/30/19	6/30/20	9/30/20 / 6/30/20	3/31/20	12/31/19	6/30/19
10 Allowance for Credit Losses on Loans	\$24,142	\$19,828	21.8%	\$24,529	-1.6%	\$24,804	\$19,484	\$20,117
11 Allowance for Credit Losses on HTM Securities	16	-	n/m	16	0.0%	16	-	-
Total Allowance for Credit Losses	<u>\$24,158</u>	<u>\$19,828</u>	21.8%	<u>\$24,545</u>	-1.6%	<u>\$24,820</u>	<u>\$19,484</u>	<u>\$20,117</u>
12 Allowance for Unfunded Credit Commitments	53	2,308	-97.7%	53	0.0%	53	2,160	2,308

9. Credit Quality.

<i>(dollars in thousands)</i>								
	9/30/20	9/30/19	9/30/20 / 9/30/19	6/30/20	9/30/20 / 6/30/20	3/31/20	12/31/19	6/30/19
1 Nonperforming Loans:								
2 Nonperforming Nonaccrual Loans	\$409	\$633	-35.4%	\$590	-30.7%	\$419	\$659	\$177
3 Performing Nonaccrual Loans	3,971	3,670	8.2%	3,643	9.0%	3,933	3,781	3,670
4 Total Nonaccrual Loans	4,380	4,303	1.8%	4,233	3.5%	4,352	4,440	3,847
5 Accruing Loans 90+ Days Past Due	360	351	2.8%	290	24.1%	178	440	249
6 Total	4,740	4,654	1.8%	4,523	4.8%	4,530	4,880	4,096
7 Repossessed Loan Collateral	43	43	0.0%	43	0.0%	43	43	43
8 Total Nonperforming Assets	<u>\$4,783</u>	<u>\$4,697</u>	1.8%	<u>\$4,566</u>	4.8%	<u>\$4,573</u>	<u>\$4,923</u>	<u>\$4,139</u>
9 Total Loans Outstanding	\$1,310,009	\$1,133,229	15.6%	\$1,316,359	-0.5%	\$1,121,243	\$1,126,664	\$1,161,712
10 Total Assets	6,563,215	5,616,055	16.9%	6,463,889	1.5%	5,628,126	5,619,555	5,523,448
11 Loans:								
12 Allowance for Credit Losses on Loans	\$24,142	\$19,828	21.8%	\$24,529	-1.6%	\$24,804	\$19,484	\$20,117
13 Allowance for Credit Losses on Loans / Loans	1.84%	1.75%		1.86%		2.21%	1.73%	1.73%
14 Nonperforming Loans / Total Loans	0.36%	0.41%		0.34%		0.40%	0.43%	0.35%

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10. Capital.

(in thousands, except per-share amounts)

	9/30/20	9/30/19	9/30/20 /		9/30/20 /		12/31/19	6/30/19
			9/30/19	6/30/20	6/30/20	6/30/20		
1 Shareholders' Equity	\$825,576	\$713,378	15.7%	\$808,076	2.2%	\$705,546	\$731,417	\$693,437
2 Total Assets	6,563,215	5,616,055	16.9%	6,463,889	1.5%	5,628,126	5,619,555	5,523,448
3 Total Shareholders' Equity / Total Assets	12.58%	12.70%		12.50%		12.54%	13.02%	12.55%
4 Total Shareholders' Equity / Total Loans	63.02%	62.95%		61.39%		62.93%	64.92%	59.69%
5 Tangible Common Equity Ratio	10.91%	10.75%		10.81%		10.58%	11.07%	10.56%
6 Common Shares Outstanding	26,898	27,014	-0.4%	26,933	-0.1%	26,932	27,062	26,962
7 Common Equity Per Share	\$30.69	\$26.41	16.2%	\$30.00	2.3%	\$26.20	\$27.03	\$25.72
8 Market Value Per Common Share	54.35	62.18	-12.6%	57.42	-5.3%	58.78	67.77	61.61

9 Share Repurchase Programs

(shares in thousands)

	Q3'2020	Q3'2019	Q3'20 /		9/30'20YTD	9/30'19YTD	9/30'20YTD /	
			Q3'19	Q2'2020				Q2'20
10 Total Shares Repurchased / Canceled	35	-	n/m	13	n/m	228	8	n/m
11 Average Repurchase Price	\$52.42	\$-	n/m	\$52.27	n/m	\$51.39	\$61.98	n/m
12 Net Shares Repurchased (Issued)	35	(52)	n/m	(1)	n/m	164	(284)	n/m

11. Period-End Balance Sheets.

(unaudited, dollars in thousands)

	9/30/20	9/30/19	9/30/20 /		9/30/20 /		12/31/19	6/30/19
			9/30/19	6/30/20	6/30/20	6/30/20		
1 Assets:								
2 Cash and Due from Banks	\$398,964	\$415,639	-4.0%	\$500,820	-20.3%	\$304,628	\$373,421	\$418,586
3 Equity Securities	-	-	n/m	-	n/m	-	-	1,797
4 Debt Securities Available For Sale	3,983,994	2,983,767	33.5%	3,708,370	7.4%	3,210,689	3,078,846	2,775,899
5 Debt Securities Held To Maturity (3)	577,795	793,216	-27.2%	638,281	-9.5%	681,821	738,072	867,989
6 Loans	1,310,009	1,133,229	15.6%	1,316,359	-0.5%	1,121,243	1,126,664	1,161,712
7 Allowance For Credit Losses on Loans	(24,142)	(19,828)	21.8%	(24,529)	-1.6%	(24,804)	(19,484)	(20,117)
8 Total Loans, net	1,285,867	1,113,401	15.5%	1,291,830	-0.5%	1,096,439	1,107,180	1,141,595
9 Other Real Estate Owned	43	43	0.0%	43	0.0%	43	43	43
10 Premises and Equipment, net	33,437	34,080	-1.9%	34,061	-1.8%	35,403	34,597	34,014
11 Identifiable Intangibles, net	1,173	1,464	-19.9%	1,245	-5.8%	1,318	1,391	1,540
12 Goodwill	121,673	121,673	0.0%	121,673	0.0%	121,673	121,673	121,673
13 Other Assets	160,269	152,772	4.9%	167,566	-4.4%	176,112	164,332	160,312
14 Total Assets	\$6,563,215	\$5,616,055	16.9%	\$6,463,889	1.5%	\$5,628,126	\$5,619,555	\$5,523,448
15 Liabilities and Shareholders' Equity:								
16 Deposits:								
17 Noninterest-Bearing	\$2,684,028	\$2,265,640	18.5%	\$2,702,885	-0.7%	\$2,183,283	\$2,240,112	\$2,163,841
18 Interest-Bearing Transaction	1,040,712	910,566	14.3%	997,593	4.3%	936,516	931,888	942,140
19 Savings	1,653,000	1,445,210	14.4%	1,605,169	3.0%	1,514,431	1,471,284	1,442,552
20 Time	161,450	175,207	-7.9%	162,765	-0.8%	165,196	169,337	181,729
21 Total Deposits	5,539,190	4,796,623	15.5%	5,468,412	1.3%	4,799,426	4,812,621	4,730,262
22 Short-Term Borrowed Funds	107,973	45,646	136.5%	86,170	25.3%	52,664	30,928	54,581
23 Other Liabilities	90,476	60,408	49.8%	101,231	-10.6%	70,490	44,589	45,168
24 Total Liabilities	5,737,639	4,902,677	17.0%	5,655,813	1.4%	4,922,580	4,888,138	4,830,011
25 Shareholders' Equity:								
26 Common Equity:								
27 Paid-In Capital	467,236	463,424	0.8%	467,386	0.0%	466,472	466,231	460,140
28 Accumulated Other Comprehensive								
28 Accumulated Other Comprehensive Income	103,623	20,454	n/m	93,732	n/m	171	26,051	13,124
29 Retained Earnings	254,717	229,500	11.0%	246,958	3.1%	238,903	239,135	220,173
30 Total Shareholders' Equity	825,576	713,378	15.7%	808,076	2.2%	705,546	731,417	693,437
31 Total Liabilities and Shareholders' Equity	\$6,563,215	\$5,616,055	16.9%	\$6,463,889	1.5%	\$5,628,126	\$5,619,555	\$5,523,448

WESTAMERICA BANCORPORATION
FINANCIAL HIGHLIGHTS
September 30, 2020

12. Income Statements.

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

	Q3'2020	Q3'2019	Q3'20 / Q3'19	Q2'2020	Q3'20 / Q2'20	9/30'20YTD	9/30'19YTD	9/30'20YTD / 9/30'19YTD
1 Interest and Fee Income:								
2 Loans	\$15,291	\$14,431	6.0%	\$15,278	0.1%	\$44,378	\$44,050	0.7%
3 Equity Securities	103	92	12.0%	103	0.0%	309	289	6.9%
4 Debt Securities Available For Sale	22,652	18,736	20.9%	22,429	1.0%	66,396	54,080	22.8%
5 Debt Securities Held To Maturity	3,235	4,535	-28.7%	3,616	-10.5%	10,759	14,788	-27.2%
6 Interest-Bearing Cash	84	1,901	-95.6%	113	-25.7%	1,053	5,597	-81.2%
7 Total Interest and Fee Income	41,365	39,695	4.2%	41,539	-0.4%	122,895	118,804	3.4%
8 Interest Expense:								
9 Transaction Deposits	85	92	-7.6%	74	14.9%	243	333	-27.0%
10 Savings Deposits	238	210	13.3%	224	6.3%	679	637	6.5%
11 Time Deposits	127	145	-12.4%	126	0.8%	386	440	-12.3%
12 Short-Term Borrowed Funds	16	8	95.1%	10	60.0%	34	27	25.9%
13 Other Borrowed Funds	-	-	n/m	1	n/m	1	-	n/m
14 Total Interest Expense	466	455	2.4%	435	7.2%	1,343	1,437	-6.5%
15 Net Interest Income	40,899	39,240	4.2%	41,104	-0.5%	121,552	117,367	3.6%
16 Provision for Credit Losses	-	-	n/m	-	n/m	4,300	-	n/m
17 Noninterest Income:								
18 Service Charges on Deposit Accounts	3,298	4,510	-26.9%	3,151	4.7%	10,697	13,508	-20.8%
19 Merchant Processing Services	2,860	2,494	14.7%	2,277	25.6%	7,495	7,708	-2.8%
20 Debit Card Fees	1,611	1,641	-1.9%	1,459	10.4%	4,538	4,789	-5.2%
21 Trust Fees	756	733	3.0%	714	5.9%	2,247	2,199	2.2%
22 ATM Processing Fees	606	725	-16.4%	518	17.0%	1,703	2,080	-18.1%
23 Other Service Fees	454	580	-21.7%	420	8.1%	1,380	1,742	-20.8%
24 Financial Services Commissions	58	75	-22.7%	123	-52.8%	306	270	13.3%
25 Life Insurance Gains	-	-	n/m	-	n/m	-	433	n/m
26 Securities Gains	-	-	n/m	71	n/m	71	50	n/m
27 Other Operating (4)	833	1,051	-20.7%	821	1.5%	3,241	2,897	11.9%
28 Total Noninterest Income	10,476	11,809	-11.3%	9,554	9.7%	31,678	35,676	-11.2%
29 Noninterest Expense:								
30 Salaries and Related Benefits	12,540	12,559	-0.2%	12,900	-2.8%	38,458	38,757	-0.8%
31 Occupancy and Equipment	5,014	5,199	-3.6%	4,791	4.7%	14,737	15,163	-2.8%
32 Outsourced Data Processing	2,338	2,374	-1.5%	2,324	0.6%	7,067	7,110	-0.6%
33 Professional Fees	669	645	3.7%	643	4.0%	1,701	1,791	-5.0%
34 Courier Service	500	456	9.6%	508	-1.6%	1,499	1,349	11.1%
35 Amortization of Identifiable Intangibles	72	76	-5.3%	73	-1.4%	218	465	-53.1%
36 Loss Contingency (1)	-	-	n/m	-	n/m	-	553	n/m
37 Other Operating	3,470	2,724	27.4%	3,515	-1.3%	10,341	9,589	7.8%
38 Total Noninterest Expense	24,603	24,033	2.4%	24,754	-0.6%	74,021	74,777	-1.0%
39 Income Before Income Taxes	26,772	27,016	-0.9%	25,904	3.4%	74,909	78,266	-4.3%
40 Income Tax Provision	6,721	6,626	1.4%	6,342	6.0%	18,334	18,605	-1.5%
41 Net Income	\$20,051	\$20,390	-1.7%	\$19,562	2.5%	\$56,575	\$59,661	-5.2%
42 Average Common Shares Outstanding	26,930	26,986	-0.2%	26,935	0.0%	26,977	26,924	0.2%
43 Diluted Average Common Shares Outstanding	26,946	27,027	-0.3%	26,951	0.0%	26,998	26,976	0.1%
44 Per Common Share Data:								
45 Basic Earnings	\$0.74	\$0.76	-2.6%	\$0.72	2.8%	\$2.10	\$2.22	-5.4%
46 Diluted Earnings	0.74	0.75	-1.3%	0.72	2.8%	2.10	2.21	-5.0%
47 Dividends Paid	0.41	0.41	0.0%	0.41	0.0%	1.23	1.22	0.8%

Footnotes and Abbreviations:

(1) In the second quarter 2019, the Company recorded a \$301 thousand increase in estimated customer refunds of revenue recognized prior to 2018 and a \$252 thousand loss settlement to dismiss a lawsuit.

(2) Effective January 1, 2020, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments ("CECL"), resulting in a period opening adjustment to the allowance for credit losses for loans and held-to-maturity debt securities, other liabilities, deferred tax assets, and shareholders' equity.

(3) The Company adopted ASU 2016-13, effective January 1, 2020. Debt Securities Held To Maturity of \$577,795 thousand at September 30, 2020, \$638,281 thousand at June 30, 2020 and \$681,821 thousand at March 31, 2020 are net of related reserve for expected credit losses of \$16 thousand.

(4) The Company received \$603 thousand in excess of amounts charged-off in prior periods on a purchased loan during the first quarter 2020, representing the recovery of a purchased loan credit-risk discount.

(FTE) Fully Taxable Equivalent. The Company presents its net interest margin and net interest income on a FTE basis using the current statutory federal tax rate. Management believes the FTE basis is valuable to the reader because the Company's loan and investment securities portfolios contain a relatively large portion of municipal loans and securities that are federally tax exempt. The Company's tax exempt loans and securities composition may not be similar to that of other banks, therefore in order to reflect the impact of the federally tax exempt loans and securities on the net interest margin and net interest income for comparability with other banks, the Company presents its net interest margin and net interest income on a FTE basis.

(a) Annualized

Certain amounts in prior periods have been reclassified to conform to current presentation.