

WESTAMERICA BANCORPORATION

Form 8-K

January 21, 2005

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):  
January 21, 2005  
-----

WESTAMERICA BANCORPORATION  
-----  
(Exact Name of Registrant as Specified in Its Charter)

CALIFORNIA  
-----  
(State or Other Jurisdiction of Incorporation)

001-9383 94-2156203  
-----  
(Commission File Number) (IRS Employer Identification No.)

1108 Fifth Avenue, San Rafael, California 94901  
-----  
(Address of Principal Executive Offices) (Zip Code)

(707) 863-6000  
-----  
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

Page 2

Exhibits

-----

99.1 Press release dated January 20, 2005

Item 2.02: Results of Operations and Financial Condition

-----

On January 20, 2005 Westamerica Bancorporation announced their quarterly and annual earnings. 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/ DENNIS R. HANSEN

-----

Dennis R. Hansen  
Senior Vice President and Controller  
January 21, 2005

Page 4

INDEX TO EXHIBITS

-----

| Exhibit No. | Description                             | Sequentially<br>Number Page |
|-------------|---|-----------------------------|
| (99.1)      | Press release dated<br>January 20, 2005 | 5-16                        |

Page 5

FOR IMMEDIATE RELEASE

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

January 20, 2005

### WESTAMERICA BANCORPORATION REPORTS QUARTERLY AND ANNUAL EARNINGS

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported net income for the fourth quarter of 2004 of \$21.2 million, diluted earnings per share (EPS) of \$0.65, return on common equity (ROE) of 24.0 percent, and return on average assets (ROA) of 1.81 percent. Fourth quarter 2004 results include a \$4.2 million after-tax securities impairment charge related to Freddie Mac and Fannie Mae preferred stock (more fully described below), which reduced fourth quarter 2004 EPS by \$0.13, ROE by 4.8 percent, and ROA by 0.35 percent. Fourth quarter 2004 EPS and ROE were further constrained by reduced share repurchase activity in order to accumulate approximately \$57 million in cash required to complete the pending acquisition of Redwood Empire Bancorp (more fully described below). As a result, share repurchases, net of shares issued, declined to 76 thousand shares in the fourth quarter of 2004 and to 68 thousand shares in the previous quarter. Net share repurchases were 647 thousand shares for the year 2004, compared to 1.1 million shares for 2003.

Net income for the year ended December 31, 2004 was \$95.2 million, compared to \$95.1 million for 2003. EPS for 2004 was \$2.93, compared to \$2.85 for the year 2003. ROE for the year 2004 was 28.8 percent, while ROA was 2.10 percent, compared to 29.4 percent and 2.19 percent, respectively, for the year 2003.

"Fourth quarter and full year 2004 profitability benefited from our focus on growing noninterest income, on gathering low cost deposits, and operational efficiencies," said Chairman, President and CEO David Payne. "During 2004, new deposit-related products fueled an 8 percent increase in service charges on deposit accounts, and our low-cost deposits grew 7 percent, reducing our average cost of funds to 0.50 percent for the year. Our efforts to maintain an efficient cost structure and hold positions open for Redwood Empire employees resulted in a 3 percent decline in expenses, which improved our efficiency ratio from the prior year," continued Payne.

Page 6

Net interest income on a fully taxable equivalent basis was \$54.6 million in the fourth quarter of 2004 compared to \$54.5 million in the prior quarter and \$54.8 million in the same quarter a year ago. The fourth quarter 2004 net interest margin on a taxable equivalent basis was 5.01 percent, compared to 5.11 percent in the previous quarter and 5.26 percent in the fourth quarter of 2003. For the full year, net interest income and the net interest margin on a taxable equivalent basis were \$218.0 million and 5.14 percent, compared to \$217.4 million and 5.39 percent, respectively, for 2003. A reduction in high-yielding commercial real estate loans combined with a sustained period of low interest rates have resulted in an operating environment with declining net interest margins.

The provision for loan losses was \$600 thousand for the fourth quarter of 2004, unchanged from the previous quarter and down from \$750 thousand in the year ago quarter. The level of the loan loss provision reflects management's assessment of credit risk for the loan portfolio.

Noninterest income in the fourth quarter of 2004 totaled \$4.3 million, compared to \$11.8 million and \$10.5 million, respectively, reported in the previous and year ago quarters. The decrease from the prior and year ago quarters includes a

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

\$7.2 million "other than temporary impairment" charge for Freddie Mac and Fannie Mae preferred stock. "This securities writedown was an ultra-conservative interpretation of current accounting literature for securities rated investment grade by all nationally recognized rating agencies, and for valuations derived primarily by prevailing interest rates and technical conditions in the capital markets," stated Chairman, President and CEO David Payne. The non-cash securities impairment charge does not affect capital levels as the securities are held in the available-for-sale investment portfolio for which market value adjustments are recorded as other comprehensive income. At December 31, 2004, Westamerica held Freddie Mac and Fannie Mae preferred stock with an adjusted book value of \$63.9 million and a tax-equivalent dividend yield of 7.65 percent. The remaining \$300 thousand decrease in noninterest income from the prior quarter is primarily attributable to lower service charges on deposit accounts and financial services commissions. Noninterest income other than securities impairment increased \$1.0 million in the fourth quarter of 2004 from the year ago quarter primarily due to higher service charges on deposit accounts and debit card income. For the full year, noninterest income other than securities impairment increased 7 percent to \$45.8 million from \$42.9 million for 2003. This increase in annual results is primarily attributable to increased service charges on deposit accounts, debit card income, and financial services commissions partially offset by lower mortgage banking income.

Page 7

Noninterest expense for the fourth quarter of 2004 totaled \$24.3 million compared to \$24.5 million in the prior quarter and \$25.2 million in the year ago quarter. The decrease from the prior quarter is primarily attributable to lower salaries and benefits, offset in part by higher equipment costs and professional fees. The decrease from the year ago quarter is primarily attributable to lower salaries and benefits. For the full year, noninterest expense was \$98.8 million, down 3 percent from \$101.7 million for 2003. The decrease is primarily attributable to reduced salaries and benefits, occupancy and equipment expense, postage, loan expense, and amortization of core deposit intangibles, offset in part by higher telephone expense.

Shareholders' equity was \$359 million at December 31, 2004, compared to \$340 million at December 31, 2003. The equity-to-asset ratio was 7.6 percent at December 31, 2004, compared to 7.4 percent at December 31, 2003. At December 31, 2004, there were approximately 1.8 million shares remaining to purchase under the existing share repurchase program.

At December 31, 2004, the Company had total assets and total loans outstanding of \$4.7 billion and \$2.3 billion, respectively.

As announced August 25, 2004 Westamerica signed a definitive agreement to acquire Redwood Empire Bancorp (REBC), parent company of National Bank of the Redwoods. REBC shareholders approved the merger at a shareholder meeting December 14, 2004. The merger also requires customary regulatory approvals. The transaction is valued at approximately \$148 million, of which, approximately \$57 million will be paid in cash and the remainder by issuance of Westamerica common stock. The pricing of the transaction is subject to adjustments fully described in Westamerica's Form S-4 registration statement filed with the Securities and Exchange Commission on October 15, 2004.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches throughout 22 Northern and Central California counties.

Page 8

# Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

Westamerica Bancorporation Web Address: www.westamerica.com

For additional information contact:  
Westamerica Bancorporation  
Robert A. Thorson - SVP & Treasurer  
707-863-6840

## 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 September 30, 2004 and Form 10-K for the year ended December 31, 2003, describe some of these factors, including certain credit, market, operational, liquidity and interest rate risks associated with the Company's business and operations. Other factors described in these reports include changes in business and economic conditions, competition, fiscal and monetary policies, disintermediation, legislation including the Sarbanes-Oxley Act of 2002 and the Gramm-Leach-Bliley Act of 1999, and mergers and acquisitions.

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

#####

Page 9

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
December 31, 2004

Public Information January 20, 2005

### 1. Net Income Summary.

(dollars in thousands except per-share data)

|   | Q4'04    | Q4'03    | Q4'04 /<br>Q4'03 | Q3'04    | Q4'04 /<br>Q3'04 | 12/31'04 |
|---|----------|----------|------------------|----------|------------------|----------|
| 1. Net Interest Income (Fully Taxable Equivalent) | \$54,587 | \$54,758 | -0.3%            | \$54,528 | 0.1%             | \$217,   |
| 2. Loan Loss Provision                            | 600      | 750      | -20.0%           | 600      | 0.0%             | 2,       |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|   |          |          |        |          |        |       |
|---|----------|----------|--------|----------|--------|-------|
| 3. Noninterest Income:                      |          |          |        |          |        |       |
| 4. Investment Securities (Impairment) Gains | (7,180)  | 0        | n/m    | (14)     | n/m    | (5,   |
| 5. Loss on Extinguishment of Debt           | 0        | 0        | n/m    | 0        | n/m    | (2,   |
| 6. Other                                    | 11,449   | 10,493   | 9.1%   | 11,802   | -3.0%  | 45,   |
| 7. Total Noninterest Income                 | 4,269    | 10,493   | -59.3% | 11,788   | -63.8% | 38,   |
| 8. Noninterest Expense                      | 24,277   | 25,158   | -3.5%  | 24,491   | -0.9%  | 98,   |
| 9. Income Tax Provision (FTE)               | 12,814   | 15,035   | -14.8% | 16,130   | -20.6% | 59,   |
| 10. Net Income                              | \$21,165 | \$24,308 | -12.9% | \$25,095 | -15.7% | \$95, |
| 11. Average Shares Outstanding              | 31,761   | 32,523   | -2.3%  | 31,713   | 0.2%   | 31,   |
| 12. Diluted Average Shares Outstanding      | 32,487   | 33,154   | -2.0%  | 32,352   | 0.4%   | 32,   |
| 13. Operating Ratios:                       |          |          |        |          |        |       |
| 14. Basic Earnings Per Share                | \$0.67   | \$0.75   | -10.8% | \$0.79   | -15.8% | \$2   |
| 15. Diluted Earnings Per Share              | 0.65     | 0.73     | -11.1% | 0.78     | -16.0% | 2     |
| 16. Return On Assets                        | 1.81%    | 2.17%    |        | 2.19%    |        | 2     |
| 17. Return On Equity                        | 24.0%    | 29.4%    |        | 30.1%    |        | 2     |
| 18. Net Interest Margin (FTE)               | 5.01%    | 5.26%    |        | 5.11%    |        | 5     |
| 19. Efficiency Ratio (FTE)                  | 41.2%    | 38.6%    |        | 36.9%    |        | 3     |
| 20. Dividends Paid Per Share                | \$0.28   | \$0.26   | 7.7%   | \$0.28   | 0.0%   | \$1   |
| 21. Dividend Payout Ratio                   | 43%      | 35%      |        | 36%      |        |       |

2. Net Interest Income.

| (dollars in thousands)                           |             |             |               |             |               |          |
|--|-------------|-------------|---------------|-------------|---------------|----------|
|  | Q4'04       | Q4'03       | Q4'04 / Q4'03 | Q3'04       | Q4'04 / Q3'04 | 12/31'0  |
| 1. Interest and Fee Income (FTE)                 | \$60,540    | \$60,521    | 0.0%          | \$59,570    | 1.6%          | \$239,   |
| 2. Interest Expense                              | 5,953       | 5,763       | 3.3%          | 5,042       | 18.1%         | 21,      |
| 3. Net Interest Income (FTE)                     | \$54,587    | \$54,758    | -0.3%         | \$54,528    | 0.1%          | \$217,   |
| 4. Average Earning Assets                        | \$4,352,493 | \$4,149,994 | 4.9%          | \$4,260,701 | 2.2%          | \$4,236, |
| 5. Average Interest-Bearing Liabilities          | 2,912,943   | 2,842,273   | 2.5%          | 2,882,817   | 1.0%          | 2,886,   |
| 6. Yield on Earning Assets (FTE)                 | 5.55%       | 5.81%       |               | 5.58%       |               | 5        |
| 7. Cost of Funds                                 | 0.54%       | 0.55%       |               | 0.47%       |               | 0        |
| 8. Net Interest Margin (FTE)                     | 5.01%       | 5.26%       |               | 5.11%       |               | 5        |
| 9. Interest Expense/Interest-Bearing Liabilities | 0.81%       | 0.80%       |               | 0.69%       |               | 0        |
| 10. Net Interest Spread (FTE)                    | 4.74%       | 5.01%       |               | 4.89%       |               | 4        |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

Page 10

WESTAMERICA BANCORPORATION

Public Information January 20, 2005

3. Loans & Other Earning Assets.

|   | (average volume, dollars in thousands) |             |                  |             |                  |             |
|---|--|-------------|------------------|-------------|------------------|-------------|
|   | Q4'04                                  | Q4'03       | Q4'04 /<br>Q4'03 | Q3'04       | Q4'04 /<br>Q3'04 | 12/31'04    |
| 1. Total Assets                                 | \$4,653,950                            | \$4,451,423 | 4.5%             | \$4,557,925 | 2.1%             | \$4,536,000 |
| 2. Total Earning Assets                         | 4,352,493                              | 4,149,994   | 4.9%             | 4,260,701   | 2.2%             | 4,236,000   |
| 3. Total Loans                                  | 2,235,375                              | 2,285,717   | -2.2%            | 2,247,664   | -0.5%            | 2,258,000   |
| 4. Commercial Loans                             | 620,309                                | 616,511     | 0.6%             | 624,925     | -0.7%            | 621,000     |
| 5. Commercial Real Estate Loans                 | 740,909                                | 826,792     | -10.4%           | 752,395     | -1.5%            | 769,000     |
| 6. Consumer Loans                               | 874,157                                | 842,414     | 3.8%             | 870,344     | 0.4%             | 867,000     |
| 7. Total Investment Securities                  | 2,117,118                              | 1,864,277   | 13.6%            | 2,013,037   | 5.2%             | 1,978,000   |
| 8. Available For Sale<br>(Market Value)         | 941,614                                | 1,326,259   | -29.0%           | 928,930     | 1.4%             | 1,096,000   |
| 9. Held To Maturity                             | 1,175,504                              | 538,018     | 118.5%           | 1,084,107   | 8.4%             | 881,000     |
| 10. HTM Unrealized Gain<br>(Loss) at Period-End | 5,064                                  | 7,352       | n/m              | 9,176       | n/m              | 5,000       |
| 11. Loans / Deposits                            | 60.1%                                  | 64.5%       |                  | 62.2%       |                  | 60.0%       |

4. Deposits & Other Interest-Bearing Liabilities.

|  | (average volume, dollars in thousands) |             |                  |             |                  |             |
|--|--|-------------|------------------|-------------|------------------|-------------|
|  | Q4'04                                  | Q4'03       | Q4'04 /<br>Q4'03 | Q3'04       | Q4'04 /<br>Q3'04 | 12/31'04    |
| 1. Total Deposits                                    | \$3,718,114                            | \$3,542,433 | 5.0%             | \$3,616,319 | 2.8%             | \$3,565,000 |
| 2. Noninterest Demand                                | 1,354,129                              | 1,243,860   | 8.9%             | 1,305,840   | 3.7%             | 1,281,000   |
| 3. Interest-Bearing Transaction                      | 588,362                                | 569,965     | 3.2%             | 581,264     | 1.2%             | 577,000     |
| 4. Savings   | 1,139,713                              | 1,085,299   | 5.0%             | 1,115,052   | 2.2%             | 1,085,000   |
| 5. Other Time > \$100K                               | 373,846                                | 348,405     | 7.3%             | 347,579     | 7.6%             | 350,000     |
| 6. Other Time <\$100K                                | 262,064                                | 294,904     | -11.1%           | 266,584     | -1.7%            | 271,200     |
| 7. Total Short-Term Borrowings                       | 527,529                                | 418,896     | 25.9%            | 550,909     | -4.2%            | 556,000     |
| 8. Fed Funds Purchased                               | 369,986                                | 270,515     | 36.8%            | 350,071     | 5.7%             | 360,000     |
| 9. Other Short-Term Funds                            | 157,543                                | 148,381     | 6.2%             | 200,838     | -21.6%           | 195,000     |
| 10. FHLB Debt  | 0                                      | 105,000     | n/m              | 0           | n/m              | 24,000      |
| 11. Long-Term Debt                                   | 21,429                                 | 19,804      | 8.2%             | 21,429      | 0.0%             | 21,000      |
| 12. Shareholders' Equity                             | 350,151                                | 328,209     | 6.7%             | 332,219     | 5.4%             | 330,000     |
| 13. Demand Deposits / Total Deposit                  | 36.4%                                  | 35.1%       |                  | 36.1%       |                  | 36.0%       |
| 14. Transaction & Savings Deposits<br>Total Deposits | 82.9%                                  | 81.8%       |                  | 83.0%       |                  | 82.0%       |

Page 11

# Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

WESTAMERICA BANCORPORATION

Public Information January 20, 2005

## 5. Interest Yields Earned & Rates Paid.

| (dollars in thousands)                   |             |          |        |        |             |          |
|--|-------------|----------|--------|--------|-------------|----------|
| Q4'04                                    |             |          |        |        |             |          |
|  | Average     | Income/  | Yield/ | Q3'04  | Average     | Q4'04    |
|  | Volume      | Expense  | Rate   | Yield/ | Volume      | Income   |
|  |             |          |        | Rate   |             | Expense  |
| 1. Interest Income Earned to:            |             |          |        |        |             |          |
| 2. Total Earning Assets (FTE)            | \$4,352,493 | \$60,540 | 5.55%  | 5.58%  | \$4,149,994 | \$60,540 |
| 3. Total Loans (FTE)                     | 2,235,375   | 34,297   | 6.10%  | 6.07%  | 2,285,717   | 36,297   |
| 4. Commercial Loans (FTE)                | 620,309     | 9,959    | 6.34%  | 6.16%  | 616,511     | 9,959    |
| 5. Commercial Real Estate Loans          | 740,909     | 13,793   | 7.41%  | 7.38%  | 826,792     | 16,793   |
| 6. Consumer Loans                        | 874,157     | 10,545   | 4.91%  | 4.95%  | 842,414     | 11,545   |
| 7. Total Investment Securities (FTE)     | 2,117,118   | 26,243   | 4.96%  | 5.02%  | 1,864,277   | 23,243   |
| 8. Interest Expense Paid to:             |             |          |        |        |             |          |
| 9. Total Earning Assets                  | 4,352,493   | 5,953    | 0.54%  | 0.47%  | 4,149,994   | 5,953    |
| 10. Total Interest-Bearing Liabilities   | 2,912,943   | 5,953    | 0.81%  | 0.69%  | 2,842,273   | 5,953    |
| 11. Total Interest-Bearing Deposits      | 2,363,985   | 3,649    | 0.61%  | 0.56%  | 2,298,573   | 3,649    |
| 12. Interest-Bearing Transaction         | 588,362     | 213      | 0.14%  | 0.11%  | 569,965     | 213      |
| 13. Savings                              | 1,139,713   | 874      | 0.31%  | 0.34%  | 1,085,299   | 874      |
| 14. Other Time <\$100K                   | 262,064     | 1,081    | 1.64%  | 1.49%  | 294,904     | 1,081    |
| 15. Other Time > \$100K                  | 373,846     | 1,481    | 1.58%  | 1.30%  | 348,405     | 1,481    |
| 16. Total Short-Term Borrowings          | 527,529     | 1,988    | 1.48%  | 1.05%  | 418,896     | 1,988    |
| 17. Fed Funds Purchased                  | 369,986     | 1,874    | 1.98%  | 1.43%  | 270,515     | 1,874    |
| 18. Other Short-Term Funds               | 157,543     | 114      | 0.29%  | 0.38%  | 148,381     | 114      |
| 19. FHLB Debt                            | 0           | 0        | 0.00%  | 0.00%  | 105,000     | 0        |
| 20. Long-Term Debt                       | 21,429      | 316      | 5.90%  | 5.90%  | 19,804      | 316      |
| 21. Net Interest Income and Margin (FTE) |             | \$54,587 | 5.01%  | 5.11%  |             | \$54,587 |

## 6. Noninterest Income.

| (dollars in thousands)                 |         |         |                  |         |                  |          |
|--|---------|---------|------------------|---------|------------------|----------|
|  | Q4'04   | Q4'03   | Q4'04 /<br>Q4'03 | Q3'04   | Q4'04 /<br>Q3'04 | 12/31'04 |
| 1. Service Charges on Deposit Accounts | \$6,928 | \$6,572 | 5.4%             | \$7,465 | -7.2%            | \$28,928 |
| 2. Merchant Credit Card Income         | 875     | 864     | 1.3%             | 899     | -2.7%            | 3,875    |
| 3. ATM Fees & Interchange              | 597     | 573     | 4.2%             | 664     | -10.1%           | 2,597    |
| 4. Debit Card Fees                     | 700     | 512     | 36.7%            | 654     | 7.0%             | 2,700    |
| 5. Financial Services Fees             | 294     | 227     | 29.5%            | 409     | -28.1%           | 1,294    |



Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|   |          |          |        |          |        |        |
|---|----------|----------|--------|----------|--------|--------|
| 6. Mortgage Banking Income                      | 82       | 139      | -41.0% | 41       | 100.0% |        |
| 7. Trust Fees                                   | 254      | 235      | 8.1%   | 265      | -4.2%  | 1,     |
| 8. Other Income                                 | 1,719    | 1,371    | 25.4%  | 1,405    | 22.3%  | 5,     |
|   | -----    |          |        |          |        |        |
| 9. Sub-total                                    | 11,449   | 10,493   | 9.1%   | 11,802   | -3.0%  | 45,    |
| 10. Investment Securities<br>(Impairment) Gains | (7,180)  | 0        | n/m    | (14)     | n/m    | (5,    |
| 11. Loss on Extinguishment of Debt              | 0        | 0        | n/m    | 0        | n/m    | (2,    |
|   | -----    |          |        |          |        |        |
| 12. Total Noninterest Income                    | \$4,269  | \$10,493 | -59.3% | \$11,788 | -63.8% | \$38,  |
|   | =====    |          |        |          |        |        |
| 13. Operating Ratios:                           |          |          |        |          |        |        |
| 14. Total Revenue (FTE)                         | \$58,856 | \$65,251 | -9.8%  | \$66,316 | -11.2% | \$256, |
| 15. Noninterest Income /<br>Revenue (FTE)       | 7.3%     | 16.1%    |        | 17.8%    |        | 1      |
| 16. Service Charges / Deposits<br>(annualized)  | 0.74%    | 0.74%    |        | 0.82%    |        | 0      |
| 17. Total Revenue Per Share<br>(annualized)     | \$7.37   | \$7.96   | -7.4%  | \$8.32   | -11.4% | \$8    |

Page 12

WESTAMERICA BANCORPORATION

Public Information January 20, 2005

7. Noninterest Expense.

|  | (dollars in thousands) |          |                  |          |                  |         |
|--|------------------------|----------|------------------|----------|------------------|---------|
|  | Q4'04                  | Q4'03    | Q4'04 /<br>Q4'03 | Q3'04    | Q4'04 /<br>Q3'04 | 12/31'0 |
|  | -----                  |          |                  |          |                  |         |
| 1. Salaries & Benefits                                       | \$12,595               | \$13,183 | -4.5%            | \$13,054 | -3.5%            | \$52,   |
| 2. Occupancy   | 3,022                  | 3,037    | -0.5%            | 3,022    | 0.0%             | 11,     |
| 3. Equipment   | 1,259                  | 1,290    | -2.4%            | 1,101    | 14.4%            | 4,      |
| 4. Data Processing   | 1,494                  | 1,523    | -1.9%            | 1,525    | -2.0%            | 6,      |
| 5. Courier   | 910                    | 900      | 1.1%             | 923      | -1.4%            | 3,      |
| 6. Postage   | 361                    | 422      | -14.5%           | 288      | 25.3%            | 1,      |
| 7. Telephone   | 476                    | 530      | -10.2%           | 529      | -10.0%           | 2,      |
| 8. Professional Fees   | 537                    | 486      | 10.5%            | 411      | 30.7%            | 1,      |
| 9. Stationery & Supplies                                     | 351                    | 344      | 2.0%             | 333      | 5.4%             | 1,      |
| 10. Loan Expense   | 237                    | 326      | -27.3%           | 289      | -18.0%           | 1,      |
| 11. Merchant Card Expense                                    | 270                    | 207      | 30.4%            | 292      | -7.5%            | 1,      |
| 12. Operational Losses                                       | 217                    | 297      | -26.9%           | 265      | -18.1%           |         |
| 13. Amortization of Core Deposit<br>Deposit Intangibles      | 136                    | 165      | -17.6%           | 136      | 0.0%             |         |
| 14. Other Operating  | 2,412                  | 2,448    | -1.5%            | 2,323    | 3.8%             | 9,      |
|  | -----                  |          |                  |          |                  |         |
| 15. Total Noninterest Expense                                | \$24,277               | \$25,158 | -3.5%            | \$24,491 | -0.9%            | \$98,   |
|  | =====                  |          |                  |          |                  |         |
| 16. Full Time Equivalent Staff                               | 960                    | 1,007    | -4.7%            | 980      | -2.0%            |         |
| 17. Average Assets / Full Time<br>Equivalent Staff           | \$4,848                | \$4,420  | 9.7%             | \$4,651  | 4.2%             | \$4,    |
| 18. Operating Ratios:  |                        |          |                  |          |                  |         |
| 19. FTE Revenue / Full Time<br>Equivalent Staff (annualized) | \$244                  | \$257    | -5.1%            | \$269    | -9.4%            | \$      |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|   |       |       |       |   |
|---|-------|-------|-------|---|
| 20. Noninterest Expense / Earning Assets (annualized) | 2.22% | 2.41% | 2.29% | 2 |
| 21. Noninterest Expense/Revenues                      | 41.2% | 38.6% | 36.9% | 3 |

Page 13

WESTAMERICA BANCORPORATION

Public Information January 20, 2005

8. Loan Loss Provision.

(dollars in thousands)

|   | Q4'04       | Q4'03       | Q4'04 /<br>Q4'03 | Q3'04       | Q4'04 /<br>Q3'04 | 12/31'04    |
|---|-------------|-------------|------------------|-------------|------------------|-------------|
| 1. Loan Loss Provision                      | \$600       | \$750       | -20.0%           | \$600       | 0.0%             | \$2,258     |
| 2. Gross Loan Losses                        | 1,596       | 1,542       | 3.5%             | 1,115       | 43.1%            | 5,000       |
| 3. Net Loan Losses                          | 836         | 1,020       | -18.0%           | 161         | n/m              | 2,000       |
| 4. Recoveries/Gross Losses                  | 48%         | 34%         |                  | 86%         |                  |             |
| 5. Average Total Loans                      | \$2,235,375 | \$2,285,717 | -2.2%            | \$2,247,664 | -0.5%            | \$2,258,000 |
| 6. Net Loan Losses / Loans (annualized)     | 0.15%       | 0.18%       |                  | 0.03%       |                  | 0           |
| 7. Loan Loss Provision / Loans (annualized) | 0.11%       | 0.13%       |                  | 0.11%       |                  | 0           |
| 8. Loan Loss Provision / Net Loan Losses    | 71.8%       | 73.5%       |                  | 372.7%      |                  | 10          |

9. Credit Quality.

(dollars in thousands)

|   | 12/31/04 | 12/31/03 | 12/31/04 /<br>12/31/03 | 9/30/04  | 12/31/04 /<br>9/30/04 | 6/30/04  |
|---|----------|----------|------------------------|----------|-----------------------|----------|
| 1. Nonperforming Nonaccrual Loans                     | \$2,970  | \$5,759  | -48.4%                 | \$3,996  | -25.7%                | \$4,000  |
| 2. Performing Nonaccrual Loans                        | 4,071    | 1,658    | 145.5%                 | 2,777    | 46.6%                 | 2,000    |
| 3. Total Nonaccrual Loans                             | 7,041    | 7,417    | -5.1%                  | 6,773    | 4.0%                  | 6,000    |
| 4. Accruing Loans 90+ Days Past Due                   | 10       | 199      | -95.0%                 | 182      | -94.5%                | 0        |
| 5. Total Nonperforming Loans                          | 7,051    | 7,616    | -7.4%                  | 6,955    | 1.4%                  | 7,000    |
| 6. Repossessed Collateral                             | 0        | 90       |                        | 0        | n/m                   | 0        |
| 7. Total Nonperforming Loans & Repossessed Collateral | \$7,051  | \$7,706  | -8.5%                  | \$6,955  | 1.4%                  | \$7,000  |
| 9. Classified Loans                                   | \$19,225 | \$23,460 | -18.1%                 | \$20,868 | -7.9%                 | \$21,000 |
| 10. Allowance for Loan Losses                         | \$54,152 | \$53,910 | 0.4%                   | \$54,388 | -0.4%                 | \$53,000 |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|  |           |           |       |           |       |        |
|--|-----------|-----------|-------|-----------|-------|--------|
| 11.Total Loans Outstanding   | 2,300,230 | 2,323,330 | -1.0% | 2,301,991 | -0.1% | 2,319, |
| 12.Total Assets  | 4,737,268 | 4,576,385 | 3.5%  | 4,636,071 | 2.2%  | 4,611, |
| 13.Allowance for Loan Losses /<br>Total Loans                        | 2.35%     | 2.32%     |       | 2.36%     |       | 2      |
| 14.Nonperforming Loans /<br>Total Loans                              | 0.31%     | 0.33%     |       | 0.30%     |       | 0      |
| 15.Nonperforming Loans & Repossessed<br>16. Assets/Total Assets      | 0.15%     | 0.17%     |       | 0.15%     |       | 0      |
| 17.Allowance/Nonperforming Loans                                     | 768%      | 708%      |       | 782%      |       |        |
| 18.Allowance for Loan Losses /<br>Classified Loans                   | 282%      | 230%      |       | 261%      |       |        |
| 19.Classified Loans /<br>20. (Equity + Allowance for<br>Loan Losses) | 4.7%      | 6.0%      |       | 5.1%      |       |        |

Page 14

WESTAMERICA BANCORPORATION

Public Information January 20, 2005

10.Capital.

(dollars in thousands, except per-share amounts)

|   | 12/31/04  | 12/31/03  | 12/31/04 /<br>12/31/03 | 9/30/04   | 12/31/04 /<br>9/30/04 | 6/30/04 |
|---|-----------|-----------|------------------------|-----------|-----------------------|---------|
| 1. Shareholders' Equity                     | \$358,609 | \$340,371 | 5.4%                   | \$351,924 | 1.9%                  | \$329,  |
| 2. Tier I Regulatory Capital                | 327,070   | 304,734   | 7.3%                   | 321,700   | 1.7%                  | 309,    |
| 3. Total Regulatory Capital                 | 367,333   | 342,627   | 7.2%                   | 361,868   | 1.5%                  | 350,    |
| 4. Total Assets                             | 4,737,268 | 4,576,385 | 3.5%                   | 4,636,071 | 2.2%                  | 4,611,  |
| 5. Risk-Adjusted Assets                     | 2,948,797 | 3,007,545 | -2.0%                  | 2,964,945 | -0.5%                 | 2,979,  |
| 6. Shareholders' Equity /<br>Total Assets   | 7.57%     | 7.44%     |                        | 7.59%     |                       | 7       |
| 7. Shareholders' Equity /<br>Total Loans    | 15.59%    | 14.65%    |                        | 15.29%    |                       | 14      |
| 8. Tier I Capital /Total Assets             | 6.90%     | 6.66%     |                        | 6.94%     |                       | 6       |
| 9. Tier I Capital /<br>Risk-Adjusted Assets | 11.09%    | 10.13%    |                        | 10.85%    |                       | 10      |
| 10.Total Capital /<br>Risk-Adjusted Assets  | 12.46%    | 11.39%    |                        | 12.20%    |                       | 11      |
| 11.Shares Outstanding                       | 31,640    | 32,287    | -2.0%                  | 31,716    | -0.2%                 | 31,     |
| 12.Book Value Per Share (\$)                | \$11.33   | \$10.54   | 7.5%                   | \$11.10   | 2.1%                  | \$10    |
| 13.Market Value Per Share (\$)              | 58.31     | 49.78     | 17.1%                  | 54.89     | 6.2%                  | 52      |

14.Share Repurchase Programs

(shares in thousands)

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|   | Q4'04   | Q4'03   | Q4'04 /<br>Q4'03 | Q3'04   | Q4'04 /<br>Q3'04 | 12/31'04 |
|---|---------|---------|------------------|---------|------------------|----------|
| 15.Total Shares Repurchased /<br>Canceled | 242     | 530     | -54.3%           | 92      | 163.0%           | 1,       |
| 16. Average Repurchase Price              | \$58.85 | \$50.80 | 15.8%            | \$51.95 | 13.3%            | \$52     |
| 17.Net Shares Repurchased (Issued)        | 76      | 436     | n/m              | 68      | 11.8%            |          |

Page 15

WESTAMERICA BANCORPORATION

Public Information January 20, 2005

11.Period-End Balance Sheets.

(dollars in thousands)

|  | 12/31/04    | 12/31/03    | 12/31/04 /<br>12/31/03 | 9/30/04     | 12/31/04 /<br>9/30/04 | 6/30/04  |
|--|-------------|-------------|------------------------|-------------|-----------------------|----------|
| 1. Assets:                                     |             |             |                        |             |                       |          |
| 2. Cash and Money Market Assets                | \$126,687   | \$190,162   | -33.4%                 | \$165,811   | -23.6%                | \$186,   |
| 3. Investment Securities<br>Available For Sale | 931,710     | 1,413,911   | -34.1%                 | 967,266     | -3.7%                 | 1,024,   |
| 4. Investment Securities<br>Held to Maturity   | 1,260,832   | 535,377     | 135.5%                 | 1,080,392   | 16.7%                 | 960,     |
| 5. Loans, gross                                | 2,300,230   | 2,323,330   | -1.0%                  | 2,301,991   | -0.1%                 | 2,319,   |
| 6. Allowance For Loan Losses                   | (54,152)    | (53,910)    | 0.4%                   | (54,388)    | -0.4%                 | (53,     |
| 7. Loans, net                                  | 2,246,078   | 2,269,420   | -1.0%                  | 2,247,603   | -0.1%                 | 2,265,   |
| 8.   |             |             |                        |             |                       |          |
| 9. Premises and Equipment                      | 35,223      | 35,748      | -1.5%                  | 35,267      | -0.1%                 | 35,      |
| 10. Core Deposit Intangible<br>Assets          | 2,894       | 3,438       | -15.8%                 | 3,030       | -4.5%                 | 3,       |
| 11. Goodwill                                   | 18,996      | 18,996      | 0.0%                   | 18,996      | 0.0%                  | 18,      |
| 12. Interest Receivable and<br>Other Assets    | 114,848     | 109,333     | 5.0%                   | 117,706     | -2.4%                 | 117,     |
| 13.Total Assets                                | \$4,737,268 | \$4,576,385 | 3.5%                   | \$4,636,071 | 2.2%                  | \$4,611, |
| 14.Liabilities and Shareholders' Equity:       |             |             |                        |             |                       |          |
| 15. Deposits:                                  |             |             |                        |             |                       |          |
| 16. Noninterest Bearing                        | \$1,273,825 | \$1,240,379 | 2.7%                   | \$1,323,446 | -3.7%                 | \$1,272, |
| 17. Interest-Bearing<br>Transaction            | 591,593     | 561,696     | 5.3%                   | 561,206     | 5.4%                  | 569,     |
| 18. Savings                                    | 1,091,981   | 1,058,082   | 3.2%                   | 1,119,356   | -2.4%                 | 1,072,   |
| 19. Time                                       | 626,220     | 603,834     | 3.7%                   | 641,798     | -2.4%                 | 590,     |
| 20. Total Deposits                             | 3,583,619   | 3,463,991   | 3.5%                   | 3,645,806   | -1.7%                 | 3,505,   |
| 21. Short-Term Borrowed Funds                  | 735,423     | 590,646     | 24.5%                  | 578,285     | 27.2%                 | 712,     |
| 22. FHLB Debt                                  | 0           | 105,000     | n/m                    | 0           | n/m                   | 21,      |
| 23. Debt Financing and                         | 21,429      | 24,643      | -13.0%                 | 21,429      | 0.0%                  | 21,      |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|   |             |             |        |             |       |          |
|---|-------------|-------------|--------|-------------|-------|----------|
| 24. Notes Payable                                   |             |             |        |             |       |          |
| 25. Liability For Interest, Taxes and Other         | 38,188      | 51,734      | -26.2% | 38,627      | -1.1% | 42,      |
| 26.Total Liabilities                                | 4,378,659   | 4,236,014   | 3.4%   | 4,284,147   | 2.2%  | 4,282,   |
| 27.Shareholders' Equity:                            |             |             |        |             |       |          |
| 28. Paid-In Capital                                 | \$229,975   | \$220,285   | 4.4%   | \$224,489   | 2.4%  | \$224,   |
| 29. Unrealized Gain (Loss) on Investment Securities |             |             |        |             |       |          |
| 30. Available For Sale                              | 9,638       | 13,191      | -26.9% | 8,185       | 17.8% | (1,      |
| 31. Retained Earnings                               | 118,996     | 106,895     | 11.3%  | 119,250     | -0.2% | 107,     |
| 32.Total Shareholders' Equity                       | 358,609     | 340,371     | 5.4%   | 351,924     | 1.9%  | 329,     |
| 33.Total Liabilities and Shareholders' Equity       | \$4,737,268 | \$4,576,385 | 3.5%   | \$4,636,071 | 2.2%  | \$4,611, |

Page 16

WESTAMERICA BANCORPORATION

Public Information January 20, 2005

12. Income Statements.

(dollars in thousands, except per-share amounts)

|   | Q4'04    | Q4'03    | Q4'04 / Q4'03 | Q3'04    | Q4'04 / Q3'04 | 12/31'04 |
|---|----------|----------|---------------|----------|---------------|----------|
| 1. Interest and Fee Income:                 |          |          |               |          |               |          |
| 2. Loans                                    | \$32,889 | \$35,434 | -7.2%         | \$32,912 | -0.1%         | \$133,   |
| 3. Money Market Assets and Funds Sold       | 1        | 2        | n/m           | 0        | n/m           |          |
| 4. Investment Securities Available For Sale | 10,096   | 14,164   | -28.7%        | 10,721   | -5.8%         | 47,      |
| 5. Investment Securities Held to Maturity   | 11,764   | 5,211    | 125.8%        | 10,271   | 14.5%         | 35,      |
| 6. Total Interest Income                    | 54,750   | 54,811   | -0.1%         | 53,904   | 1.6%          | 216,     |
| 7. Interest Expense:                        |          |          |               |          |               |          |
| 8. Transaction Deposits                     | 213      | 129      | 65.1%         | 164      | 29.9%         |          |
| 9. Savings Deposits                         | 874      | 1,381    | -36.7%        | 954      | -8.4%         | 3,       |
| 10. Time Deposits                           | 2,562    | 2,112    | 21.3%         | 2,135    | 20.0%         | 8,       |
| 11. Short-Term Borrowed Funds               | 1,988    | 856      | 132.2%        | 1,473    | 35.0%         | 5,       |
| 12. Federal Home Loan Bank Advances         | 0        | 979      | n/m           | 0        | n/m           |          |
| 13. Debt Financing and Notes Payable        | 316      | 306      | 3.3%          | 316      | 0.0%          | 1,       |
| 14.Total Interest Expense                   | 5,953    | 5,763    | 3.3%          | 5,042    | 18.1%         | 21,      |
| 15.Net Interest Income                      | 48,797   | 49,048   | -0.5%         | 48,862   | -0.1%         | 195,     |
| 16.Provision for Loan Losses                | 600      | 750      | -20.0%        | 600      | 0.0%          | 2,       |

Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K

|   |  |          |          |        |          |        |       |
|---|--|----------|----------|--------|----------|--------|-------|
| 17. Noninterest Income:                   |  |          |          |        |          |        |       |
| 18.                                       | Service Charges on<br>Deposit Accounts | 6,928    | 6,572    | 5.4%   | 7,465    | -7.2%  | 28,   |
| 19.                                       | Merchant Credit Card                   | 875      | 864      | 1.3%   | 899      | -2.7%  | 3,    |
| 20.                                       | Financial Services<br>Commissions      | 294      | 227      | 29.5%  | 409      | -28.1% | 1,    |
| 21.                                       | Mortgage Banking                       | 82       | 139      | -41.0% | 41       | 100.0% |       |
| 22.                                       | Trust Fees                             | 254      | 235      | 8.1%   | 265      | -4.2%  | 1,    |
| 23.                                       | Securities (Impairment)<br>Gains       | (7,180)  | 0        | n/m    | (14)     | n/m    | (5,   |
| 24.                                       | Loss on Extinguishment<br>of Debt      | 0        | 0        | n/m    | 0        | n/m    | (2,   |
| 25.                                       | Other                                  | 3,016    | 2,456    | 22.8%  | 2,723    | 10.8%  | 11,   |
| 26. Total Noninterest Income              |  | 4,269    | 10,493   | -59.3% | 11,788   | -63.8% | 38,   |
| 27. Noninterest Expense:                  |  |          |          |        |          |        |       |
| 28.                                       | Salaries and Related Benefits          | 12,595   | 13,183   | -4.5%  | 13,054   | -3.5%  | 52,   |
| 29.                                       | Occupancy                              | 3,022    | 3,037    | -0.5%  | 3,022    | 0.0%   | 11,   |
| 30.                                       | Equipment                              | 1,259    | 1,290    | -2.4%  | 1,101    | 14.4%  | 4,    |
| 31.                                       | Data Processing                        | 1,494    | 1,523    | -1.9%  | 1,525    | -2.0%  | 6,    |
| 32.                                       | Professional Fees                      | 537      | 486      | 10.5%  | 411      | 30.7%  | 1,    |
| 33.                                       | Other                                  | 5,370    | 5,639    | -4.8%  | 5,378    | -0.1%  | 21,   |
| 34. Total Noninterest Expense             |  | 24,277   | 25,158   | -3.5%  | 24,491   | -0.9%  | 98,   |
| 35.                                       | Income Before Income Taxes             | 28,189   | 33,633   | -16.2% | 35,559   | -20.7% | 132,  |
| 36.                                       | Provision for income taxes             | 7,024    | 9,325    | -24.7% | 10,464   | -32.9% | 37,   |
| 37. Net Income                            |  | \$21,165 | \$24,308 | -12.9% | \$25,095 | -15.7% | \$95, |
| 38. Average Shares Outstanding            |  | 31,761   | 32,523   | -2.3%  | 31,713   | 0.2%   | 31,   |
| 39. Diluted Average Shares<br>Outstanding |  | 32,487   | 33,154   | -2.0%  | 32,352   | 0.4%   | 32,   |
| 40. Per Share Data:                       |  |          |          |        |          |        |       |
| 41.                                       | Basic Earnings                         | \$0.67   | \$0.75   | -10.8% | \$0.79   | -15.8% | \$2,  |
| 42.                                       | Diluted Earnings                       | 0.65     | 0.73     | -11.1% | 0.78     | -16.0% | 2,    |
| 43.                                       | Dividends Paid                         | 0.28     | 0.26     | 7.7%   | 0.28     | 0.0%   | 1,    |