

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

WESTAMERICA BANCORPORATION

Form 8-K

October 19, 2007

Page 1

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 16, 2007  
-----

WESTAMERICA BANCORPORATION  
-----

(Exact Name of Registrant as Specified in Its Charter)

CALIFORNIA  
-----

(State or Other Jurisdiction of Incorporation)

001-9383  
-----

(Commission File Number)

94-2156203  
-----

(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-4c)

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

Page 2

Exhibits

-----

99.1 Press release dated October 16, 2007

Item 2.02: Results of Operations and Financial Condition

-----

On October 16, 2007 Westamerica Bancorporation announced their earnings for the third quarter of 2007. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Page 3

Signatures

Pursuant to the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Westamerica Bancorporation

/s/ JOHN "ROBERT" THORSON

-----

John "Robert" Thorson  
Senior Vice President and Chief Financial Officer  
October 18, 2007

Page 4

INDEX TO EXHIBITS

-----

| Exhibit No. | Description                             | Sequentially<br>Number Page |
|-------------|---|-----------------------------|
| (99.1)      | Press release dated<br>October 16, 2007 | 5-16                        |

Page 5

FOR IMMEDIATE RELEASE  
October 16, 2007

WESTAMERICA BANCORPORATION REPORTS QUARTERLY EARNINGS

## Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

FOR THIRD QUARTER 2007

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported net income of \$22.0 million for the third quarter of 2007, compared to \$22.4 million for the second quarter of 2007 and \$24.2 million for the third quarter of 2006. Third quarter 2007 diluted earnings per share were \$0.74, compared to \$0.74 for the second quarter of 2007 and \$0.77 for the third quarter of 2006. Return on average common equity (ROE) for the third quarter of 2007 was 21.7 percent and return on assets (ROA) was 1.89 percent.

For the first nine months of 2007, net income totaled \$67.9 million, compared to \$74.8 million for the same period in 2006. Diluted earnings per share were \$2.24 for the first nine months of 2007, compared to \$2.34 for the same period in 2006. For the first nine months of 2007, ROE was 22.2 percent and ROA was 1.95 percent.

"Our net interest margin was essentially stable in the third quarter of 2007, down only 0.02 percent from the prior quarter. We expect to begin realizing margin expansion as the September 2007 reduction in the federal funds rate causes interest rate re-pricing of our funding sources at a faster pace than our loans and investments," said Chairman, President and CEO David Payne. "During the third quarter 2007, our credit quality remained stable in spite of the slowing economy. We have worked hard to achieve the seven percent increase in our non-interest revenues and four percent reduction in our expenses in the first nine months of 2007 compared to the same period last year," added Payne.

Page 6

Net interest income on a fully taxable equivalent (FTE) basis was \$45.6 million in the third quarter of 2007 compared to \$46.1 million and \$50.2 million in the second quarter of 2007 and the third quarter of 2006, respectively. The third quarter of 2007 net interest margin (FTE) was 4.34 percent, down from 4.36 percent and 4.54 percent in the second quarter of 2007 and the third quarter of 2006, respectively.

Noninterest income for the first nine months of 2007 totaled \$44.6 million, increased from \$41.6 million in the first nine months of 2006. The \$3.0 million increase is primarily due to:

- \* \$1.4 million increase in service charges on deposit accounts.
- \* \$800 thousand higher merchant credit card income.
- \* \$200 thousand increase in debit card and ATM fees.
- \* \$800 thousand gain from life insurance proceeds recognized in the first quarter of 2007.

Noninterest expense for the first nine months of 2007 was \$74.2 million, reduced from \$77.2 million for the first nine months of 2006. The \$3.0 million decline is primarily due to:

- \* \$2.1 million lower personnel costs.
- \* \$500 thousand reduction in professional fees.
- \* \$300 thousand lower occupancy and equipment expense.
- \* \$300 thousand decline in amortization of intangible assets.
- \* \$300 thousand increase in data processing expenses.

The higher data processing expenses and a portion of the lower personnel costs are due to conversion of the Company's item processing function to an outside vendor. This conversion is not expected to change overall expenses by a meaningful amount. The FTE efficiency ratio (expenses divided by revenues) for the first nine months of 2007 was 40.5 percent, compared to 39.1 percent for the first nine months of 2006.

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

Page 7

The provision for credit losses was \$75 thousand for the third quarter of 2007, unchanged from the previous and year ago quarters.

At September 30, 2007, shareholders' equity was \$404 million and the Company's total regulatory capital ratio was 10.7 percent, which exceeds the "well-capitalized" level of 10 percent under regulatory requirements. During the third quarter 2007, shares repurchased, net of shares issued, totaled 354 thousand shares. At September 30, 2007, 1.8 million shares remain authorized under the Company's stock repurchase plan.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches throughout 21 Northern and Central California counties. At September 30, 2007, the company had total assets outstanding of \$4.7 billion.

Westamerica Bancorporation Web Address: [www.westamerica.com](http://www.westamerica.com)

For additional information contact:

Westamerica Bancorporation  
Robert A. Thorson - SVP & Chief Financial Officer  
707-863-6840

Page 8

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, 2007, and Form 10-K for the year ended December 31, 2006, describe some of these factors, including certain credit, market, operational, liquidity and interest rate risks associated with the Company's business and operations. Other factors described in these reports include changes in business and economic conditions, competition, fiscal and monetary policies, disintermediation, legislation including the Sarbanes-Oxley Act of 2002 and the Gramm-Leach-Bliley Act of 1999, and mergers and acquisitions.

Forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date forward looking statements are made.

#####

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

Page 9

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

1. Net Income Summary.

|   | (dollars in thousands except per-share amounts) |          |                  |          |                  |
|---|---|----------|------------------|----------|------------------|
|   | Q3'07   | Q3'06    | Q3'07 /<br>Q3'06 | Q2'07    | Q3'07 /<br>Q2'07 |
| 1 Net Interest Income<br>(Fully Taxable Equivalent) | \$45,563  | \$50,198 | -9.2%            | \$46,059 | -1.1%            |
| 2 Provision for Credit Losses                       | 75  | 75       | 0.0%             | 75       | 0.0%             |
| 3 Noninterest Income:                               |   |          |                  |          |                  |
| 4 Life Insurance Gains                              | 0   | 0        | n/m              | 0        | n/m              |
| 5 Other   | 14,644  | 13,899   | 5.4%             | 14,700   | -0.4%            |
| 6 Total Noninterest Income                          | 14,644  | 13,899   | 5.4%             | 14,700   | -0.4%            |
| 7 Noninterest Expense                               | 24,853  | 25,403   | -2.2%            | 24,706   | 0.6%             |
| 8 Income Before Taxes (FTE)                         | 35,279  | 38,619   |                  | 35,978   |                  |
| 9 Income Tax Provision (FTE)                        | 13,257  | 14,382   | -7.8%            | 13,627   | -2.7%            |
| 10 Net Income                                       | \$22,022  | \$24,237 | -9.1%            | \$22,351 | -1.5%            |
| 11 Average Shares Outstanding                       | 29,532  | 31,070   | -5.0%            | 29,938   | -1.4%            |
| 12 Diluted Average Shares<br>Outstanding            | 29,915  | 31,558   | -5.2%            | 30,365   | -1.5%            |
| 13 Operating Ratios:                                |   |          |                  |          |                  |
| 14 Basic Earnings Per Share                         | \$0.75  | \$0.78   | -4.4%            | \$0.75   | 0.0%             |
| 15 Diluted Earnings Per Share                       | \$0.74  | 0.77     | -4.1%            | 0.74     | 0.0%             |
| 16 Return On Assets                                 | 1.89%   | 1.98%    |                  | 1.92%    |                  |
| 17 Return On Equity                                 | 21.7%   | 22.7%    |                  | 21.9%    |                  |
| 18 Net Interest Margin (FTE)                        | 4.34%   | 4.54%    |                  | 4.36%    |                  |
| 19 Efficiency Ratio (FTE)                           | 41.3%   | 39.6%    |                  | 40.7%    |                  |
| 20 Dividends Paid Per Share                         | \$0.34  | \$0.32   | 6.3%             | \$0.34   | 0.0%             |
| 21 Dividend Payout Ratio                            | 46%   | 42%      |                  | 46%      |                  |

2. Net Interest Income.

|                                 | (dollars in thousands) |          |                  |          |                  |
|---------------------------------|------------------------|----------|------------------|----------|------------------|
|                                 | Q3'07                  | Q3'06    | Q3'07 /<br>Q3'06 | Q2'07    | Q3'07 /<br>Q2'07 |
| 1 Interest and Fee Income (FTE) | \$64,708               | \$67,186 | -3.7%            | \$64,875 | -0.3%            |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|  |             |             |       |             |       |
|--|-------------|-------------|-------|-------------|-------|
| 2 Interest Expense                               | 19,145      | 16,988      | 12.7% | 18,816      | 1.7%  |
| 3 Net Interest Income (FTE)                      | \$45,563    | \$50,198    | -9.2% | \$46,059    | -1.1% |
| 4 Average Earning Assets                         | \$4,198,859 | \$4,419,609 | -5.0% | \$4,245,342 | -1.1% |
| 5 Average Interest-Bearing Liabilities           | 2,905,457   | 3,045,282   | -4.6% | 2,926,090   | -0.7% |
| 6 Yield on Earning Assets (FTE)                  | 6.14%       | 6.05%       |       | 6.12%       |       |
| 7 Cost of Funds                                  | 1.80%       | 1.51%       |       | 1.76%       |       |
| 8 Net Interest Margin (FTE)                      | 4.34%       | 4.54%       |       | 4.36%       |       |
| 9 Interest Expense/ Interest-Bearing Liabilities | 2.60%       | 2.20%       |       | 2.56%       |       |
| 10 Net Interest Spread (FTE)                     | 3.54%       | 3.85%       |       | 3.56%       |       |

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

3. Loans & Other Earning Assets.

|  | (average volume, dollars in thousands) |             |                  |             |                  |
|--|--|-------------|------------------|-------------|------------------|
|  | Q3'07                                  | Q3'06       | Q3'07 /<br>Q3'06 | Q2'07       | Q3'07 /<br>Q2'07 |
| 1 Total Assets                         | \$4,628,728                            | \$4,846,286 | -4.5%            | \$4,668,627 | -0.9%            |
| 2 Total Earning Assets                 | 4,198,859                              | 4,419,609   | -5.0%            | 4,245,342   | -1.1%            |
| 3 Total Loans                          | 2,514,685                              | 2,555,472   | -1.6%            | 2,516,114   | -0.1%            |
| 4 Commercial Loans                     | 625,490                                | 654,179     | -4.4%            | 626,270     | -0.1%            |
| 5 Commercial Real Estate Loans         | 871,225                                | 913,919     | -4.7%            | 883,942     | -1.4%            |
| 6 Consumer Loans                       | 1,017,970                              | 987,374     | 3.1%             | 1,005,902   | 1.2%             |
| 7 Total Investment Securities          | 1,684,174                              | 1,864,137   | -9.7%            | 1,729,228   | -2.6%            |
| 8 Available For Sale (Market Value)    | 590,749                                | 636,481     | -7.2%            | 602,667     | -2.0%            |
| 9 Held To Maturity                     | 1,093,425                              | 1,227,656   | -10.9%           | 1,126,561   | -2.9%            |
| 10 HTM Unrealized (Loss at Period-End) | (4,974)                                | (6,777)     | n/m              | (18,668)    | n/m              |
| 11 Loans / Deposits                    | 74.9%                                  | 70.9%       |                  | 74.5%       |                  |

4. Deposits & Other Interest-Bearing Liabilities.

|                  | (average volume, dollars in thousands) |             |                  |             |                  |
|------------------|--|-------------|------------------|-------------|------------------|
|                  | Q3'07                                  | Q3'06       | Q3'07 /<br>Q3'06 | Q2'07       | Q3'07 /<br>Q2'07 |
| 1 Total Deposits | \$3,358,163                            | \$3,602,566 | -6.8%            | \$3,377,413 | -0.6%            |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|    |  |           |           |        |           |       |
|----|--|-----------|-----------|--------|-----------|-------|
| 2  | Noninterest Demand                                 | 1,254,530 | 1,311,786 | -4.4%  | 1,267,032 | -1.0% |
| 3  | Interest-Bearing Transaction                       | 566,556   | 602,996   | -6.0%  | 577,555   | -1.9% |
| 4  | Savings  | 810,213   | 943,396   | -14.1% | 824,299   | -1.7% |
| 5  | Time greater than \$100K                           | 519,488   | 509,741   | 1.9%   | 496,338   | 4.7%  |
| 6  | Time less than \$100K                              | 207,376   | 234,647   | -11.6% | 212,189   | -2.3% |
| 7  | Total Short-Term Borrowings                        | 764,992   | 717,524   | 6.6%   | 778,841   | -1.8% |
| 8  | Fed Funds Purchased                                | 621,165   | 485,095   | 28.1%  | 625,060   | -0.6% |
| 9  | Other Short-Term Funds                             | 143,827   | 232,429   | -38.1% | 153,781   | -6.5% |
| 10 | Long-Term Debt                                     | 36,832    | 36,978    | -0.4%  | 36,868    | -0.1% |
| 11 | Shareholders' Equity                               | 402,016   | 422,735   | -4.9%  | 408,564   | -1.6% |
| 12 | Demand Deposits /<br>Total Deposits                | 37.4%     | 36.4%     |        | 37.5%     |       |
| 13 | Transaction & Savings Deposits<br>/ Total Deposits | 78.4%     | 79.3%     |        | 79.0%     |       |

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

5. Interest Yields Earned & Rates Paid.

|    |                                       | (dollars in thousands) |                    |                |                |                   |
|----|---------------------------------------|------------------------|--------------------|----------------|----------------|-------------------|
|    |                                       | Q3'07                  |                    |                | Q2'07          |                   |
|    |                                       | Average<br>Volume      | Income/<br>Expense | Yield/<br>Rate | Yield/<br>Rate | Average<br>Volume |
| 1  | Interest & Fees Income Earned         |                        |                    |                |                |                   |
| 2  | Total Earning Assets (FTE)            | \$4,198,859            | \$64,708           | 6.14%          | 6.12%          | \$4,419,609       |
| 3  | Total Loans (FTE)                     | 2,514,685              | 42,310             | 6.68%          | 6.69%          | 2,555,472         |
| 4  | Commercial Loans (FTE)                | 625,490                | 12,719             | 8.07%          | 7.73%          | 654,179           |
| 5  | Commercial Real Estate<br>Loans       | 871,225                | 15,602             | 7.10%          | 7.17%          | 913,919           |
| 6  | Consumer Loans                        | 1,017,970              | 13,989             | 5.45%          | 5.44%          | 987,374           |
| 7  | Total Investment<br>Securities (FTE)  | 1,684,174              | 22,398             | 5.32%          | 5.31%          | 1,864,137         |
| 8  | Interest Expense Paid                 |                        |                    |                |                |                   |
| 9  | Total Earning Assets                  | 4,198,859              | 19,145             | 1.80%          | 1.76%          | 4,419,609         |
| 10 | Total Interest-Bearing<br>Liabilities | 2,905,457              | 19,145             | 2.60%          | 2.56%          | 3,045,282         |
| 11 | Total Interest-Bearing<br>Deposits    | 2,103,633              | 9,966              | 1.88%          | 1.81%          | 2,290,780         |
| 12 | Interest-Bearing<br>Transaction       | 566,556                | 526                | 0.37%          | 0.37%          | 602,996           |
| 13 | Savings                               | 810,213                | 1,649              | 0.81%          | 0.71%          | 943,396           |
| 14 | Time less than \$100K                 | 207,376                | 1,755              | 3.36%          | 3.31%          | 234,647           |
| 15 | Time greater than \$100K              | 519,488                | 6,036              | 4.61%          | 4.68%          | 509,741           |
| 16 | Total Short-Term Borrowings           | 764,992                | 8,601              | 4.40%          | 4.43%          | 717,524           |
| 17 | Fed Funds Purchased                   | 621,165                | 8,171              | 5.15%          | 5.25%          | 485,095           |
| 18 | Other Short-Term Funds                | 143,827                | 430                | 1.18%          | 1.10%          | 232,429           |
| 19 | Long-Term Debt                        | 36,832                 | 578                | 6.28%          | 6.27%          | 36,978            |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

20 Net Interest Income and Margin (FTE) \$45,563 4.34% 4.36%

6. Noninterest Income.

(dollars in thousands except per share amounts)

|  | Q3'07    | Q3'06    | Q3'07 /<br>Q3'06 | Q2'07    | Q3'07 /<br>Q2'07 |
|--|----------|----------|------------------|----------|------------------|
| 1 Service Charges on Deposit Accounts      | \$7,569  | \$7,155  | 5.8%             | \$7,716  | -1.9%            |
| 2 Merchant Credit Card Income              | 2,808    | 2,430    | 15.5%            | 2,768    | 1.4%             |
| 3 ATM Fees & Interchange                   | 723      | 753      | -4.0%            | 714      | 1.2%             |
| 4 Debit Card Fees                          | 969      | 883      | 9.8%             | 960      | 1.0%             |
| 5 Financial Services Fees                  | 383      | 377      | 1.8%             | 363      | 5.7%             |
| 6 Mortgage Banking Income                  | 29       | 36       | -17.4%           | 33       | -9.9%            |
| 7 Trust Fees                               | 337      | 298      | 13.2%            | 304      | 10.8%            |
| 8 Other Income                             | 1,826    | 1,967    | -7.2%            | 1,842    | -0.9%            |
| 9 Sub-total                                | 14,644   | 13,899   | 5.4%             | 14,700   | -0.4%            |
| 10 Life Insurance Gains                    | 0        | 0        | n/m              | 0        | n/m              |
| 11 Total Noninterest Income                | \$14,644 | \$13,899 | 5.4%             | \$14,700 | -0.4%            |
| 12 Operating Ratios:                       |          |          |                  |          |                  |
| 13 Total Revenue (FTE)                     | \$60,207 | \$64,097 | -6.1%            | \$60,759 | -0.9%            |
| 14 Noninterest Income / Revenue (FTE)      | 24.3%    | 21.7%    |                  | 24.2%    |                  |
| 15 Service Charges / Deposits (annualized) | 0.89%    | 0.79%    |                  | 0.92%    |                  |
| 16 Total Revenue Per Share (annualized)    | \$8.09   | \$8.18   | -1.2%            | \$8.14   | -0.6%            |

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

7. Noninterest Expense.

(dollars in thousands)

|                       | Q3'07    | Q3'06    | Q3'07 /<br>Q3'06 | Q2'07    | Q3'07 /<br>Q2'07 |
|-----------------------|----------|----------|------------------|----------|------------------|
| 1 Salaries & Benefits | \$12,587 | \$13,080 | -3.8%            | \$12,622 | -0.3%            |
| 2 Occupancy           | 3,327    | 3,321    | 0.2%             | 3,342    | -0.4%            |
| 3 Equipment           | 1,083    | 1,194    | -9.3%            | 1,147    | -5.6%            |
| 4 Data Processing     | 1,800    | 1,503    | 19.8%            | 1,543    | 16.7%            |
| 5 Courier             | 854      | 904      | -5.6%            | 857      | -0.4%            |
| 6 Postage             | 404      | 410      | -1.3%            | 396      | 2.0%             |



Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|  |          |          |        |          |       |
|--|----------|----------|--------|----------|-------|
| 7 Telephone  | 342      | 371      | -7.8%  | 354      | -3.4% |
| 8 Professional Fees                                  | 451      | 532      | -15.2% | 409      | 10.3% |
| 9 Stationery & Supplies                              | 323      | 307      | 5.1%   | 269      | 20.3% |
| 10 Loan Expense                                      | 217      | 253      | -14.3% | 171      | 26.8% |
| 11 Operational Losses                                | 228      | 129      | 76.4%  | 171      | 33.3% |
| 12 Amortization of Identifiable Intangibles          | 893      | 1,016    | -12.1% | 893      | 0.0%  |
| 13 Other Operating                                   | 2,344    | 2,383    | -1.7%  | 2,532    | -7.4% |
| 14 Total Noninterest Expense                         | \$24,853 | \$25,403 | -2.2%  | \$24,706 | 0.6%  |
| 15 Full Time Equivalent Staff                        | 876      | 901      | -2.8%  | 910      | -3.7% |
| 16 Average Assets / Full Time Equivalent Staff       | \$5,284  | \$5,379  | -1.8%  | \$5,130  | 3.0%  |
| 17 Operating Ratios:                                 |          |          |        |          |       |
| 18 FTE Revenue / Full Time Equiv. Staff (annualized) | \$273    | \$282    | -3.4%  | \$268    | 1.8%  |
| 19 Noninterest Expense / Earning Assets (annualized) | 2.35%    | 2.28%    |        | 2.33%    |       |
| 20 Noninterest Expense / Revenues                    | 41.3%    | 39.6%    |        | 40.7%    |       |

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

8. Provision for Credit Losses.

|  | (dollars in thousands) |             |                  |             |                  |
|--|------------------------|-------------|------------------|-------------|------------------|
|  | Q3'07                  | Q3'06       | Q3'07 /<br>Q3'06 | Q2'07       | Q3'07 /<br>Q2'07 |
| 1 Provision for Credit Losses                      | \$75                   | \$75        | 0.0%             | \$75        | 0.0%             |
| 2 Gross Loan Losses                                | 1,031                  | 1,011       | 1.9%             | 2,244       | -54.1%           |
| 3 Net Loan Losses                                  | 610                    | 421         | 44.9%            | 1,491       | -59.1%           |
| 4 Recoveries / Gross Loan Losses                   | 41%                    | 58%         |                  | 34%         |                  |
| 5 Average Total Loans                              | \$2,514,685            | \$2,555,472 | -1.6%            | \$2,516,114 | -0.1%            |
| 6 Net Loan Losses / Loans (annualized)             | 0.10%                  | 0.07%       |                  | 0.24%       |                  |
| 7 Provision for Credit Losses / Loans (annualized) | 0.01%                  | 0.01%       |                  | 0.01%       |                  |
| 8 Provision for Credit Losses / Net Loan Losses    | 12.3%                  | 17.8%       |                  | 5.0%        |                  |

9. Credit Quality.

(dollars in thousands)

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|   | 09/30/07  | 09/30/06  | 9/30/07 /<br>09/30/06 | 06/30/07  | 9/30/07 /<br>06/30/07 |
|---|-----------|-----------|-----------------------|-----------|-----------------------|
| 1 Nonperforming Nonaccrual Loans                                    | \$3,132   | \$1,162   | 169.6%                | \$3,140   | -0.2%                 |
| 2 Performing Nonaccrual Loans                                       | 1,695     | 3,889     | -56.4%                | 1,898     | -10.7%                |
| 3 Total Nonaccrual Loans  | 4,827     | 5,051     | -4.4%                 | 5,038     | -4.2%                 |
| 4 Accruing Loans 90+ Days<br>Past Due                               | 251       | 252       | -0.4%                 | 179       | 40.2%                 |
| 5 Total Nonperforming Loans   | 5,078     | 5,303     | -4.2%                 | 5,217     | -2.7%                 |
| 6 Repossessed Collateral  | 613       | 656       | -6.6%                 | 613       | 0.0%                  |
| 7 Total Nonperforming Loans &<br>8 Repossessed Collateral           | \$5,691   | \$5,959   | -4.5%                 | \$5,830   | -2.4%                 |
| 9 Classified Loans  | \$21,403  | \$24,111  | -11.2%                | \$22,498  | -4.9%                 |
| 10 Allowance for Loan Losses  | \$52,938  | \$55,338  | -4.3%                 | \$53,473  | -1.0%                 |
| 11 Total Loans Outstanding  | 2,511,374 | 2,552,929 | -1.6%                 | 2,521,738 | -0.4%                 |
| 12 Total Assets   | 4,657,016 | 4,844,116 | -3.9%                 | 4,647,069 | 0.2%                  |
| 13 Allowance for Loan Losses /<br>Total Loans                       | 2.11%     | 2.18%     |                       | 2.12%     |                       |
| 14 Nonperforming Loans /<br>Total Loans                             | 0.20%     | 0.21%     |                       | 0.21%     |                       |
| 15 Nonperforming Loans & Repossessed<br>16 Collateral/Total Assets  | 0.12%     | 0.12%     |                       | 0.13%     |                       |
| 17 Allowance/Nonperforming Loans                                    | 1042%     | 1044%     |                       | 1025%     |                       |
| 18 Allowance for Loan Losses /<br>Classified Loans                  | 247%      | 230%      |                       | 238%      |                       |
| 19 Classified Loans /<br>20 (Equity + Allowance for<br>Loan Losses) | 4.7%      | 5.0%      |                       | 4.9%      |                       |

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

10.Capital.

(dollars in thousands, except per-share amounts)

|  | 09/30/07  | 09/30/06  | 9/30/07 /<br>09/30/06 | 06/30/07  | 9/30/07 /<br>06/30/07 |
|--|-----------|-----------|-----------------------|-----------|-----------------------|
| 1 Shareholders' Equity                   | \$403,651 | \$428,732 | -5.9%                 | \$407,982 | -1.1%                 |
| 2 Tier I Regulatory Capital              | 283,015   | 300,344   | -5.8%                 | 286,818   | -1.3%                 |
| 3 Total Regulatory Capital               | 322,598   | 341,207   | -5.5%                 | 326,582   | -1.2%                 |
| 4 Total Assets                           | 4,657,016 | 4,844,116 | -3.9%                 | 4,647,069 | 0.2%                  |
| 5 Risk-Adjusted Assets                   | 3,017,668 | 3,094,942 | -2.5%                 | 3,014,947 | 0.1%                  |
| 6 Shareholders' Equity /<br>Total Assets | 8.67%     | 8.85%     |                       | 8.78%     |                       |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|    |  |         |         |       |         |       |
|----|--|---------|---------|-------|---------|-------|
| 7  | Shareholders' Equity /<br>Total Loans    | 16.07%  | 16.79%  |       | 16.18%  |       |
| 8  | Tier I Capital /Total Assets             | 6.08%   | 6.20%   |       | 6.17%   |       |
| 9  | Tier I Capital / Risk-Adjusted<br>Assets | 9.38%   | 9.70%   |       | 9.51%   |       |
| 10 | Total Capital / Risk-Adjusted<br>Assets  | 10.69%  | 11.02%  |       | 10.83%  |       |
| 11 | Shares Outstanding                       | 29,378  | 30,910  | -5.0% | 29,732  | -1.2% |
| 12 | Book Value Per Share                     | \$13.74 | \$13.87 | -0.9% | \$13.72 | 0.1%  |
| 13 | Market Value Per Share                   | \$49.81 | \$50.51 | -1.4% | \$44.24 | 12.6% |

14 Share Repurchase Programs

|    | (shares in thousands)                  |         |                  |       |                  |        |
|----|--|---------|------------------|-------|------------------|--------|
|    | Q3'07                                  | Q3'06   | Q3'07 /<br>Q3'06 | Q2'07 | Q3'07 /<br>Q2'07 |        |
| 15 | Total Shares Repurchased /<br>Canceled | 492     | 436              | 13.0% | 456              | 7.9%   |
| 16 | Average Repurchase Price               | \$43.90 | \$47.98          | -8.5% | \$46.77          | -6.1%  |
| 17 | Net Shares Repurchased                 | 354     | 291              | 21.6% | 426              | -17.0% |

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

11.Period-End Balance Sheets.

|   | (dollars in thousands)                      |           |                       |          |                       |       |
|---|---|-----------|-----------------------|----------|-----------------------|-------|
|   | 09/30/07                                    | 09/30/06  | 9/30/07 /<br>09/30/06 | 06/30/07 | 9/30/07 /<br>06/30/07 |       |
| 1 | Assets:                                     |           |                       |          |                       |       |
| 2 | Cash and Money Market Assets                | \$219,960 | \$192,175             | 14.5%    | \$164,390             | 33.8% |
| 3 | Investment Securities<br>Available For Sale | 570,086   | 617,736               | -7.7%    | 582,959               | -2.2% |
| 4 | Investment Securities<br>Held to Maturity   | 1,081,009 | 1,211,589             | -10.8%   | 1,104,132             | -2.1% |
| 5 | Loans, gross                                | 2,511,374 | 2,552,929             | -1.6%    | 2,521,738             | -0.4% |
| 6 | Allowance For Loan Losses                   | (52,938)  | (55,338)              | -4.3%    | (53,473)              | -1.0% |
| 7 | Loans, net                                  | 2,458,436 | 2,497,591             | -1.6%    | 2,468,265             | -0.4% |
| 8 | Premises and Equipment                      | 28,666    | 30,979                | -7.5%    | 29,169                | -1.7% |
| 9 | Identifiable Intangible<br>Assets           | 19,322    | 23,098                | -16.3%   | 20,215                | -4.4% |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|  |  |             |             |        |             |       |
|--|--|-------------|-------------|--------|-------------|-------|
| 10                                       | Goodwill   | 121,719     | 121,719     | 0.0%   | 121,719     | 0.0%  |
| 11                                       | Interest Receivable and<br>Other Assets          | 157,818     | 149,229     | 5.8%   | 156,220     | 1.0%  |
| 12                                       | Total Assets                                     | \$4,657,016 | \$4,844,116 | -3.9%  | \$4,647,069 | 0.2%  |
| 13 Liabilities and Shareholders' Equity: |  |             |             |        |             |       |
| 14 Deposits:                             |  |             |             |        |             |       |
| 15                                       | Noninterest Bearing                              | \$1,251,572 | \$1,298,519 | -3.6%  | \$1,266,941 | -1.2% |
| 16                                       | Interest-Bearing<br>Transaction                  | 549,263     | 581,705     | -5.6%  | 554,036     | -0.9% |
| 17                                       | Savings  | 806,797     | 926,262     | -12.9% | 809,791     | -0.4% |
| 18                                       | Time   | 732,582     | 744,645     | -1.6%  | 704,264     | 4.0%  |
| 19                                       | Total Deposits                                   | 3,340,214   | 3,551,131   | -5.9%  | 3,335,032   | 0.2%  |
| 20                                       | Short-Term Borrowed Funds                        | 815,101     | 768,841     | 6.0%   | 809,261     | 0.7%  |
| 21                                       | Debt Financing and<br>Notes Payable              | 36,809      | 36,956      | -0.4%  | 36,846      | -0.1% |
| 22                                       | Liability For Interest,<br>Taxes and Other       | 61,241      | 58,456      | 4.8%   | 57,948      | 5.7%  |
| 23                                       | Total Liabilities                                | 4,253,365   | 4,415,384   | -3.7%  | 4,239,087   | 0.3%  |
| 24 Shareholders' Equity:                 |  |             |             |        |             |       |
| 25                                       | Paid-In Capital                                  | \$337,627   | \$346,603   | -2.6%  | \$338,290   | -0.2% |
| 26                                       | Accumulated Other Comprehensive<br>(Loss) Income | (412)       | 1,805       | n/m    | (777)       | n/m   |
| 28                                       | Retained Earnings                                | 66,436      | 80,324      | -17.3% | 70,469      | -5.7% |
| 29                                       | Total Shareholders' Equity                       | 403,651     | 428,732     | -5.9%  | 407,982     | -1.1% |
| 30                                       | Total Liabilities and<br>Shareholders' Equity    | \$4,657,016 | \$4,844,116 | -3.9%  | \$4,647,069 | 0.2%  |

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
September 30, 2007

Public Information October 16, 2007

12. Income Statements.

| (dollars in thousands, except per-share amounts) |   |          |                  |        |                  |       |
|--|---|----------|------------------|--------|------------------|-------|
|  | Q3'07                                       | Q3'06    | Q3'07 /<br>Q3'06 | Q2'07  | Q3'07 /<br>Q2'07 |       |
| 1  | Interest and Fee Income:                    |          |                  |        |                  |       |
| 2  | Loans                                       | \$41,134 | \$41,292         | -0.4%  | \$40,727         | 1.0%  |
| 3  | Money Market Assets<br>and Funds Sold       | 2        | 1                | n/m    | 2                | n/m   |
| 4  | Investment Securities<br>Available For Sale | 6,713    | 7,227            | -7.1%  | 6,841            | -1.9% |
| 5  | Investment Securities<br>Held to Maturity   | 11,448   | 12,845           | -10.9% | 11,771           | -2.7% |
| 6  | Total Interest Income                       | 59,297   | 61,365           | -3.4%  | 59,341           | -0.1% |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|    |  |          |          |        |          |       |
|----|--|----------|----------|--------|----------|-------|
| 7  | Interest Expense:                      |          |          |        |          |       |
| 8  | Transaction Deposits                   | 526      | 430      | 22.4%  | 528      | -0.3% |
| 9  | Savings Deposits                       | 1,649    | 1,173    | 40.6%  | 1,452    | 13.5% |
| 10 | Time Deposits                          | 7,791    | 7,408    | 5.2%   | 7,540    | 3.3%  |
| 11 | Short-Term Borrowed Funds              | 8,601    | 7,399    | 16.2%  | 8,718    | -1.3% |
| 12 | Debt Financing and<br>Notes Payable    | 578      | 578      | 0.0%   | 578      | -0.0% |
|    |  | -----    |          |        | -----    |       |
| 13 | Total Interest Expense                 | 19,145   | 16,988   | 12.7%  | 18,816   | 1.7%  |
|    |  | -----    |          |        | -----    |       |
| 14 | Net Interest Income                    | 40,152   | 44,377   | -9.5%  | 40,525   | -0.9% |
|    |  | -----    |          |        | -----    |       |
| 15 | Provision for Credit Losses            | 75       | 75       | 0.0%   | 75       | 0.0%  |
|    |  | -----    |          |        | -----    |       |
| 16 | Noninterest Income:                    |          |          |        |          |       |
| 17 | Service Charges on<br>Deposit Accounts | 7,569    | 7,155    | 5.8%   | 7,716    | -1.9% |
| 18 | Merchant Credit Card                   | 2,808    | 2,430    | 15.5%  | 2,768    | 1.4%  |
| 19 | Financial Services<br>Commissions      | 383      | 377      | 1.8%   | 363      | 5.7%  |
| 20 | Mortgage Banking                       | 29       | 36       | -17.4% | 33       | -9.9% |
| 21 | Trust Fees                             | 337      | 298      | 13.2%  | 304      | 10.8% |
| 22 | Life Insurance Gains                   | 0        | 0        | n/m    | 0        | n/m   |
| 23 | Other                                  | 3,518    | 3,603    | -2.4%  | 3,516    | 0.0%  |
|    |  | -----    |          |        | -----    |       |
| 24 | Total Noninterest Income               | 14,644   | 13,899   | 5.4%   | 14,700   | -0.4% |
|    |  | -----    |          |        | -----    |       |
| 25 | Noninterest Expense:                   |          |          |        |          |       |
| 26 | Salaries and Related<br>Benefits       | 12,587   | 13,080   | -3.8%  | 12,622   | -0.3% |
| 27 | Occupancy                              | 3,327    | 3,321    | 0.2%   | 3,342    | -0.4% |
| 28 | Equipment                              | 1,083    | 1,194    | -9.3%  | 1,147    | -5.6% |
| 29 | Data Processing                        | 1,800    | 1,503    | 19.8%  | 1,543    | 16.7% |
| 30 | Professional Fees                      | 451      | 532      | -15.2% | 409      | 10.3% |
| 31 | Other                                  | 5,605    | 5,773    | -2.9%  | 5,643    | -0.7% |
|    |  | -----    |          |        | -----    |       |
| 32 | Total Noninterest Expense              | 24,853   | 25,403   | -2.2%  | 24,706   | 0.6%  |
|    |  | -----    |          |        | -----    |       |
| 33 | Income Before Income Taxes             | 29,868   | 32,798   | -8.9%  | 30,444   | -1.9% |
| 34 | Provision for income taxes             | 7,846    | 8,561    | -8.3%  | 8,093    | -3.1% |
|    |  | -----    |          |        | -----    |       |
| 35 | Net Income                             | \$22,022 | \$24,237 | -9.1%  | \$22,351 | -1.5% |
|    |  | =====    |          |        | =====    |       |
| 36 | Average Shares Outstanding             | 29,532   | 31,070   | -5.0%  | 29,938   | -1.4% |
| 37 | Diluted Average Shares<br>Outstanding  | 29,915   | 31,558   | -5.2%  | 30,365   | -1.5% |
|    |  | -----    |          |        | -----    |       |
| 38 | Per Share Data:                        |          |          |        |          |       |
| 39 | Basic Earnings                         | \$0.75   | \$0.78   | -4.4%  | \$0.75   | -0.1% |
| 40 | Diluted Earnings                       | 0.74     | 0.77     | -4.1%  | 0.74     | 0.0%  |
| 41 | Dividends Paid                         | 0.34     | 0.32     | 6.3%   | 0.34     | 0.0%  |