

WESTAMERICA BANCORPORATION
Form DEF 14A
March 17, 2003
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
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Westamerica Bancorporation

(Name of Registrant as Specified In Its Charter)

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**1108 Fifth Avenue
San Rafael, California 94901**

March 17, 2003

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Westamerica Bancorporation. It will be held at **11:00 a.m. PST on Thursday, April 24, 2003, at the Fairfield Center for Creative Arts, 1035 West Texas Street, Fairfield, California** as stated in the formal notice accompanying this letter. We hope you will plan to attend.

At the Annual Meeting, the shareholders will be asked to elect directors, approve the Amended and Restated Stock Option Plan of 1995, and to ratify the selection of independent auditors. We will also review operating results for the past year and present other information concerning Westamerica.

In order to ensure your shares are voted at the Meeting, you can vote through the Internet, by telephone or by mail. Instructions regarding Internet and telephone voting are included on the proxy card. If you elect to vote by mail, please sign, date and return the proxy card in the accompanying postage-paid envelope. The Proxy Statement explains more about voting. If you attend the Meeting, you may vote in person even though you previously voted your proxy.

We look forward to seeing you at the Annual Meeting on Thursday, April 24, 2003, at the Fairfield Center for Creative Arts, 1035 West Texas Street, Fairfield, California.

Sincerely,

DAVID L. PAYNE

Chairman of the Board, President and Chief Executive Officer

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WESTAMERICA BANCORPORATION

1108 Fifth Avenue

San Rafael, California 94901

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date and Time

Thursday, April 24, 2003, at 11:00 a.m. PST

Place

Fairfield Center for Creative Arts, Fairfield, California

Items of Business

1. To elect 10 directors to serve until the 2004 Annual Meeting of shareholders;
2. To approve the Amended and Restated Stock Option Plan of 1995;
3. To ratify the Board's appointment of KPMG LLP as independent auditors for 2003; and
4. To transact such other business as may properly come before the Annual Meeting and any adjournments or postponements.

Who May Vote?

Shareholders of record at the close of business on February 24, 2003 are entitled to notice of and to vote at the Annual Meeting or any postponement or adjournment thereof.

Admission to the Meeting

Admission to the Meeting will require a ticket. If you are a shareholder of record and plan to attend, please check the appropriate box on the proxy card and an admission ticket will be mailed to you. If you are a shareholder whose shares are held through an intermediary, such as a bank or broker, and you plan to attend, please request a ticket by writing to the Shareholder Relations Department A-2B, Westamerica Bancorporation, P.O. Box 1250, Suisun City, California 94585-1250. Evidence of your ownership, which you can obtain from your bank, broker or other intermediary, must accompany your letter.

Annual Report

Westamerica Bancorporation's Annual Report to shareholders for the fiscal year ended December 31, 2002 is enclosed. The Annual Report contains financial and other information about the activities of Westamerica Bancorporation, but it is not to be deemed a part of the proxy soliciting materials.

BY ORDER OF THE BOARD OF DIRECTORS

Kris Irvine

Assistant Corporate Secretary

Dated: March 17, 2003

YOUR VOTE IS IMPORTANT

YOU ARE URGED TO COMPLETE, SIGN, DATE AND PROMPTLY RETURN YOUR PROXY, OR VOTE BY THE TELEPHONE OR INTERNET USING THE PROCEDURES DESCRIBED IN THE PROXY STATEMENT, SO THAT YOUR SHARES MAY BE VOTED IN ACCORDANCE WITH YOUR WISHES.

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WESTAMERICA BANCORPORATION

1108 Fifth Avenue

San Rafael, California 94901

PROXY STATEMENT

March 17, 2003

GENERAL

PURPOSE

This Proxy Statement and the accompanying proxy card are being mailed to shareholders of Westamerica Bancorporation (Westamerica or the Corporation) beginning on or about March 17, 2003. The Westamerica Board of Directors is soliciting proxies to be used at the 2003 Annual Meeting of Westamerica shareholders, which will be held at 11:00 a.m. PST, Thursday, April 24, 2003, at the Fairfield Center for Creative Arts, Fairfield, California. Proxies are solicited to give all shareholders of record an opportunity to vote on matters to be presented at the Annual Meeting. In the following pages of this Proxy Statement, you will find information on matters to be voted on at the Annual Meeting or any adjournment or postponement of that Meeting.

Voting Information

Who Can Vote. You are entitled to vote if you were a shareholder of record of Westamerica common stock as of the close of business on February 24, 2003. Your shares can be voted at the Meeting only if you are present or represented by a valid proxy.

Proxy Card. The Board has designated Arthur C. Latno, Jr., Ronald A. Nelson and Edward B. Sylvester to serve as Proxies for the Annual Meeting. As Proxies, they will vote the shares represented by proxies at the Annual Meeting. If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the Proxies in favor of the election of all of the director nominees, for approval of the changes to the Stock Option Plan and for ratifying the appointment of independent auditors for 2003. The Proxies will have discretionary authority to vote in accordance with their judgment on any other matter that may properly come before the Meeting.

Quorum and Shares Outstanding. A quorum, which is one-third of total shares outstanding as of Record Date, must be present to hold the Annual Meeting. A quorum is calculated based on the number of shares represented by shareholders attending in person or by their proxy holders. On February 24, 2003, 33,200,486 shares of Westamerica common stock were outstanding.

Required Votes Election of Director Nominees. Each share is entitled to one vote, except in the election of directors where a shareholder may cumulate votes as to candidates nominated prior to voting, but only when a shareholder gives notice of intent to cumulate votes prior to the voting at the Meeting. If any shareholder gives such notice, all shareholders may cumulate their votes for nominees. Under cumulative voting, each share carries as many votes as the number of directors to be elected, and the shareholder may cast all of such votes for a single nominee or distribute them in any manner among as many nominees as desired. In the election of directors, the 10 nominees receiving the highest number of votes will be elected.

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If your proxy is marked **Withhold** with regard to the election of any nominee, your shares will be counted toward a quorum but they will not be voted for or against the election of that nominee.

Required Votes Ratification of Auditors and Approval of Amended and Restated Stock Option Plan.

These proposals will be approved if the number of shares voted in favor of each proposal is equal to the majority of the shares present and voting at the meeting, but not less than a majority of the required quorum. Abstentions are deemed **present** for the purpose of obtaining a quorum, but will not have an affect on the outcomes unless the number of shares voting affirmatively for one of these matters is less than a majority of the required quorum. In that case, an abstention will have the same effect as a negative vote.

Broker **non-votes** are not included in the tabulation of the voting results on issues requiring approval of a majority of the votes cast and, therefore, do not have the effect as a negative vote. A broker **non-vote** occurs when a nominee, such as a broker or bank holding shares for a beneficial owner, does not vote on a particular proposal because the nominee does not have discretionary voting power on that item and has not received instructions from the beneficial owner. Broker **non-votes** are included in determining whether a quorum is present.

How You Can Vote. You may vote by proxy or in person at the Meeting. To vote by proxy, you may select one of the following options:

Vote by Telephone. You can vote your shares by telephone by calling the toll-free telephone number shown on your proxy card. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the shareholder by using individual control numbers. If you vote by telephone, you do **NOT** need to return your proxy card.

Vote by Internet. You can also choose to vote on the Internet. The web site for Internet voting is shown on your proxy card. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been properly recorded. If you vote on the Internet, you do **NOT** need to return your proxy card.

If you vote by Internet or telephone, your vote must be received by midnight, Central Time, on April 23, 2003 to ensure that your vote is counted. For Westamerica Plan participants, your vote must be received by midnight, Central Time, on April 21, 2003.

Vote by Mail. If you choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided.

Shares Registered in the Name of a Bank or Brokerage Firm. If your shares of common stock are held by a bank, broker or other nominee in street name, you will receive voting instructions from the record holder (including instructions, if any, on how to vote by telephone or through the Internet). You must follow these instructions in order to have your shares voted at the Annual Meeting.

Revocation of Proxy. If you vote by proxy, whether by telephone, Internet or mail, you may revoke that proxy at any time before it is voted at the Annual Meeting. You may do this by (a) signing another proxy card with a later date and delivering it to us prior to the Meeting or sending a notice of revocation to the Corporate Secretary of Westamerica at 1108 Fifth Avenue, San Rafael, CA 94901; (b) voting at a later time by telephone or on the Internet prior to the Meeting; or (c) attending the Meeting in person and casting a ballot.

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Multiple Copies of Annual Reports to Shareholders. If you own Westamerica stock through a bank, broker, or other holder of record and received more than one copy of the Westamerica Annual Report at the same address, contact the holder of record to eliminate duplicate mailings. You should also contact the holder of record if, at a later date, you wish to resume the mailing of an Annual Report. To request additional Annual Reports or Proxy Statements, you can call Westamerica Bancorporation at (707) 863-6992 or you can send your request in writing to the Corporate Secretary of Westamerica at 1108 Fifth Avenue, San Rafael, CA 94901.

At least one account at your address must continue to receive an Annual Report, unless you elect to receive future Annual Reports and Proxy Statements over the Internet. Mailing of dividends, dividend reinvestment statements, proxy materials, and special notices will not be affected by your election to discontinue duplicate mailings of the Annual Report.

Electronic Access to Proxy Materials and Annual Reports. This Proxy Statement and the 2002 Annual Report are available on our Internet site at www.westamerica.com/investor_relations/index.html. If you hold your Westamerica common stock in street name through a broker, a bank or other nominee, you may have the option of securing your Proxy Statement and Annual Report over the Internet. If you vote this year's proxy electronically, you may also be able to elect to receive future Proxy Statements, Annual Reports and other materials electronically by following the instructions when you vote.

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Security Ownership of Certain Beneficial Owners. The Corporation does not know of any person or group that beneficially owned more than 5% of its common stock on February 24, 2003.

Security Ownership of Directors and Management. The following table shows the number of common shares and the percentage of the common shares beneficially owned (as defined below) by each of the current directors, by each of the nominees for election to the office of director, by the Chief Executive Officer, by the four other most highly compensated executive officers during 2002, and by all directors and executive officers of the Corporation as a group as of February 24, 2003. For the purpose of the disclosure of ownership of shares by directors and management below, shares are considered to be beneficially owned if a person, directly or indirectly, has or shares the power to vote or direct the voting of the shares, the power to dispose of or direct the disposition of the shares, or the right to acquire beneficial ownership of shares within 60 days of February 24, 2003.

Name and Address **	Amount and Nature of Beneficial Ownership			Total	Percent of Class (2)
	Sole Voting and Investment Power	Shared Voting and Investment Power	Right to Acquire Within 60 Days of Feb. 24, 2003		
Etta Allen	10,707 ⁽³⁾			10,707	*
Louis E. Bartolini	1,800			1,800	*
Arthur C. Latno, Jr.	3,219 ⁽⁴⁾			3,219	*
Patrick D. Lynch	1,000			1,000	*
Catherine Cope MacMillan	4,000 ⁽⁵⁾			4,000	*
Patrick J. Mon Pere	184,565 ⁽⁶⁾		6,780	191,345	0.6%
Ronald A. Nelson	44,000			44,000	0.1%
Carl R. Otto	6,032			6,032	*
David L. Payne	90,931 ⁽⁷⁾	539,841 ⁽⁸⁾	1,166,884	1,797,656	5.4%
Edward B. Sylvester	84,500			84,500	0.3%
Jennifer J. Finger	1,127	1,551	94,560 ⁽¹⁾	97,238	0.3%
Robert W. Entwisle	3,174 ⁽⁹⁾	935	104,160 ⁽¹⁾	108,269	0.3%
Hans T. Y. Tjian	76,046 ⁽¹⁰⁾	19,186	109,034 ⁽¹⁾	204,266	0.6%
Robert A. Thorson	11	1,347	73,891 ⁽¹⁾	75,249	0.2%
All 17 Directors and Executive Officers as a Group	512,580	588,830	1,677,741	2,779,151	8.4%

* Indicates beneficial ownership of less than one-tenth of one percent (0.1%) of the Corporation's common shares.

** The address of all persons listed is 1108 Fifth Avenue, San Rafael, CA 94901.

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- (1) During 1996, the Corporation adopted the Westamerica Bancorporation Deferral Plan (the Deferral Plan) that allows recipients of restricted performance shares to defer income into succeeding years. Includes restricted performance shares that have been deferred into the Deferral Plan since 1996, as well as restricted performance shares that vested as of January 23, 2003, whether or not deferred by the executive into the Deferral Plan.
- (2) In calculating the percentage of ownership, all shares which the identified person or persons have the right to acquire by exercise of options are deemed to be outstanding for the purpose of computing the percentage of the class owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of the class owned by any other person.
- (3) Includes 10,350 shares held in a trust as to which Mrs. Allen is trustee.
- (4) Includes 1,200 shares owned by Mr. Latno s wife, as to which Mr. Latno disclaims beneficial ownership.
- (5) Includes 3,040 shares held in a trust as to which Ms. MacMillan is trustee.
- (6) All shares are part of the Mon Pere Investment, L.P., a family limited partnership of which Mr. Mon Pere and his wife are sole general partners and sole limited partners except for limited partnership interests that were gifted to three individuals in the aggregate of 0.5%. Mr. Mon Pere disclaims beneficial ownership of WABC common stock held by the LP except to the extent of his pecuniary interest therein.
- (7) Includes 921 shares held as custodian under the Uniform Gift to Minors Act.
- (8) Includes 528,837 shares owned by Gibson Radio and Publishing Company, of which Mr. Payne is President and Chief Executive Officer, as to which Mr. Payne disclaims beneficial ownership.
- (9) Held in a trust, as to which Mr. Entwisle is co-trustee with sole voting and investment power.
- (10) Includes 76,003 shares held in a trust, as to which Mr. Tjian is co-trustee with sole voting and investment power and also includes 43 shares held as custodian under the Uniform Gift to Minors Act.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) requires the Corporation s directors and executive officers and persons who own more than 10% of a registered class of the Corporation s equity securities to file with the Securities and Exchange Commission (the SEC) and the National Association of Securities Dealers initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Corporation. Such persons are required by SEC regulation to furnish the Corporation with copies of all Section 16(a) forms they file.

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To the Corporation's knowledge, based solely on a review of the copies of such reports furnished to the Corporation and written representations that no other reports were required, during the fiscal year ended December 31, 2002, all Section 16(a) filing requirements were complied with by Westamerica's officers, directors and 10% shareholders.

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On May 1, 2002, Louis Herwaldt retired from the Board. The Board has elected by resolution to reduce the number of directors of the Board to be elected at the Annual Meeting to hold office for the ensuing year and until their successors are elected and qualified to 10. It is the intention of the proxy holders named in the enclosed proxy to vote such proxies (except those containing contrary instructions) for the 10 nominees named below. The Board does not anticipate that any of the nominees will be unable to serve as a director, but if that should occur before the Meeting, the proxy holders reserve the right to substitute another person as nominee and vote for such person as directed by the Corporation's Board of Directors. The proxy holders reserve the right to cumulate votes for the election of directors and cast all of such votes for any one or more of the nominees, to the exclusion of the others, and in such order of preference as the proxy holders may determine in their discretion.

Nominees

The nominees for election to the office of director of the Board are named and certain information with respect to them is given below. The information has been furnished to the Corporation by the respective nominees. All of the nominees have engaged in their indicated principal occupation for more than five years, unless otherwise indicated.

<u>Name of Nominee</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Etta Allen	Mrs. Allen, 73, is President and owner of Allen Heating and Sheet Metal of Greenbrae, California, and President and owner of Sunny Slope Vineyard, Glen Ellen, California.	1988
Louis E. Bartolini	Mr. Bartolini, 71, retired in 1988 as a Vice President and financial consultant with Merrill Lynch, Pierce, Fenner & Smith, Inc. He currently devotes some of his time to serving on various community service boards.	1991
Arthur C. Latno, Jr.	Mr. Latno, 73, was an Executive Vice President for Pacific Telesis Group (formerly Pacific Telephone Co.) in San Francisco, California. Mr. Latno retired from that company in November of 1992. He currently devotes some of his time to serving on various community service boards.	1985
Patrick D. Lynch	Mr. Lynch, 70, currently serves as a consultant to several private high technology firms.	1986
Catherine Cope MacMillan	Ms. MacMillan, 56, is General Counsel for Nob Hill Properties, Inc., the owner of the Huntington Hotel in San Francisco, California. Prior to 2000, she was President and owner of the Firehouse Restaurant in Sacramento, California.	1985
Patrick J. Mon Pere	Mr. Mon Pere, 72, is the owner and President/Chief Executive Officer of Patrick James Inc., a men's retail clothing firm. Mr. Mon Pere served as a director of ValliCorp Holdings, Inc., which merged with and into the Corporation in 1997.	1997

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<u>Name of Nominee</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Ronald A. Nelson	Mr. Nelson, 60, was Executive Vice President of Charles M. Schulz Creative Associates, and a general partner in various Schulz partnerships through 1995. He has long been involved in the development of commercial property and also devotes time to personal investments and business consulting.	1988
Carl R. Otto	Mr. Otto, 56, is the President and Chief Executive Officer of John F. Otto, Inc., a general contracting firm in Sacramento, California.	1992
David L. Payne	Mr. Payne, 47, is the Chairman of the Board, President and Chief Executive Officer of the Corporation. Mr. Payne is President and Chief Executive Officer of Gibson Printing and Publishing Company and Gibson Radio and Publishing Company, which are newspaper, commercial printing and real estate investment companies headquartered in Vallejo, California.	1984
Edward B. Sylvester	Mr. Sylvester, 66, is the President of Sylvester Engineering, Inc. and SCO Planning and Engineering, Inc., civil engineering and planning firms with offices in Nevada City and Truckee, California.	1979

THE BOARD RECOMMENDS ELECTION OF ALL NOMINEES.

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Meetings and Committees of the Board

Meetings

The Board held a total of 12 meetings during 2002. Every director attended at least 75%, except for former Directors Don Emerson who attended 67% and Louis Herwaldt who attended 63%, of the aggregate of: (i) the 12 Board meetings or that number of Board Meetings held during the period in which they served; and (ii) the total number of meetings of any Committee of the Board on which such director served.

Committees of the Board

Executive Committee:

Members: D. L. Payne, Chairman; A. C. Latno, Jr., P. D. Lynch and E. B. Sylvester.

Number of Meetings in 2002: Eleven

Functions: The Board delegates to the Executive Committee, subject to the limitations of the California General Corporation Law, any powers and authority of the Board in the management of the business and affairs of the Corporation.

Audit Committee:

Members: R. A. Nelson, Chairman; L. E. Bartolini, C. C. MacMillan, P. J. Mon Pere and C. R. Otto.

Number of Meetings in 2002: Five

Functions: The Audit Committee provides independent, objective oversight of the Corporation's accounting, internal controls and financial reporting. The Audit Committee selects and retains the independent auditors and reviews the plan and results of the auditing engagement. The Audit Committee meets with management and the independent auditors as may be required. The Audit Committee Report that follows more fully describes the responsibilities and the activities of the Audit Committee.

Employee Benefits and Compensation Committee:

Members: P. D. Lynch, Chairman; E. Allen, A.C. Latno, Jr., and R. A. Nelson.

Number of Meetings in 2002: Five

Functions: The Employee Benefits and Compensation Committee administers and carries out the terms of the Corporation's employee stock option plans as well as the tax deferred savings and retirement plan, and profit-sharing plan. The Employee Benefits and Compensation Committee administers the Corporation's compensation programs and reviews and recommends to the Board the compensation level for the executive officers of the Corporation and its subsidiaries. The Employee Benefits and Compensation Committee also reviews the performance of and recommends promotions for the executive officers of the Corporation.

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Nominating Committee:

Members: A. C. Latno, Jr., Chairman; P. D. Lynch, and E. B. Sylvester.

Number of Meetings in 2002: One

Functions: The Nominating Committee is responsible for reviewing the fees paid to directors for attendance at Board and Committee meetings and making recommendations with respect thereto. For the annual meeting to be held in 2004, the Nominating Committee will consider shareholder nominations for election to the Board submitted in accordance with Section 2.14 of the Bylaws of the Corporation, which requires that nominations be submitted in writing and must be received by the Assistant Corporate Secretary at least 45 days before the anniversary of the date on which the corporation first mailed its proxy materials for the prior year's annual meeting of shareholders. The nominations shall contain certain specified information regarding the nominee and the nominating shareholder. Nominations not made in accordance with Section 2.14 may be disregarded by the chairperson of the Meeting in his or her sole discretion.

Loan and Investment Committee:

Members: E. B. Sylvester, Chairman; E. Allen, A. C. Latno, Jr. and C. C. MacMillan.

Number of Meetings in 2002: Eleven

Functions: The Loan and Investment Committee is responsible for reviewing major loans and investment policies and for monitoring the activities related to the Community Reinvestment Act.

Compensation of Non-Employee Directors

During 2002, non-employee directors of the Corporation received an annual retainer of \$14,000. Each non-employee director received \$1,000 for each meeting of the Board that he or she attended.

During 2002, each non-employee director received \$500 for each Committee meeting of the Board attended. The Chairman of each Committee received an additional \$250, for a total of \$750, for each Committee meeting attended. The Chairman of the Board, D. L. Payne, is compensated as an employee and did not receive an annual retainer or directors' fees.

Corporation Transactions with Directors and Management

Certain of the directors, executive officers and their associates have had banking transactions with subsidiaries of the Corporation in the ordinary course of business. With the exception of the Corporation's Employee Loan Program, all outstanding loans and commitments included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, did not involve more than a normal risk of collectibility and did not present other unfavorable features. As part of the Employee Loan Program, all employees, corporate officers and directors are eligible to receive mortgage loans at one percent (1%) below the bank's prevailing interest rate.

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Board Compensation Committee Report

Overview. The Employee Benefits and Compensation Committee of the Board of Directors (the Committee) is comprised solely of directors who are not current or former employees of Westamerica Bancorporation. It oversees the executive compensation program and determines annual compensation for executives based on performance. This executive compensation program and annual evaluation process establishes a competitive base salary for each executive and offers incentive compensation which can provide additional compensation if established performance measures are achieved.

Compensation Objectives and Policies. The Committee seeks to ensure that:

incentive compensation is closely linked to company-wide, division and individual performance;
the interests of the Corporation's employees are aligned with those of its shareholders through stock-based incentives and resulting stock ownership; and
compensation and benefits are set at levels that enable the Corporation to attract and retain highly qualified employees.

In determining total compensation, the Committee obtains competitive market data, comparing the Corporation's compensation practices to those of a peer group of companies. The peer group is comprised of companies in the banking industry with which the Corporation competes for executive talent and which are generally comparable with respect to business activities.

Base Salary and Bonus. Each executive officer named in the Summary Compensation Table receives a monthly base salary and is eligible to receive an annual cash bonus. Over time, the Committee intends to limit base sal