PCBC 8-K 8/1/2007

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Section 1: 8-K (PACIFIC CAPITAL BANCORP 8-K)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): August 1, 2007

Pacific Capital Bancorp
(Exact name of registrant as specified in its charter)

California	0-11113	95-3673456
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1021 Anacapa Street, Santa Barbara, CA	93101
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (805) 564-6405

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 (see General Instruction A.2. below):

[ ] 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))

Item 2.02 Results of Operations and Financial Condition

On August 1, 2007, Pacific Capital Bancorp (the "Company") issued a press release announcing preliminary financial results for the quarter ended June 30, 2007. A copy of the press release is attached as Exhibit 99.1 and is incorporated herein by reference. The Company will include detailed financial statements and additional analyses for the quarter ended June 30, 2007, as part of its quarterly report on Form 10-Q.

Item 4.02 Non-Reliance on Previously Issued Financial Statements

(a) President & Chief Executive Officer, George Leis, following consultation with the Board of Directors, has concluded that previously issued quarterly financial statements of the Company should no longer be relied upon because of errors in such financial statements.

(1) On July 27, 2007, it was concluded that the Company's financial statements for the first quarter of 2007 cannot be relied on because of certain errors.

(2) The errors in the financial statements for the first quarter of 2007 related to the Company's Refund Anticipation Loan (RAL") program. Two incorrect postings related to the RAL program were made to the general ledger which ultimately resulted in an $11.2 million overstatement in the loan balance, interest income for the first quarter being overstated by $9.7 million, and the provision for RAL credit losses being understated by $1.5 million. The resulting impact is an after-tax decrease in net income of $6.5 million, or $0.14 per fully diluted earnings per share for the first quarter of 2007. The Company now reports net income of $51.6 million and fully diluted earnings per share for the first quarter of 2007 of $1.09.

(3) President & Chief Executive Officer, George Leis, has discussed the matter disclosed in this filing with Ernst & Young, the Company's independent accountant.

(4) The Company will restate its previously issued financial statements for the period ended March 31, 2007 appearing in the Company's Form 10-Q filed May 9, 2007. The restatement will reflect an after tax decrease in net income and fully diluted earnings per share for the first quarter of 2007. The Company is working diligently to complete the restatement and to file the appropriate Form 10-Q/A promptly. It further expects to file its Form 10-Q for the fiscal year quarter ended June 30, 2007 within the prescribed time frame.

Item 5.02 Departure of Certain Officer; Appointment of Certain Officer

(b) The resignation of Chief Financial Officer, Joyce M. Clinton, which was previously scheduled to become effective on August 9, 2007, will now become effective on August 3, 2007.

(c) Senior Vice President and Chief Risk Officer, Brad Cowie, has been appointed Interim Chief Financial Officer effective August 3, 2007. Mr. Cowie will serve in this position until an ongoing recruitment process is completed and a new Chief Financial Officer is appointed. Mr. Cowie has been an officer with the Company for eleven years, and is a Certified Public Accountant.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits:

Exhibit No.	Description
99.1	Press release dated August 1, 2007

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PACIFIC CAPITAL BANCORP

Date: August 1, 2007

/s/ Frederick W. Clough

Frederick W. Clough
Executive Vice President
and General Counsel

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
99.1	Pacific Capital Bancorp press release dated August 1, 2007, with respect to preliminary financial results for the quarter ended June 30, 2007.

Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

Pacific Capital Bancorp Reports Second Quarter Financial Results, Restatement of First Quarter 2007 Financial Results, and New $25 Million Share Repurchase Program

SANTA BARBARA, Calif.--(BUSINESS WIRE)--Aug. 1, 2007--Pacific Capital Bancorp (Nasdaq:PCBC), a community bank holding company with $7.3 billion in assets, today announced financial results for the second quarter ended June 30, 2007.

Net income for the second quarter of 2007 was $33.2 million, or $0.70 per diluted share, compared with net income of $11.5 million, or $0.24 per diluted share, reported for the second quarter of 2006. Net income for the second quarter of 2007 included a $23.5 million pre-tax net gain on the sale of the Company's Indirect Auto Finance and Commercial Equipment Leasing portfolios, as well as charges of $2.5 million related to the exiting of these businesses and other restructuring actions designed to continue streamlining the organization. Excluding those items, net income was $21.0 million, or $0.44 per diluted share, for the second quarter of 2007.

Commenting on the second quarter results, George Leis, President and Chief Executive Officer of Pacific Capital Bancorp, said, "We executed well in all facets of the business during the second quarter, highlighted by very strong loan production. Our markets continue to experience healthy economic conditions, which is allowing us to generate strong loan growth and maintain stable asset quality. Our loan growth was generated across all segments of the portfolio, with double-digit annualized increases occurring in the construction, commercial, consumer, residential, and commercial real estate portfolios.

"In recent months, we have implemented a number of strategies to improve the performance of the core bank, including divesting non-strategic business lines, enhancing our balance sheet management, and streamlining the Company's infrastructure. We have been able to effectively implement these strategies without negatively impacting our business development capabilities. We believe this will help us drive solid improvement in key metrics for the core bank such as return on equity and return on assets in the future," said Leis.

First Quarter 2007 Restatement

Pacific Capital announced that it will restate the Company's financial results for the first quarter of 2007 as a result of two incorrect postings to the general ledger. Both postings related to the Refund Anticipation Loan (RAL) program. The postings resulted in an $11.2 million overstatement in RAL balances at March 31, 2007, a $9.7 million overstatement of interest income, and a $1.5 million understatement of the provision for RAL credit losses. The resulting impact of the restatement is an after-tax decrease in net income of $6.5 million, or $0.14 per fully diluted share, for the first quarter of 2007. The Company now reports net income of $51.6 million and fully diluted earnings per share for the first quarter of 2007 of $1.09. The restated financial tables for the first quarter of 2007 included at the end of this release reflect the corrections.

"These accounting errors related solely to our RAL program," said Leis. "Although the restatement reduces our first quarter earnings per share, it does not change our full year earnings guidance for the consolidated bank. We recognize that these errors should have been discovered during the financial review process, and we are strengthening our accounting procedures and review processes. We are committed to providing our shareholders and the investment community with accurate financial reports, and we are taking all the necessary steps to ensure that we live up to this requirement in the future."

Share Repurchase Program

The Company also announced today that the Board of Directors has authorized a new $25 million stock repurchase program, which replaces the previous program authorized by the Board in August 2003. Under the new program, repurchases may be made from time to time by the Company in the open market, in block purchases, or in privately negotiated transactions in accordance with Securities and Exchange Commission (SEC) rules and depending on market price and other conditions.

"We believe that our stock represents an attractive investment opportunity for the Company," said Leis. "The new share repurchase program reflects our strong belief in the long-term growth opportunities of the Company and will provide an additional avenue for enhancing shareholder value."

Income Statement

Throughout this press release, the Company has presented certain amounts and ratios that are computed both with and without the impact of the Company's Refund Anticipation Loan (RAL) and Refund Transfer (RT) programs and certain other items that are not deemed to be part of ongoing operations. The Company's management utilizes the information excluding the RAL/RT programs and certain other items in the evaluation of its core banking operations and believes that the investment community also finds this information valuable. The impact of the RAL/RT programs as well as certain other nonrecurring items on the consolidated information prepared in accordance with Generally Accepted Accounting Principles are provided in tables at the end of this release.

During the second quarter of 2007, total interest income was $120.4 million, compared with $113.2 million in the same quarter of 2006. Excluding the RAL program, total interest income was $116.2 million in the second quarter of 2007, compared with $108.4 million in the same quarter of 2006. The increase in total interest income was primarily attributable to organic growth in the loan portfolio.

Total interest expense for the second quarter of 2007 was $53.6 million, compared with $43.8 million for the second quarter of 2006. Excluding the RAL program, total interest expense was $52.0 million in the second quarter of 2007, compared with $42.4 million in the same period of 2006. The increase in total interest expense resulted from higher borrowings incurred to support loan growth and higher rates paid on deposits and borrowings.

Net interest income for the second quarter of 2007 was $66.8 million, compared with $69.4 million in the same quarter of 2006. Excluding the RAL program, net interest income was $64.2 million in the second quarter of 2007, compared with $66.0 million in the same quarter of 2006.

Net interest margin for the second quarter of 2007 was 4.13%, which compares with 4.44% in the second quarter of 2006. Exclusive of RALs in both periods, net interest margin in the second quarter of 2007 was 3.89%, compared with 4.13% in the second quarter of 2006. This also compares with a net interest margin of 3.88% in the first quarter of 2007, exclusive of RALs and Holiday loans.

Non-interest income was $48.9 million in the second quarter of 2007, compared with $22.3 million in the second quarter of 2006. Excluding the impact of the RAL/RT programs and gains on the two portfolio loan sales, non-interest income in the second quarter of 2007 was $17.3 million, an increase of 19.3% over $14.5 million in the same period of the prior year. The increase in non-interest income was driven by increases in all categories, with particularly strong growth in trust and investment advisory income resulting from the acquisition of Morton Capital Management in July 2006.

The Company's operating efficiency ratio for the second quarter of 2007 was 48.7%, compared with 73.4% in the same period last year. Excluding the impact of the RAL/RT programs and one-time items, the Company's operating efficiency ratio for the second quarter of 2007 was 63.0%, compared with 72.4% in the same period last year. This also compares with an operating efficiency ratio of 62.5% in the first quarter of 2007, excluding one-time items and RAL/RT.

Balance Sheet

Total gross loans were $5.47 billion at June 30, 2007, compared with $5.52 billion at March 31, 2007, and $5.23 billion at June 30, 2006. Total loans at June 30, 2007, included RALs; total loans at March 31, 2007, included RALs, the divested loan portfolios, and a $34 million bridge loan paid off in the second quarter; and total loans at June 30, 2006, included RALs and the divested portfolios. Excluding these listed items to provide a more meaningful comparison of loan balances from period to period, total gross loans were $5.44 billion at June 30, 2007, an annualized increase of 26.5% from $5.11 billion at March 31, 2007 and an increase of 15.9% from $4.70 billion at June 30, 2006. During the second quarter, the Company generated annualized growth of 56% in construction, 32% in commercial, 29% in residential, 29% in consumer, and 20% in commercial real estate loans outstanding.

Total deposits were $4.78 billion at June 30, 2007, compared to $5.01 billion at March 31, 2007, and $4.84 billion at June 30, 2006. Total deposits at June 30, 2006 and 2007, and March 31, 2007, included deposits related to the RAL program. Deposits at June 30, 2006, also included $25.2 million in deposits sold with the San Diego branch in the fourth quarter of 2006. All three periods included brokered CDs. Exclusive of these listed items, total deposits were $4.62 billion at

June 30, 2007, compared to $4.66 billion at March 31, 2007 and $4.55 billion at June 30, 2006.

Impact of Loan Portfolio Sales on Asset Quality Ratios

In the second quarter of 2007, Pacific Capital sold its Indirect Auto Finance and Commercial Equipment Leasing portfolios, which had significantly higher loss rates than the rest of the portfolio. Approximately 30% of the Company's allowance for credit losses (excluding RALs) at March 31, 2007 was allocated to the Indirect Auto Finance and Commercial Equipment Leasing portfolios. Following the sale of these loan portfolios, Pacific Capital is showing a lower allowance for credit losses as a percentage of total loans, which reflects the low loss rates the Company has historically experienced in the remaining overall portfolio.

Although the two divested business lines had higher loss rates than the rest of the portfolio, they had minimal impact on the level of non-performing loans as delinquent credits in these business lines typically went directly to charge-off.

Given the size, growth rate, and stability of the loan portfolio, Pacific Capital expects a normalized provision for credit losses to range between $4.0 million and $5.0 million per quarter for the foreseeable future.

Asset Quality and Capital Ratios

In the second quarter of 2007, the Company recorded a provision for credit losses of $5.1 million, of which $5.4 million relates to the core bank. During the quarter, there was a negative provision of $281,000 related to the RAL program.

At June 30, 2007, the allowance for credit losses (excluding RALs) was $41.6 million, or 0.76% of total loans (excluding RALs), compared to $55.6 million, or 1.03% of total loans, at March 31, 2007.

Exclusive of RALs, total nonperforming assets, which include nonperforming loans and other real estate owned, were $24.4 million, or 0.35% of total assets, at June 30, 2007, compared with $22.5 million, or 0.32% of total assets, at March 31, 2007.

As stated previously, Pacific Capital Bancorp has virtually no exposure to the sub-prime residential mortgage market and continues to experience excellent credit quality in its residential real estate portfolio. At June 30, 2007, non-performing loans to total loans in the residential real estate portfolio were 0.11%.

The Company's ratio of allowance to non-performing loans (excluding RALs) was 194% at June 30, 2007, compared to 285% at March 31, 2007.

Excluding RALs, net charge-offs were $4.1 million for the three months ended June 30, 2007, compared with net charge-offs of $11.9 million for the three months ended March 31, 2007. Annualized net charge-offs to total average loans (both excluding RALs) were 0.29%

for the three months ended June 30, 2007, compared with 0.85% for the three months ended March 31, 2007. Net charge-offs for the three months ended March 31, 2007 included $6.0 million related to Holiday loans, a product line that has been discontinued.

At June 30, 2007 the Company's capital ratios were above the well-capitalized guidelines established by bank regulatory agencies.

RAL/RT Programs

Through the first six months of 2007, the Company's Refund Anticipation Loan and Refund Transfer programs generated $65.0 million in pre-tax income, a decline of 26% from the $87.7 million during the same period in 2006. Total volume for these programs was 6.6 million transactions during the first six months of 2007, a decline of 2% from the 6.7 million transactions processed in the same period of the prior year. As indicated in the Company's first quarter 2007 earnings release, the decline in income in the 2007 RAL/RT programs is attributable to lower transaction volumes and higher loss rates due to increased occurrences of fraud and higher losses in the pre-file product. Early in the second quarter, the Company announced that it would not offer the pre-file product in subsequent years.

During the second quarter of 2007, the RAL/RT programs generated earnings of $0.11 per diluted share.

Profitability Ratios

Pacific Capital Bancorp's return on average equity (ROE) and return on average assets (ROA) for the second quarter of 2007 were 19.99% and 1.83%, respectively, compared to 7.77% and 0.66%, respectively, for the second quarter of 2006. Excluding the impact of the RAL/RT programs and the one-time items, the Company's ROE and ROA for the second quarter of 2007 were 9.84% and 0.94%, respectively, compared to 8.17% and 0.56%, respectively, for the second quarter of 2006.

Interim Chief Financial Officer Named

As previously announced, Joyce Clinton has resigned as the Company's Chief Financial Officer and will complete her employment with Pacific Capital Bancorp on August 3, 2007. The Company is underway with its search for a new Chief Financial Officer, and has named Brad Cowie as Interim Chief Financial Officer. Mr. Cowie, a Certified Public Accountant, has been with Pacific Capital for 11 years and currently serves as Chief Risk Officer.

Pacific Capital has also engaged the services of the Company's former Chief Financial Officer, Don Lafler, to serve in a consulting capacity providing accounting oversight for the Company until a permanent Chief Financial Officer is appointed.

Outlook

For the full year 2007, Pacific Capital Bancorp continues to expect fully diluted earnings per share to range between $2.05 and

$2.11, excluding the net gain on sale of the loan portfolios in the second quarter of 2007.

Commenting on the outlook for Pacific Capital Bancorp, Leis said, "We expect a continuation of the positive trends that we experienced in the second quarter, which should help us deliver strong growth in the earnings for the core bank over the remainder of 2007. We also continue to evaluate all facets of the business to identify additional areas of improvement, including potential further restructuring of our balance sheet. We are committed to deploying our capital in more productive ways in order to generate higher returns for our shareholders."

Conference Call and Webcast

The Company will hold a conference call today at 11:00 a.m. Eastern time / 8:00 a.m. Pacific time to discuss its second quarter 2007 results. To access a live webcast of the conference call, log on at the Investor Relations page of the Company's website at www.pcbancorp.com. For those who cannot listen to the live broadcast, a replay of the conference call will be available shortly after the call at the same location.

Pacific Capital Bancorp is the parent company of Pacific Capital Bank, N.A., a nationally chartered bank that operates 50 branches under the local brand names of Santa Barbara Bank & Trust, First National Bank of Central California, South Valley National Bank, San Benito Bank and First Bank of San Luis Obispo.

Forward Looking Statements

This press release contains forward-looking statements with respect to the financial condition, results of operation and businesses of Pacific Capital Bancorp. These include statements that relate to or are dependent on estimates or assumptions relating to the prospects of continued loan and deposit growth, improved credit quality, the health of the capital markets, the Company's de novo branching and acquisition efforts, the operating characteristics of the Company's income tax refund loan and transfer programs and the economic conditions within its markets. These forward-looking statements involve certain risks and uncertainties, many of which are beyond the Company's control. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) increased competitive pressure among financial services companies; (2) changes in the interest rate environment reducing interest margins or increasing interest rate risk; (3) deterioration in general economic conditions, internationally, nationally or in California; (4) the occurrence of terrorist acts; (5) reduced demand for or earnings derived from the Company's income tax refund loan and refund transfer programs; (6) legislative or regulatory changes or litigation adversely affecting the businesses in which Pacific Capital Bancorp engages; (7) unfavorable conditions in the capital markets; (8) difficulties in opening additional branches or integrating acquisitions; and (9) other risks detailed in reports filed by Pacific Capital Bancorp with the Securities and Exchange Commission.

Forward-looking statements speak only as of the date they are made, and Pacific Capital Bancorp does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made. For a more detailed description of the risk factors associated with the Company's businesses, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Non-GAAP Amounts and Measures

This press release contains amounts and ratios that are computed excluding the results of operations of the RAL/RT programs and/or excluding asset and liability balances related to those programs. Because they relate to the filing of individual tax returns, these programs are activities conducted primarily during the first and second quarters of each year. These programs comprise one of the Company's operating segments for purposes of segment reporting in the Company's quarterly and annual reports to the SEC. The Company's Management believes analysts and investors find this information useful for the same reason that Management uses it internally, namely, it provides more comparability with virtually all of the rest of the Company's peers that do not operate such programs.

The information that excludes balances and results of the RAL/RT programs is reconciled to the consolidated information prepared in accordance with Generally Accepted Accounting Principles in several tables at the end of this release.

In addition to the non-GAAP measures computed related to the Company's balances and results exclusive of its RAL and RT programs, this release contains other financial information determined by methods other than in accordance with GAAP. Management uses these non-GAAP measures in their analysis of the business and its performance. In particular, net interest income, net interest margin and operating efficiency are calculated on a fully tax-equivalent basis ("FTE"). Management believes that the measures calculated on a FTE basis provide a useful picture of net interest income, net interest margin and operating efficiency for comparative purposes. Net interest income and net interest margin on a FTE basis is determined by adjusting net interest income to reflect tax-exempt interest income on an equivalent before-tax basis. The efficiency ratio also uses net interest income on a FTE basis.

The assets, liabilities, and results of operations of the Company's refund programs are reported in its periodic filings with the SEC as a segment of its business. Because these are activities conducted by very few other financial institutions, users of the financial statements have indicated that they are interested in information for the Company exclusive of these programs so that they may compare the results of operations with financial institutions that have no comparable programs. The amounts and ratios may generally be computed from the information provided in the note to its financial statements that discloses segment information, but are computed and included in the press release for the convenience of those users.

Consolidated Balance Sheets

(dollars in thousands)

	(unaudited) 6/30/2007	(unaudited-restated) 3/31/2007	As of 12/31/2006
Assets			
Cash and due from banks	$ 345,305	$ 178,822	$ 154,182
Trading securities	1,011	--	--
Available-for-sale securities	963,687	998,147	1,167,142
Loans held for sale	--	233,939	--
Loans			
Real estate			
Residential	1,360,031	1,267,628	1,199,719
Multi-family residential	287,392	287,187	287,626
Non-residential	1,502,310	1,432,645	1,420,401
Construction	621,601	544,803	536,443
Commercial loans	1,077,305	1,032,410	1,072,831
Home equity loans	379,407	373,028	372,637
Consumer loans	213,682	199,208	527,751
Tax refund loans (RAL)	30,195	97,400	-
Leases	14	282,857	297,526
Other loans	2,314	2,547	3,899
Gross loans	5,474,251	5,519,713	5,718,833
Allowance for credit losses	43,549	63,204	64,671
Total loans, net	5,430,702	5,456,509	5,654,162
Premises and fixed assets	90,788	93,525	95,400
Accrued interest receivable	32,659	31,990	32,294
Goodwill	145,272	145,272	145,272
Other intangible assets	7,572	7,953	8,797
Other assets	271,903	275,295	237,581
Total assets	$7,288,899	$7,421,452	$ 7,494,830
Liabilities			
Deposits			
Non-interest-bearing demand deposits	$1,030,617	$1,194,922	$ 1,079,152
Interest-bearing deposits			
NOW accounts	1,142,744	1,169,867	1,186,352
Money market deposit accounts	747,120	637,535	630,155
Other savings deposits	280,819	287,099	275,910
Time certificates of $100,000 or more	981,570	1,036,439	1,136,762
Other time deposits	601,107	683,422	738,070
Total interest-bearing deposits	3,753,360	3,814,362	3,967,249
Total deposits	4,783,977	5,009,284	5,046,401
Federal funds purchased and securities sold under agreements to repurchase	285,391	344,667	356,352
Long-term debt and other borrowings	1,422,233	1,263,949	1,391,704
Obligations under capital lease	9,579	9,523	9,468

Accrued interest payable and other liabilities	105,831	131,531	73,529
Total liabilities	6,607,011	6,758,954	6,877,454
Shareholders' equity	681,888	662,498	617,376
Total liabilities and shareholders' equity	$7,288,899	$7,421,452	$ 7,494,830
Total consumer loans, net of holiday loans	$ 213,682	$ 199,208	$ 441,500

Consolidated Balance Sheets (dollars in thousands)	(unaudited) 9/30/2006	(unaudited) 6/30/2006	% Change 06/30/2007 vs 3/31/2007 Annualized	6/30/2006
Assets				
Cash and due from banks	$ 191,974	$ 215,969	372.4%	59.9%
Trading securities	--	--	--	--
Available-for-sale securities	1,222,833	1,262,684	(13.8%)	(23.7%)
Loans held for sale	--	--	(100.0%)	--
Loans				
Real estate				
Residential	1,117,030	1,048,954	29.2%	29.7%
Multi-family residential	280,203	272,229	0.3%	5.6%
Non-residential	1,395,479	1,356,709	19.5%	10.7%
Construction	490,278	454,197	56.4%	36.9%
Commercial loans	958,305	1,024,971	17.4%	5.1%
Home equity loans	362,768	349,419	6.8%	8.6%
Consumer loans	422,003	410,442	29.1%	(47.9%)
Tax refund loans (RAL)	15,109	11,607	(276.0%)	160.1%
Leases	305,015	300,101	(400.0%)	(100.0%)
Other loans	2,184	1,675	(36.6%)	38.1%
Gross loans	5,348,374	5,230,304	(3.3%)	4.7%
Allowance for credit losses	56,246	53,638	(124.4%)	(18.8%)
Total loans, net	5,292,128	5,176,666	(1.9%)	4.9%
Premises and fixed assets	108,149	111,421	(11.7%)	(18.5%)
Accrued interest receivable	31,104	29,778	8.4%	9.7%
Goodwill	145,271	140,584	0.0%	3.3%
Other intangible assets	9,846	8,218	(19.2%)	(7.9%)
Other assets	224,200	237,420	(4.9%)	14.5%
Total assets	$7,225,505	$7,182,740	(7.1%)	1.5%

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Liabilities				
Deposits				
Non-interest-bearing demand deposits	$1,075,252	$1,103,422	(55.0%)	(6.6%)
Interest-bearing deposits				
NOW accounts	1,140,881	1,107,152	(9.3%)	3.2%
Money market deposit accounts	635,488	619,726	68.8%	20.6%
Other savings deposits	301,739	325,197	(8.7%)	(13.6%)
Time certificates of $100,000 or more	1,028,796	980,531	(21.2%)	0.1%
Other time deposits	750,176	706,111	(48.2%)	(14.9%)
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Total interest-bearing deposits	3,857,080	3,738,717	(6.4%)	0.4%
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Total deposits	4,932,332	4,842,139	(18.0%)	(1.2%)
Federal funds purchased and securities sold under agreements to repurchase	286,883	284,051	(68.8%)	0.5%
Long-term debt and other borrowings	1,296,593	1,374,964	50.1%	3.4%
Obligations under capital lease	9,473	9,420	2.4%	1.7%
Accrued interest payable and other liabilities	77,703	74,302	(78.2%)	42.4%
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Total liabilities	6,602,984	6,584,876	(9.0%)	0.3%
Shareholders' equity	622,521	597,864	11.7%	14.1%
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Total liabilities and shareholders' equity	$7,225,505	$7,182,740	(7.1%)	1.5%
	===========	===========		
Total consumer loans, net of holiday loans	$ 422,003	$ 410,442	29.1%	(47.9%)

Consolidated Statements of Income (unaudited)

(dollars in thousands)	For the Three-Month Period Ended 6/30/2007		
	Consolidated	Excluding RAL/RT	RAL/RT
Interest income			
Loans	$108,545	$104,357	$4,188
Securities	11,550	11,550	--

Federal funds sold and securities purchased under resale agreements	297	297	--
Total interest income	120,392	116,204	4,188
Interest expense			
Deposits	31,416	31,416	--
Securities sold under agreements to repurchased and federal funds purchased	4,272	3,733	539
Other borrowed funds	17,869	16,897	972
Total interest expense	53,557	52,046	1,511
Net interest income	66,835	64,158	2,677
Provision for credit losses			
Provision for credit losses - RAL	(281)	--	(281)
Provision for credit losses - Excluding RAL/RT	5,396	5,396	--
Provision for credit losses	5,115	5,396	(281)
Net interest income after provision for credit losses	61,720	58,762	2,958
Non-interest income			
Service charges on deposits	4,401	4,401	--
Trust and investment advisory fees	5,944	5,944	--
Refund transfer fees	6,168	--	6,168
Other service charges, commissions and fees, net	6,026	4,184	1,842
Gain on sale of tax refund loans, net	--	--	--
Gain on sale of leasing portfolio	24,344	24,344	--
Gain (loss) on securities, net	(2)	(2)	--
Other income	1,978	1,952	26
Total non-interest income	48,859	40,823	8,036
Non-interest expense			
Personnel	31,081	31,293	(212)
Occupancy expense	5,579	5,308	271
Equipment expense	2,610	2,447	163
Refund program marketing and technology fees	13	--	13
Other expenses	17,776	15,784	1,992
Total non-interest expense	57,059	54,832	2,227
Net income before taxes	53,520	44,753	8,767
Provision for income taxes	20,354	16,667	3,687
Net income	$ 33,166	$ 28,086	$5,080
Earnings per share - basic	$ 0.71		

Earning per share - diluted	$ 0.70
Average number of shares - basic	47,016
Average number of shares - diluted	47,286

(dollars in thousands)	For the Three-Month Period Ended 6/30/2006			Consolidated
	Consolidated	Excluding RAL/RT	RAL/RT	% Change
Interest income				
Loans	$ 98,811	$ 94,028	$4,783	9.9%
Securities	14,394	14,394	--	(19.8%)
Federal funds sold and securities purchased under resale agreements	--	(8)	8	--
Total interest income	113,205	108,414	4,791	6.3%
Interest expense				
Deposits	27,837	27,355	482	12.9%
Securities sold under agreements to repurchased and federal funds purchased	4,681	4,464	217	(8.7%)
Other borrowed funds	11,261	10,576	685	58.7%
Total interest expense	43,779	42,395	1,384	22.3%
Net interest income	69,426	66,019	3,407	(3.7%)
Provision for credit losses				
Provision for credit losses - RAL	(881)	--	(881)	68.1%
Provision for credit losses - Excluding RAL/RT	6,837	6,837	--	(21.1%)
Provision for credit losses	5,956	6,837	(881)	(14.1%)
Net interest income after provision for credit losses	63,470	59,182	4,288	(2.8%)
Non-interest income				
Service charges on deposits	4,108	4,108	--	7.1%
Trust and investment advisory fees	4,340	4,340	--	37.0%
Refund transfer fees	5,110	--	5,110	20.7%
Other service charges, commissions and fees, net	7,104	4,441	2,663	(15.2%)
Gain on sale of tax refund loans, net	--	--	--	--

Gain on sale of leasing portfolio	--	--	--	--
Gain (loss) on securities, net	--	--	--	--
Other income	1,634	1,633	1	21.1%
Total non-interest income	22,296	14,522	7,774	119.1%
Non-interest expense				
Personnel	31,500	28,880	2,620	(1.3%)
Occupancy expense	4,580	4,381	199	21.8%
Equipment expense	2,602	2,403	199	0.3%
Refund program marketing and technology fees	2,663	--	2,663	(99.5%)
Other expenses	27,078	23,808	3,270	(34.4%)
Total non-interest expense	68,423	59,472	8,951	(16.6%)
Net income before taxes	17,343	14,232	3,111	208.6%
Provision for income taxes	5,824	4,516	1,308	249.5%
Net income	$ 11,519	$ 9,716	$1,803	187.9%
Earnings per share - basic	$ 0.25			
Earning per share - diluted	$ 0.24			
Average number of shares - basic	46,734			
Average number of shares - diluted	47,091			

The Company's management utilizes the above "Excluding RAL/RT" financial information in the evaluation of its banking operations (core bank) and believes that the investment community also finds this information valuable to understand the key drivers of the business.

Consolidated Statements of Income (unaudited)

(dollars in thousands)	For the Six-Month Period Ended 6/30/2007		
	Consolidated	Excluding RAL/RT	RAL/RT
Interest income			
Loans	$331,465	$213,009	$118,456
Securities	24,538	24,538	--
Federal funds sold and securities purchased under resale agreements	1,101	1,101	--

Total interest income	357,104	238,648	118,456
Interest expense			
Deposits	66,840	63,471	3,369
Securities sold under agreements to repurchased and federal funds purchased	11,116	7,289	3,827
Other borrowed funds	36,919	33,003	3,916
Total interest expense	114,875	103,763	11,112
Net interest income	242,229	134,885	107,344
Provision for credit losses			
Provision for credit losses - RAL	71,577	--	71,577
Provision for credit losses - Excluding RAL/RT	12,516	12,516	--
Provision for credit losses	84,093	12,516	71,577
Net interest income after provision for credit losses	158,136	122,369	35,767
Non-interest income			
Service charges on deposits	8,658	8,658	--
Trust and investment advisory fees	12,174	12,174	--
Refund transfer fees	45,386	--	45,386
Other service charges, commissions and fees, net	14,450	8,186	6,264
Gain on sale of tax refund loans, net	41,822	--	41,822
Gain on sale of leasing portfolio	24,344	24,344	--
Gain (loss) on securities, net	1,939	1,939	--
Other income	4,340	4,310	30
Total non-interest income	153,113	59,611	93,502
Non-interest expense			
Personnel	66,881	60,497	6,384
Occupancy expense	10,888	10,361	527
Equipment expense	5,076	4,694	382
Refund program marketing and technology fees	44,500	--	44,500
Other expenses	44,608	32,172	12,436
Total non-interest expense	171,953	107,724	64,229
Net income before taxes	139,296	74,256	65,040
Provision for income taxes	54,492	27,143	27,349
Net income	$ 84,804	$ 47,113	$ 37,691
Earnings per share - basic	$ 1.80		
Earning per share - diluted	$ 1.79		
Average number of shares - basic	46,984		

Average number of shares - diluted 47,304

(dollars in thousands)	For the Six-Month Period Ended 6/30/2006 Consolidated	Excluding RAL/RT	RAL/RT	Consolidated % Change
Interest income				
Loans	$301,156	$183,430	$117,726	10.1%
Securities	29,015	29,015	--	(15.4%)
Federal funds sold and securities purchased under resale agreements	126	(464)	590	773.8%
Total interest income	330,297	211,981	118,316	8.1%
Interest expense				
Deposits	53,364	52,229	1,135	25.3%
Securities sold under agreements to repurchased and federal funds purchased	9,846	5,383	4,463	12.9%
Other borrowed funds	22,521	21,158	1,363	63.9%
Total interest expense	85,731	78,770	6,961	34.0%
Net interest income	244,566	133,211	111,355	(1.0%)
Provision for credit losses				
Provision for credit losses - RAL	45,290	--	45,290	58.0%
Provision for credit losses - Excluding RAL/RT	8,812	8,812	--	42.0%
Provision for credit losses	54,102	8,812	45,290	55.4%
Net interest income after provision for credit losses	190,464	124,399	66,065	(17.0%)
Non-interest income				
Service charges on deposits	8,106	8,106	--	6.8%
Trust and investment advisory fees	8,840	8,840	--	37.7%
Refund transfer fees	44,564	--	44,564	1.8%
Other service charges, commissions and fees, net	17,560	8,150	9,410	(17.7%)
Gain on sale of tax refund loans, net	43,163	--	43,163	(3.1%)
Gain on sale of leasing portfolio	--	--	--	--

Gain (loss) on securities, net	147	147	--	1219.0%
Other income	3,806	3,805	1	14.0%
Total non-interest income	126,186	29,048	97,138	21.3%
Non-interest expense				
Personnel	66,115	58,726	7,389	1.2%
Occupancy expense	9,395	8,970	425	15.9%
Equipment expense	5,015	4,605	410	1.2%
Refund program marketing and technology fees	54,706	--	54,706	(18.7%)
Other expenses	56,206	43,666	12,540	(20.6%)
Total non-interest expense	191,437	115,967	75,470	(10.2%)
Net income before taxes	125,213	37,480	87,733	11.2%
Provision for income taxes	46,325	9,433	36,892	17.6%
Net income	$ 78,888	$ 28,047	$ 50,841	7.5%
Earnings per share - basic	$ 1.69			
Earning per share - diluted	$ 1.68			
Average number of shares - basic	46,701			
Average number of shares - diluted	47,077			

The Company's management utilizes the above "Excluding RAL/RT" financial information in the evaluation of its banking operations (core bank) and believes that the investment community also finds this information valuable to understand the key drivers of the business.

Consolidated Average Balances and Annualized Yields (unaudited)

(dollars in thousands)	QTD					
	For the Three-Month Period Ended 6/30/2007			For the Three-Month Period Ended 6/30/2006		
Average Assets	Balance	Income	Rate	Balance	Income	Rate
Federal funds sold	$ 21,407	$ 297	5.56%	$ (237)	$ --	0.00%

Securities(2)						
Taxable	755,013	8,752	4.65%	1,111,889	11,584	4.18%
Non-taxable	207,535	4,250	8.19%	208,609	4,274	8.20%
Total securities	962,548	13,002	5.41%	1,320,498	15,858	4.82%
Loans(3)						
Commercial (including Leasing)	1,278,268	28,252	8.87%	1,254,180	27,957	8.94%
Real estate - non residential	2,323,490	42,874	7.38%	2,048,414	37,538	7.33%
Real estate - residential	1,309,967	19,296	5.89%	1,026,054	14,329	5.59%
Consumer	741,450	18,155	9.82%	767,803	19,041	9.95%
Other	2,797	57	8.17%	2,293	44	7.70%
Total loans	5,655,972	108,634	7.69%	5,098,744	98,909	7.77%
Total earning assets	6,639,927	121,933	7.37%	6,419,005	114,767	7.17%
FAS 115 market value adjustment	22,767			(6,996)		
Non earning assets	612,460			583,728		
Total average assets	$7,275,154			$6,995,737		
Average liabilities and shareholders' equity						
Non-interest-bearing demand deposits	$1,071,702	$ --	0.00%	$1,090,226	$ --	0.00%
Interest-bearing deposits						
Interest-bearing demand and savings	2,120,651	13,389	2.53%	2,229,203	11,280	2.03%
Time certificates of deposit	1,627,040	18,027	4.44%	1,674,678	16,557	3.97%
Total interest-bearing deposits	3,747,691	31,416	3.36%	3,903,881	27,837	2.86%
Borrowings						
Federal funds purchased and repurchase agreements	343,764	4,272	4.98%	430,925	4,681	4.36%

Other borrowings	1,341,392	17,869	5.34%	911,961	11,261	4.95%
Total borrowings	1,685,156	22,141	5.27%	1,342,886	15,942	4.76%
Total interest-bearing liabilities	5,432,847	53,557	3.95%	5,246,767	43,779	3.35%
Other liabilities	105,261			63,806		
Shareholders' equity	665,344			594,938		
Total average liabilities and shareholders' equity	$7,275,154			$6,995,737		
Interest income/earning assets			7.37%			7.17%
Interest expense/earning assets			3.24%			2.73%
Tax equivalent net interest margin		68,376	4.13%		70,988	4.44%
Provision for credit losses/earning assets		5,115	0.31%		5,956	0.38%
Net interest income on tax equiv. basis after provn for credit losses		63,261	3.82%		65,032	4.06%
Less: Tax equivalent interest income from Non-taxable securities and loans Included in interest income		1,541	0.09%		1,562	0.09%
Net interest income after provision for credit losses		$ 61,720	3.73%		$ 63,470	3.97%

Loan information

excluding RAL:						
Total loans, RAL	$ 66,881	$ 4,188	NA	$ 31,482	$ 4,783	NA
Total loans, excluding RAL	$5,589,091	$104,446	7.50%	$5,067,262	$ 94,126	7.45%
Consumer loans, excluding RAL	$ 674,569	$ 13,967	8.30%	$ 736,321	$ 14,258	7.77%

(1) Income and yield calculations are presented on an annualized and fully taxable equivalent basis.
(2) Average securities balances are based on amortized historical cost, excluding SFAS 115 adjustments to fair value which are included in other assets.
(3) Nonaccrual loans are included in loan balances. Interest income includes related fee income.

Consolidated Average Balances and Annualized Yields (unaudited)

(dollars in thousands)	YTD					
	For the Six-Month Period Ended 6/30/2007			For the Six-Month Period Ended 6/30/2006		
Average Assets	Balance	Income	Rate	Balance	Income	Rate
Federal funds sold	$ 40,220	$ 1,101	5.52%	$ 5,507	$ 126	4.61%
Securities(2)						
Taxable	833,478	18,959	4.59%	1,129,562	23,419	4.18%
Non-taxable	207,751	8,476	8.16%	209,106	8,512	8.14%
Total securities	1,041,229	27,435	5.30%	1,338,668	31,931	4.80%
Loans(3)						
Commercial (including Leasing)	1,305,595	57,782	8.92%	1,237,395	53,145	8.66%
Real estate - non residential	2,290,275	84,464	7.38%	2,007,688	72,798	7.25%
Real estate - residential	1,266,741	36,858	5.82%	1,007,606	28,206	5.60%
Consumer	1,412,189	152,433	21.77%	1,008,359	147,141	29.43%
Other	2,879	110	7.70%	2,843	62	4.40%
Total loans	6,277,679	331,647	10.62%	5,263,891	301,352	11.51%
Total earning assets	7,359,128	360,183	9.87%	6,608,066	333,409	10.17%
FAS 115 market value adjustment	22,427			(2,718)		

Non earning assets	346,822			509,937		
Total average assets	$7,728,377			$7,115,285		
Average liabilities and shareholders' equity						
Non-interest-bearing demand deposits	$1,231,524	$ --	0.00%	$1,243,712	$ --	0.00%
Interest-bearing deposits						
Interest-bearing demand and savings	2,096,947	25,939	2.49%	2,261,147	21,279	1.90%
Time certificates of deposit	1,820,524	40,901	4.53%	1,711,458	32,085	3.78%
Total interest-bearing deposits	3,917,471	66,840	3.44%	3,972,605	53,364	2.71%
Borrowings						
Federal funds purchased and repurchase agreements	434,280	11,116	5.16%	450,740	9,846	4.41%
Other borrowings	1,396,961	36,919	5.33%	968,471	22,521	4.69%
Total borrowings	1,831,241	48,035	5.29%	1,419,211	32,367	4.60%
Total interest-bearing liabilities	5,748,712	114,875	4.03%	5,391,816	85,731	3.21%
Other liabilities	97,678			(99,074)		
Shareholders' equity	650,463			578,831		
Total average liabilities and shareholders' equity	$7,728,377			$7,115,285		
Interest income/earning assets			9.87%			10.17%
Interest						

expense/earning assets			3.15%			2.61%
Tax equivalent net interest margin		245,308	6.72%		247,678	7.56%
Provision for credit losses/earning assets		84,093	2.30%		54,102	1.65%
Net interest income on tax equiv. basis after provn for credit losses		161,215	4.42%		193,576	5.91%
Less:Tax equivalent interest income from Non-taxable securities and loans Included in interest income		3,079	0.09%		3,112	0.10%
Net interest income after provision for credit losses		$158,136	4.33%		$190,464	5.81%
Loan information excluding RAL:						
Total loans, RAL	$ 646,247	$118,456	NA	$ 277,064	$117,726	NA
Total loans, excluding RAL	$5,631,432	$213,191	7.63%	$4,986,827	$183,626	7.43%
Consumer loans, excluding RAL	$ 765,942	$ 33,977	8.95%	$ 731,295	$ 29,415	8.11%

(1) Income and yield calculations are presented on an annualized and fully taxable equivalent basis.
(2) Average securities balances are based on amortized historical cost, excluding SFAS 115 adjustments to fair value which are included in other assets.
(3) Nonaccrual loans are included in loan balances. Interest income includes related fee income.

Key Financial Ratios

(dollars in thousands) (unaudited)	For the Three-Month Periods Ended	For the Six-Month Periods Ended

	6/30/2007	6/30/2006	6/30/2007	6/30/2006
Financial Ratios				
Operating efficiency ratio consolidated	48.67%	73.35%	43.37%	51.23%
Operating efficiency ratio RAL/RT	20.79%	80.06%	31.98%	36.20%
Operating efficiency excluding RAL/RT	51.47%	72.44%	55.06%	70.19%
Return on equity consolidated	19.99%	7.77%	26.29%	27.48%
Return on equity RAL/RT	13.58%	6.13%	54.30%	95.31%
Return on equity excluding RAL/RT	21.86%	8.17%	18.61%	12.00%
Return on assets consolidated	1.83%	0.66%	2.21%	2.24%
Return on assets RAL/RT	5.56%	72.61%	8.59%	34.10%
Return on assets excluding RAL/RT	1.63%	0.56%	1.39%	0.83%
Leverage ratio	9.15%	8.50%	8.42%	8.14%

	For the Three-Month Periods Ended	
	6/30/2007	6/30/2006
Tier 1 capital to Average Tangible Assets ratio	8.07%	7.12%
Tier 1 capital to Risk Weighted Assets ratio	9.96%	8.50%
Total Tier 1 & Tier 2 Capital to Risk Weighted Assets ratio	12.67%	11.55%

	For the Three-Month Periods Ended	
Credit Quality Ratios	6/30/2007	6/30/2006
Allowance for credit losses consolidated	$ 43,549	$ 53,638
Allowance for credit losses RAL/RT	1,993	719
Allowance for credit losses excluding RAL/RT	41,556	52,919

For the Three-Month For the Six-Month

	Periods Ended 6/30/2007	Periods Ended 6/30/2006	Periods Ended 6/30/2007	Periods Ended 6/30/2006
Net charge-offs consolidated	$ 9,444	$ 6,994	$ 85,553	$ 56,062
Net charge-offs RAL/RT	5,334	3,720	69,586	44,571
Net charge-offs excluding RAL/RT	4,110	3,274	15,967	11,491
Annualized net charge-offs to average loans consolidated	0.67%	0.55%	2.75%	2.15%
Annualized net charge-offs to average loans RAL/RT	31.99%	47.39%	21.71%	32.44%
Annualized net charge-offs to average loans excluding RAL/RT	0.29%	0.26%	0.57%	0.46%

	For the Three-Month Periods Ended 6/30/2007	6/30/2006
Nonperforming assets		
Loans past due 90 days and accruing	$ 747	$ 1,089
Nonaccrual loans	20,690	15,240
Total nonperforming loans	21,437	16,329
Other real estate owned and other foreclosed assets	2,967	2,910
Total nonperforming assets	$ 24,404	$ 19,239
Nonperforming loans/total loans excluding RAL/RT	0.39%	0.31%
Nonperforming assets/ total assets excluding RAL/RT	0.35%	0.27%
Allowance for credit losses/non performing loans		

excluding RAL/RT	194%	324%
Allowance for credit losses/total loans excluding RAL/RT	0.76%	1.01%

Book value per share		
Actual shares outstanding at end of period (in thousands)	47,092	46,790
Book value per share	$ 14.48	$ 12.78
Tangible book value per share	$ 11.23	$ 9.60

Reconciliation of GAAP to Non-GAAP Measures
Page 1, Page 3 and Page 5 of Release for 2nd Quarter Earnings
(dollars and shares in thousands)

For the Three-Month Period ended June 30, 2007

		Normalization for Non-recurring Second Quarter 2007 Transactions (unaudited)		
	GAAP Consolidated	Indirect Auto Portfolio(1)	Leasing(1)	Severance
Net Interest Income	$66,835	$ -	$ -	$ -
Provision for credit losses	5,115	-	-	-
Non-interest income	48,859	850	(24,344)	-
Non-interest expense	57,059	(321)	(1,427)	(769)
Net income before taxes	53,520	1,171	(22,917)	769
Provision for income taxes	20,354	492	(9,637)	323
Net Income	$33,166	$ 679	$(13,280)	$ 446
Earnings per share - basic(2)	$ 0.71	$ 0.01	$ (0.28)	$0.01
Earnings per share - diluted(2)	$ 0.70	$ 0.01	$ (0.28)	$0.01
Average number of shares - basic	47,016			
Average number of shares - diluted	47,286			

Efficiency ratio	48.67%

For the Three-Month Period ended June 30, 2007

Normalization for Non-recurring Second Quarter 2007 Transactions (unaudited)

	Non-GAAP Consolidated	Less: RAL/RT	Non-GAAP Excluding RAL/RT
Net Interest Income	$66,835	$2,677	$64,158
Provision for credit losses	5,115	(281)	5,396
Non-interest income	25,365	8,036	17,329
Non-interest expense	54,542	2,227	52,315
Net income before taxes	32,543	8,767	23,776
Provision for income taxes	11,532	3,687	7,845
Net Income	$21,011	$5,080	$15,931
Earnings per share - basic(2)	$ 0.45	$ 0.11	$ 0.34
Earnings per share - diluted(2)	$ 0.44	$ 0.11	$ 0.34
Average number of shares - basic			
Average number of shares - diluted			
Efficiency ratio	58.18%	20.79%	63.01%

For the Three-Month Period ended March 31, 2007

Normalization for Non-recurring First Quarter 2007 Transactions (unaudited and restated)

	GAAP Consolidated	Severance	Holiday Loans
Net Interest Income	$175,395	$ -	$(3,346)
Provision for credit losses	78,978	-	-
Non-interest income	104,254	-	-
Non-interest expense	114,894	728	-

Net income before taxes	85,777	(728)	(3,346)
Provision for income taxes	34,139	(306)	(1,407)
Net Income	$ 51,638	$ (422)	$(1,939)
Earnings per share - basic(2)	$ 1.10	$(0.01)	$ (0.04)
Earnings per share - diluted(2)	$ 1.09	$(0.01)	$ (0.04)
Average number of shares - basic	46,953		
Average number of shares - diluted	47,345		
Efficiency ratio	41.14%		

For the Three-Month Period ended March 31, 2007

Normalization for Non-recurring First Quarter 2007 Transactions (unaudited and restated)

	Non-GAAP Consolidated	Less: RAL/RT	Non-GAAP Excluding RAL/RT
Net Interest Income	$172,049	$104,668	$67,381
Provision for credit losses	78,978	71,858	7,120
Non-interest income	104,254	85,466	18,788
Non-interest expense	115,622	62,002	53,620
Net income before taxes	81,703	56,274	25,429
Provision for income taxes	32,426	23,663	8,763
Net Income	$ 49,277	$ 32,611	$16,666
Earnings per share - basic(2)	$ 1.05	$ 0.69	$ 0.35
Earnings per share - diluted(2)	$ 1.04	$ 0.69	$ 0.35
Average number of shares - basic			
Average number of shares - diluted			
Efficiency ratio	41.91%	32.61%	62.52%

For the Six-Month Period ended June 30, 2007

Normalization for Non-recurring 2007 Transactions (unaudited)

GAAP Consolidated	Indirect Portfolio(1)	Auto Leasing(1)	Severance	Holiday Loans

Net Interest Income	$242,229	$ -	$ -	$ -	$(3,346)
Provision for credit losses	84,093	-	-	-	-
Non-interest income	153,113	850	(24,344)	-	-
Non-interest expense	171,953	(321)	(1,427)	(911)	-
Net income before taxes	139,296	1,171	(22,917)	911	(3,346)
Provision for income taxes	54,492	492	(9,637)	383	(1,407)
Net Income	$ 84,804	$ 679	$(13,280)	$ 528	$(1,939)
Earnings per share - basic(2)	$ 1.80	$ 0.01	$ (0.28)	$0.01	$ (0.04)
Earnings per share - diluted(2)	$ 1.79	$ 0.01	$ (0.28)	$0.01	$ (0.04)
Average number of shares - basic	46,984				
Average number of shares - diluted	47,304				
Efficiency ratio	43.37%				

For the Six-Month Period ended June 30, 2007

	Normalization for Non-recurring 2007 Transactions (unaudited)			
	Gain on Securities	Non-GAAP Consolidated	Less: RAL/RT	Non-GAAP Excluding RAL/RT

Net Interest Income	$ -	$238,883	$107,344	$131,539
Provision for credit losses	-	84,093	71,577	12,516
Non-interest income	(1,606)	128,013	93,502	34,511
Non-interest expense	-	169,294	64,229	105,065
Net income before taxes	(1,606)	113,509	65,040	48,469
Provision for income taxes	(675)	43,648	27,349	16,299
Net Income	$ (931)	$ 69,861	$ 37,691	$ 32,170
Earnings per share - basic(2)	$ (0.02)	$ 1.49	$ 0.80	$ 0.68
Earnings per share - diluted(2)	$ (0.02)	$ 1.48	$ 0.80	$ 0.68
Average number of shares - basic				
Average number of shares - diluted				
Efficiency ratio		46.00%	31.98%	62.84%

(1) Does not include interest income, provision for credit losses, non-interest income and non-interest expense associated with these business lines.
(2) Non-recurring transaction summation difference is due to rounding.

Reconciliation of GAAP to Non-GAAP Measures
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(dollars in thousands)

	GAAP Consolidated as of 6/30/07 (unaudited)	RAL	Non-GAAP Consolidated as of 6/30/07	GAAP Consolidated as of 3/31/07 (unaudited and restated)
Loans				
Real estate				
Residential	$1,360,031	$ --	$1,360,031	$1,267,628
Multi-family				

residential	287,392	--	287,392	287,187
Non-residential	1,502,310	--	1,502,310	1,432,645
Construction	621,601	--	621,601	544,803
Commercial loans	1,077,305	--	1,077,305	1,032,410
Home equity loans	379,407	--	379,407	373,028
Consumer loans	213,682	--	213,682	199,208
Tax refund loans (RAL)	30,195	(30,195)	--	97,400
Leases	14	--	14	282,857
Other loans	2,314	--	2,314	2,547
Gross loans	$5,474,251	$(30,195)	$5,444,056	$5,519,713

	RAL, Bridge Loan and Leasing(1)	Non-GAAP Consolidated as of 3/31/07	Non-GAAP Annualized % Change
Loans			
Real estate			
Residential	$ --	$1,267,628	29.16%
Multi-family residential	--	287,187	0.29%
Non-residential	--	1,432,645	19.45%
Construction	--	544,803	56.39%
Commercial loans	(34,000)	998,410	31.61%
Home equity loans	--	373,028	6.84%
Consumer loans	--	199,208	29.06%
Tax refund loans (RAL)	(97,400)	--	--
Leases	(282,857)	--	--
Other loans	--	2,547	-36.59%
Gross loans	$(414,257)	$5,105,456	26.53%

(1) Indirect Auto loan portfolio reported as Held for Sale as of March 31, 2007.

	GAAP Consolidated as of 6/30/06 (unaudited)	RAL, Leasing and Indirect Auto(2)	Non-GAAP Consolidated as of 6/30/06	Non-GAAP % Change
Loans				
Real estate				

Residential	$1,048,954	$ --	$1,048,954	29.66%
Multi-family residential	272,229	--	272,229	5.57%
Non-residential	1,356,709	--	1,356,709	10.73%
Construction	454,197	--	454,197	36.86%
Commercial loans	1,024,971	--	1,024,971	5.11%
Home equity loans	349,419	--	349,419	8.58%
Consumer loans	410,442	(221,023)	189,419	12.81%
Tax refund loans (RAL)	11,607	(11,607)	--	--
Leases	300,101	(300,101)	--	--
Other loans	1,675	--	1,675	38.15%
Gross loans	$5,230,304	$(532,731)	$4,697,573	15.89%

(2) Used sold loan carrying balance at time of sale since, 100% of in direct auto loan portfolio was not sold in May 2007.

Deposits excluding RAL and San Diego

Total Deposits	As of 6/30/2007 (unaudited)	As of 12/31/2006	As of 6/30/2006 (unaudited)
Less:	$4,783,977	$5,046,401	$4,842,139
Non-interest-bearing demand deposits - RAL			
Brokered CDs	59,710	28,596	46,573
San Diego Branch Deposits	104,731	313,765	225,271
Total Deposits excluding RAL and San Diego Deposits	--	--	25,200
	$4,619,536	$4,704,040	$4,545,095

Total Deposits	As of 3/31/2007 (unaudited and restated)	As of 12/31/2006	As of 3/31/2006 (unaudited)
Less:	$5,009,284	$5,046,401	$5,223,940
Non-interest-bearing demand deposits - RAL			
Brokered CDs	192,094	28,596	175,357
San Diego Branch Deposits	158,926	313,765	244,712
Total Deposits excluding RAL and San Diego Deposits	--	--	25,200

$4,658,264	$4,704,040	$4,778,671

Reconciliation of GAAP to Non-GAAP Measures (unaudited)
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(dollars in thousands)

For the Three-Month Period Ended June 30, 2007	
Net income	$ 33,166
Less: Non-recurring items	
Indirect Auto Loan Sale	(679)
Leasing Portfolio Sale	13,280
Severance	(446)
Non-GAAP Consolidated Net Income	21,011
Less: Net Income RAL/RT	5,080
Non-GAAP Net Income excluding	
Non-recurring items and RAL/RT	$ 15,931
Consolidated Average Assets	$7,275,154
Less: Non-recurring items - average balance	
Indirect Auto Loan Portfolio Sold	23,011
Allowance of indirect auto portfolio sold	(424)
Other assets associated with indirect auto	502
Leasing Portfolio Sold	61,315
Allowance of leasing portfolio sold	(3,546)
Adjusted consolidated average assets	7,194,296
Less: RAL/RT average assets	366,324
Non-GAAP Average assets	$6,827,972
Return on Average Assets - Non-GAAP	0.94%
Consolidated Average Equity	$ 665,344
Less: Non-GAAP Net Income excluding	

non-recurring items and RAL/RT	15,931
Non-GAAP average equity	$ 649,413
Return on Average Equity - Non-GAAP	9.84%

Reconciliation of GAAP to Non-GAAP Measures (unaudited)
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(dollars in thousands)

Net Interest Margin Exclusive of RAL and Holiday Loans:

	For the Three-Month Periods Ended		
	06/30/07	3/31/2007 (Restated)	06/30/06
Consolidated average earning assets	$6,639,927	$8,086,319	$6,419,005
Less: RAL - average earning assets	66,881	1,230,384	32,106
Holiday loan - average loans	-	41,554	(62)
Adjusted consolidated average earning assets	$6,573,046	$6,814,381	$6,386,961
Tax equivalent consolidated net interest income	$ 68,376	$ 176,933	$ 70,988
Less: Net interest income adjustment for RAL	2,677	104,668	3,407
Internal funds transfer charge for RAL deposit float	1,951	3,684	1,834
Adjusted tax equivalent consolidated net interest income (Net of RAL)	63,748	68,581	65,747
Less: Net interest income adjustment for holiday loans (HL)	-	3,346	-
Adjusted tax equivalent consolidated net interest income (Net of RAL & HL)	$ 63,748	$ 65,235	$ 65,747

Excluding RAL	3.89%	4.06%	4.13%
Excluding RAL and Holiday Loans	3.89%	3.88%	4.13%

Net Interest Margin Exclusive of RAL and Holiday Loans:

	For the Six-Month Periods Ended	
	06/30/07	06/30/06
Consolidated average earning assets	$7,359,128	$6,608,066
Less: RAL - average earning assets	645,418	303,259
Holiday loan - average loans	20,662	11,383
Adjusted consolidated average earning assets	$6,693,048	$6,293,424
Tax equivalent consolidated net interest income	$ 245,308	$ 247,678
Less: Net interest income adjustment for RAL	107,344	111,355
Internal funds transfer charge for RAL deposit float	5,635	1,834
Adjusted tax equivalent consolidated net interest income (Net of RAL)	132,329	134,489
Less: Net interest income adjustment for holiday loans (HL)	3,346	1,904
Adjusted tax equivalent consolidated net interest income (Net of RAL & HL)	$ 128,983	$ 132,585
Excluding RAL	3.97%	4.30%
Excluding RAL and Holiday Loans	3.89%	4.25%

Consolidated Statements of Income (unaudited and restated)

(dollars in thousands)	For the Three-Month Period Ended 3/31/2007		
	Consolidated	Excluding RAL/RT	RAL/RT
Interest income			
Loans	$222,918	$108,650	$114,268
Securities	12,989	12,989	--

Federal funds sold and securities purchased under resale agreements	804	804	--
Total interest income	236,711	122,443	114,268
Interest expense			
Deposits	35,422	32,053	3,369
Securities sold under agreements to repurchased and federal funds purchased	6,844	3,556	3,288
Other borrowed funds	19,050	16,107	2,943
Total interest expense	61,316	51,716	9,600
Net interest income	175,395	70,727	104,668
Provision for credit losses			
Provision for credit losses - RAL	71,858	--	71,858
Provision for credit losses - Core Bank	7,120	7,120	--
Provision for credit losses	78,978	7,120	71,858
Net interest income after provision for credit losses	96,417	63,607	32,810
Non-interest income			
Service charges on deposits	4,257	4,257	--
Trust and investment advisory fees	6,230	6,230	--
Refund transfer fees (RALs)	39,218	--	39,218
Other service charges, commissions and fees, net	8,424	4,002	4,422
Gain on sale of tax refund loans, net	41,822	--	41,822
Gain (loss) on securities, net	1,941	1,941	--
Other income	2,362	2,358	4
Total non-interest income	104,254	18,788	85,466
Non-interest expense			
Personnel	35,800	29,204	6,596
Occupancy expense	5,309	5,053	256
Equipment expense	2,466	2,247	219
Refund program marketing and technology fees	44,487	--	44,487
Other expenses	26,832	16,388	10,444
Total non-interest expense	114,894	52,892	62,002
Net income before taxes	85,777	29,503	56,274
Provision for income taxes	34,139	10,476	23,663
Net income	$ 51,638	$ 19,027	$ 32,611
Earnings per share - basic	$ 1.10		

Earning per share - diluted	$ 1.09
Average number of shares - basic	46,953
Average number of shares - diluted	47,345

(dollars in thousands)	For the Three-Month Period Ended 3/31/2006			Consolidated
	Consolidated	Excluding RAL/RT	RAL/RT	% Change
Interest income				
Loans	$202,345	$ 89,402	$112,943	10.2%
Securities	14,620	14,620	--	(11.2%)
Federal funds sold and securities purchased under resale agreements	126	(457)	583	538.1%
Total interest income	217,091	103,565	113,526	9.0%
Interest expense				
Deposits	25,528	24,875	653	38.8%
Securities sold under agreements to repurchased and federal funds purchased	5,165	920	4,245	32.5%
Other borrowed funds	11,260	10,582	678	69.2%
Total interest expense	41,953	36,377	5,576	46.2%
Net interest income	175,138	67,188	107,950	0.1%
Provision for credit losses				
Provision for credit losses - RAL	46,171	--	46,171	55.6%
Provision for credit losses - Core Bank	1,975	1,975	--	260.5%
Provision for credit losses	48,146	1,975	46,171	64.0%
Net interest income after provision for credit losses	126,992	65,213	61,779	(24.1%)
Non-interest income				
Service charges on deposits	3,998	3,998	--	6.5%
Trust and investment advisory fees	4,500	4,500	--	38.4%
Refund transfer fees (RALs)	39,454	--	39,454	(0.6%)
Other service charges, commissions and fees, net	10,457	3,710	6,747	(19.4%)
Gain on sale of tax refund loans, net	43,163	--	43,163	(3.1%)

Gain (loss) on securities, net	147	147	--	1220.4%
Other income	2,172	2,172	--	8.7%
Total non-interest income	103,891	14,527	89,364	0.3%
Non-interest expense				
Personnel	34,614	29,845	4,769	3.4%
Occupancy expense	4,815	4,588	227	10.3%
Equipment expense	2,412	2,201	211	2.2%
Refund program marketing and technology fees	52,043	--	52,043	(14.5%)
Other expenses	29,130	19,860	9,270	(7.9%)
Total non-interest expense	123,014	56,494	66,520	(6.6%)
Net income before taxes	107,869	23,246	84,623	(20.5%)
Provision for income taxes	40,501	4,917	35,584	(15.7%)
Net income	$ 67,368	$ 18,329	$ 49,039	(23.3%)
Earnings per share - basic	$ 1.44			
Earning per share - diluted	$ 1.43			
Average number of shares - basic	46,668			
Average number of shares - diluted	47,096			

The Company's management utilizes the above "Excluding RAL/RT" financial information in the evaluation of its banking operations (core bank) and believes that the investment community also finds this information valuable to understand the key drivers of the business.

Consolidated Average Balances and Annualized Yields (unaudited and restated)

(dollars in thousands)	QTD	
	For the Three-Month Period Ended 3/31/2007	For the Three-Month Period Ended 3/31/2006

Average Assets	Balance	Income	Rate	Balance	Income	Rate
Federal funds sold	$ 59,243	$ 804	5.50%	$ 11,314	$ 126	4.52%
Securities(2)						
Taxable	912,814	10,209	4.54%	1,147,434	11,835	4.18%
Non-taxable	207,970	4,225	8.13%	209,608	4,237	8.09%
Total securities	1,120,784	14,434	5.21%	1,357,042	16,072	4.78%
Loans(3)						
Commercial (including Leasing)	1,333,226	29,528	8.98%	1,220,424	25,189	8.37%
Real estate - non residential	2,065,549	38,457	7.45%	1,808,220	32,866	7.27%
Real estate - residential	1,414,174	20,695	5.85%	1,147,242	16,271	5.67%
Consumer	2,090,381	134,278	26.05%	1,251,588	128,100	41.51%
Other	2,962	53	7.26%	3,400	18	2.15%
Total loans	6,906,292	223,011	13.05%	5,430,874	202,444	15.07%
Total earning assets	8,086,319	238,249	11.95%	6,799,230	218,642	13.04%
FAS 115 market value adjustment	22,083			1,608		
Non earning assets	78,233			435,603		
Total average assets	$8,186,635			$7,236,441		
Average liabilities and shareholders' equity						
Non-interest-bearing demand deposits	$1,393,120	$ --	0.00%	$1,398,904	$ --	0.00%
Interest-bearing deposits						
Interest-bearing demand and savings	2,072,980	12,548	2.45%	2,293,446	10,001	1.77%
Time certificates of deposit	2,016,157	22,874	4.60%	1,748,645	15,527	3.60%
Total interest-bearing deposits	4,089,137	35,422	3.51%	4,042,091	25,528	2.56%

Borrowings						
Federal funds purchased and repurchase agreements	525,802	6,844	5.28%	470,775	5,165	4.45%
Other borrowings	1,453,147	19,050	5.32%	1,025,610	11,260	4.45%
Total borrowings	1,978,949	25,894	5.31%	1,496,385	16,425	4.45%
Total interest-bearing liabilities	6,068,086	61,316	4.10%	5,538,476	41,953	3.07%
Other liabilities	90,010			(263,763)		
Shareholders' equity	635,419			562,824		
Total average liabilities and shareholders' equity	$8,186,635			$7,236,441		
Interest income/earning assets			11.95%			13.04%
Interest expense/earning assets			3.08%			2.50%
Tax equivalent net interest margin		176,933	8.87%		176,689	10.54%
Provision for credit losses/earning assets		78,978	3.96%		48,146	2.87%
Net interest income on tax equiv. basis after provn for credit losses		97,955	4.91%		128,543	7.67%
Less:Tax equivalent interest income from Non-taxable securities and loans Included in interest income		1,538	0.07%		1,551	0.10%

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Net interest income after provision for credit losses		$ 96,417	4.84%		$126,992	7.57%
		========	======		========	
Loan information excluding RAL:						
Total loans, RAL	$1,232,051	$114,268	NA	$ 525,374	$112,943	NA
Total loans, excluding RAL	$5,674,241	$108,743	7.77%	$4,905,500	$ 89,501	7.40%
Consumer loans, excluding RAL	$ 858,330	$ 20,010	9.45%	$ 726,214	$ 15,157	8.46%
Loan information excluding Indirect Auto Loans:						
Total Indirect Auto Loans	$ 239,637	$ 4,304	7.28%	$ 195,511	$ 3,154	6.54%
Total loans, excluding Indirect Auto Loans	$6,666,655	$218,707	13.30%	$5,235,363	$199,290	15.44%
Consumer loans, excluding Indirect Auto Loans and RAL	$ 618,693	$ 15,706	10.30%	$ 530,703	$ 12,003	9.17%

(1) Income and yield calculations are presented on an annualized and fully taxable equivalent basis.
(2) Average securities balances are based on amortized historical cost, excluding SFAS 115 adjustments to fair value which are included in other assets.
(3) Nonaccrual loans are included in loan balances. Interest income includes related fee income.

Key Financial Ratios

(dollars in thousands) (unaudited and restated)	For the Three-Month Periods Ended 3/31/2007	3/31/2006
Financial Ratios		
Operating efficiency ratio consolidated	41.14%	43.87%
Operating efficiency ratio RAL/RT	32.61%	33.71%
Operating efficiency excluding RAL/RT	59.35%	67.97%
Return on equity consolidated	32.96%	48.54%
Return on equity RAL/RT	97.86%	194.82%
Return on equity excluding RAL/RT	15.42%	16.13%

Return on assets consolidated	2.56%	3.78%
Return on assets RAL/RT	9.35%	26.81%
Return on assets excluding RAL/RT	1.14%	1.14%
Leverage ratio	7.76%	7.78%

	For the Three-Month Periods Ended	
	3/31/2007	3/31/2006
Tier 1 capital to Average Tangible Assets ratio	7.17%	6.96%
Tier 1 capital to Risk Weighted Assets ratio	9.56%	9.01%
Total Tier 1 & Tier 2 Capital to Risk Weighted Assets ratio	12.60%	12.24%

	For the Three-Month Periods Ended	
Credit Quality Ratios	3/31/2007	3/31/2006
Allowance for credit losses consolidated	$ 63,204	$ 54,676
Allowance for credit losses RAL/RT	7,608	5,320
Allowance for credit losses excluding RAL/RT	55,596	49,356

	For the Three-Month Periods Ended	
	3/31/2007	3/31/2006
Net charge-offs consolidated	$ 76,109	$ 49,068
Net charge-offs RAL/RT	64,252	40,851
Net charge-offs excluding RAL/RT	11,857	8,217
Annualized net charge-offs to average loans consolidated	4.47%	3.66%
Annualized net charge-offs to average loans RAL/RT	21.15%	31.53%
Annualized net charge-offs to average loans excluding RAL/RT	0.85%	0.68%

	For the Three-Month Periods Ended	
	3/31/2007	3/31/2006
Nonperforming assets		
Loans past due 90 days and accruing	$ 266	$ 390
Nonaccrual loans	19,246	14,542
Total nonperforming loans	19,512	14,932
Other real estate owned and other foreclosed assets	2,967	2,910
Total nonperforming assets	$ 22,479	$ 17,842
Nonperforming loans/total loans excluding RAL/RT	0.36%	0.30%
Nonperforming assets/ total assets excluding RAL/RT	0.32%	0.26%

Allowance for credit losses/non performing loans excluding RAL/RT	285%	331%
Allowance for credit losses/total loans excluding RAL/RT	1.03%	1.00%

Book value per share		
Actual shares outstanding at end of period (in thousands)	46,973	46,689
Book value per share	$ 14.10	$ 12.85
Tangible book value per share	$ 10.84	$ 9.64

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