

WESTAMERICA BANCORPORATION

Form 8-K

April 16, 2008

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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):

April 16, 2008

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-4c))

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Exhibits

99.1 Press release dated April 15, 2008

Item 2.02: Results of Operations and Financial Condition

On April 15, 2008 Westamerica Bancorporation announced their earnings for the first quarter of 2008. A copy of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

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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
April 16, 2008

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| (99.1) | Press release dated April 15, 2008 | 5-13 |

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FOR IMMEDIATE RELEASE
April 15, 2008

WESTAMERICA REPORTS FIRST QUARTER RESULTS

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San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported quarterly net income for the first quarter of 2008 of \$26.8 million and diluted earnings per share ("EPS") of \$0.92 compared to net income of \$21.8 million and EPS of \$0.74 for the previous quarter, and net income of \$23.6 million and EPS of \$0.76 for the first quarter of 2007. As described below, first quarter 2008 results include benefits from Visa's initial public offering which increased net income by \$4.7 million and EPS by \$0.16. Fourth quarter 2007 results include litigation expense of \$2.3 million related to Westamerica's proportionate share of Visa's litigation exposure and a \$700 thousand income tax refund which combined to reduce net income by \$590 thousand, or EPS by \$0.02. First quarter 2007 results include a gain on company-owned life insurance which contributed \$0.02 to EPS.

"During the first quarter 2008, our net interest margin increased to 4.79 percent from 4.53 percent in the fourth quarter 2007. This improvement came primarily from a reduction in our cost of funds as short-term interest rates declined," said Chairman, President and CEO David Payne. "Our expenses remain well controlled, and our credit quality remains sound. Our non-performing loans represented only 0.23 percent of total loans at quarter-end while our loan loss reserves equal 2.13 percent of total loans. We are pleased to have delivered a return on our shareholders' equity, excluding the Visa IPO benefits, of 22.6 percent this quarter," added Payne.

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Net interest income on a fully taxable equivalent (FTE) basis was \$48.0 million for the first quarter of 2008, compared to \$46.8 million for the previous quarter and to \$46.9 million for the first quarter of 2007. The first quarter 2008 net interest margin on a fully taxable equivalent basis was 4.79 percent, compared to 4.53 percent for the previous quarter and 4.41 percent for the first quarter of 2007.

The provision for loan losses was \$600 thousand for the first quarter of 2008, compared to \$475 thousand for the previous quarter, and \$75 thousand for the first quarter of 2007. Net loan losses totaled \$872 thousand or 0.14 percent of average loans (annualized) for the first quarter of 2008, compared to \$907 thousand and 0.14 percent, respectively, for the fourth quarter of 2007.

Management follows diligent and thorough loan administration and risk management practices. The Company assigns risk grades to loans following the same framework used by its regulators. Loans receiving higher risk grades and heightened credit management attention are "classified" loans. The Company's "classified" loans increased to \$33.3 million at March 31, 2008 from \$24.4 million at December 31, 2007. The increase in classified loans is primarily attributable to one construction loan relationship with \$11.1 million outstanding at March 31, 2008. The loan collateral is comprised of developed land and residential real estate properties located north of Sacramento, California. Management is aggressively pursuing collection of this loan relationship. Some "classified" loans are placed on non-accrual status when the full collection of principal or interest is in doubt. Included in the "classified" loans are non-accrual loans totaling \$5.4 million at March 31, 2008, compared to \$4.9 million at December 31, 2007. Management regularly assesses the level of the Company's allowance for loan losses giving consideration to current and developing economic conditions, levels of classified and non-accrual loans, and other relevant external and internal considerations. The Company's allowance for loan losses totaled \$52.2 million at March 31, 2008. Management considers this allowance for loan losses to be an adequate reserve against estimated loan losses.

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Noninterest income for the first quarter of 2008 totaled \$19.4 million compared to \$15.3 million for the first quarter 2007. The increase is primarily attributable to \$5.7 million in securities gains from the redemption of Visa Class B common stock as part of the initial public offering in the first quarter 2008, offset by \$822 thousand in gains from company-owned life insurance recognized in the first quarter 2007.

Noninterest expense for the first quarter of 2008 totaled \$23.1 million, \$1.6 million lower than noninterest expense for the first quarter of 2007. The decrease is primarily due to the first quarter 2008 reversal of a \$2.3 million accrual for Visa related litigation, which was reversed with the funding of a litigation escrow as a part of the Visa IPO. All other noninterest expenses increased \$700 thousand in the first quarter of 2008 compared to the first quarter of 2007. Personnel costs rose due to higher employee benefit costs and annual merit increases. Data processing costs were higher due to conversion of the Company's item processing function to an outside vendor in the third quarter 2007. These higher costs were offset in part by lower amortization of intangible assets. The first quarter 2008 efficiency ratio (expenses/FTE revenues) was 34.2 percent compared to 39.7 percent in the first quarter 2007. Excluding the Visa-related benefits recorded in noninterest income and noninterest expense, the efficiency ratio was 41.2 percent for the first quarter 2008. Excluding the company-owned life insurance gain, the efficiency ratio was 40.2 percent for the first quarter 2007.

At March 31, 2008, shareholders' equity was \$399 million and the equity-to-asset ratio was 9.2 percent. During the first quarter 2008, repurchases of the Company's common stock totaled approximately 246 thousand shares, net of shares issued, and dividends paid to shareholders totaled \$9.8 million.

At March 31, 2008, the Company's assets totaled \$4.3 billion and loans outstanding totaled \$2.4 billion.

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Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 86 branches and two trust offices throughout 21 Northern and Central California counties.

Westamerica Bancorporation Web Address: www.westamerica.com

For additional information contact:

Westamerica Bancorporation

Robert A. Thorson - SVP & Chief Financial Officer

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,"

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"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-K for the year ended December 31, 2007, 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.

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WESTAMERICA BANCORPORATION
FINANCIAL HIGHLIGHTS
March 31, 2008

Public Information April 15, 2008

1. Net Income Summary.

(dollars in thousands except per-share amounts)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YT |
|---|----------|----------|------------------|----------|------------------|-----------|
| 1 Net Interest Income (Fully Taxable Equivalent) | \$47,982 | \$46,914 | 2.3% | \$46,812 | 2.5% | \$47,982 |
| 2 Provision for Credit Losses | 600 | 75 | 700.0% | 475 | 26.3% | 600 |
| 3 Noninterest Income: | | | | | | |
| 4 Life Insurance Gains | 0 | 822 | n/m | 0 | n/m | 0 |
| 5 Gain on Sale of Visa Common Stock | 5,698 | 0 | n/m | 0 | n/m | 5,698 |
| 6 Other | 13,680 | 14,455 | -5.4% | 14,657 | -6.7% | 13,680 |
| 7 Total Noninterest Income | 19,378 | 15,277 | 26.8% | 14,657 | 32.2% | 19,378 |
| 8 Noninterest Expense: | | | | | | |
| 9 VISA Litigation | (2,338) | 0 | n/m | 2,338 | n/m | (2,338) |
| 10 Other | 25,394 | 24,664 | 3.0% | 24,868 | 2.1% | 25,394 |
| 11 Total Noninterest Expense | 23,056 | 24,664 | -6.5% | 27,206 | -15.3% | 23,056 |
| 12 Income Before Taxes (FTE) | 43,704 | 37,452 | | 33,788 | | 43,704 |
| 13 Income Tax Provision (FTE) | 16,926 | 13,882 | 21.9% | 11,956 | 41.6% | 16,926 |
| 14 Net Income | \$26,778 | \$23,570 | 13.6% | \$21,832 | 22.7% | \$26,778 |

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| | | | | | | |
|---------------------------------------|--------|--------|-------|--------|-------|--------|
| 15 Average Shares Outstanding | 28,861 | 30,342 | -4.9% | 29,213 | -1.2% | 28,861 |
| 16 Diluted Average Shares Outstanding | 29,210 | 30,824 | -5.2% | 29,575 | -1.2% | 29,210 |
| 17 Operating Ratios: | | | | | | |
| 18 Basic Earnings Per Share | \$0.93 | \$0.78 | 19.4% | \$0.75 | 24.2% | \$0.93 |
| 19 Diluted Earnings Per Share | 0.92 | 0.76 | 19.9% | 0.74 | 24.2% | 0.92 |
| 20 Return On Assets | 2.43% | 2.03% | | 1.90% | | 2.43% |
| 21 Return On Equity | 27.3% | 23.0% | | 21.7% | | 27.3% |
| 22 Net Interest Margin (FTE) | 4.79% | 4.41% | | 4.53% | | 4.79% |
| 23 Efficiency Ratio (FTE) | 34.2% | 39.7% | | 44.3% | | 34.2% |
| 24 Dividends Paid Per Share | \$0.34 | \$0.34 | 0.0% | \$0.34 | 0.0% | \$0.34 |
| 25 Dividend Payout Ratio | 37% | 44% | | 46% | | 37% |

2. Net Interest Income.

(dollars in thousands)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YT |
|---|-------------|-------------|------------------|-------------|------------------|-------------|
| 1 Interest and Fee Income (FTE) | \$60,810 | \$65,025 | -6.5% | \$63,295 | -3.9% | \$60,810 |
| 2 Interest Expense | 12,828 | 18,111 | -29.2% | 16,483 | -22.2% | 12,828 |
| 3 Net Interest Income (FTE) | \$47,982 | \$46,914 | 2.3% | \$46,812 | 2.5% | \$47,982 |
| 4 Average Earning Assets | \$4,028,221 | \$4,287,431 | -6.0% | \$4,124,196 | -2.3% | \$4,028,221 |
| 5 Average Interest-Bearing Liabilities | 2,771,526 | 2,961,252 | -6.4% | 2,830,235 | -2.1% | 2,771,526 |
| 6 Yield on Earning Assets (FTE) | 6.06% | 6.11% | | 6.11% | | 6.06% |
| 7 Cost of Funds | 1.27% | 1.70% | | 1.58% | | 1.27% |
| 8 Net Interest Margin (FTE) | 4.79% | 4.41% | | 4.53% | | 4.79% |
| 9 Interest Expense/Interest-Bearing Liabilities | 1.85% | 2.46% | | 2.30% | | 1.85% |
| 10 Net Interest Spread (FTE) | 4.21% | 3.65% | | 3.81% | | 4.21% |

3. Loans & Other Earning Assets.

(average volume, dollars in thousands)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YT |
|------------------------|-------------|-------------|------------------|-------------|------------------|-------------|
| 1 Total Assets | \$4,433,934 | \$4,713,173 | -5.9% | \$4,556,715 | -2.7% | \$4,433,934 |
| 2 Total Earning Assets | 4,028,221 | 4,287,431 | -6.0% | 4,124,196 | -2.3% | 4,028,221 |
| 3 Total Loans | 2,477,666 | 2,519,861 | -1.7% | 2,496,403 | -0.8% | 2,477,666 |
| 4 Commercial Loans | 616,994 | 616,277 | 0.1% | 615,093 | 0.3% | 616,994 |

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| | | | | | | | |
|----|---|-----------|-----------|--------|-----------|-------|-----------|
| 5 | Commercial Real Estate Loans | 850,504 | 900,625 | -5.6% | 864,464 | -1.6% | 850,504 |
| 6 | Consumer Loans | 1,010,168 | 1,002,959 | 0.7% | 1,016,846 | -0.7% | 1,010,168 |
| 7 | Total Investment Securities | 1,550,555 | 1,767,570 | -12.3% | 1,627,793 | -4.7% | 1,550,555 |
| 8 | Available For Sale (Market Value) | 518,217 | 612,852 | -15.4% | 569,832 | -9.1% | 518,217 |
| 9 | Held To Maturity | 1,032,338 | 1,154,718 | -10.6% | 1,057,961 | -2.4% | 1,032,338 |
| 10 | HTM Unrealized Gain (Loss) at Period-End | 13,324 | (5,955) | n/m | 4,134 | n/m | 13,324 |
| 11 | Loans / Deposits | 77.1% | 73.5% | | 75.1% | | 77.1% |

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March 31, 2008

Public Information April 15, 2008

4. Deposits & Other Interest-Bearing Liabilities.

(average volume, dollars in thousands)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YT |
|---|-------------|-------------|------------------|-------------|------------------|-------------|
| 1 Total Deposits | \$3,212,347 | \$3,427,010 | -6.3% | \$3,325,154 | -3.4% | \$3,212,347 |
| 2 Noninterest Demand | 1,199,604 | 1,270,522 | -5.6% | 1,258,496 | -4.7% | 1,199,604 |
| 3 Interest-Bearing Transaction | 546,417 | 586,860 | -6.9% | 546,485 | -0.0% | 546,417 |
| 4 Savings | 768,443 | 866,192 | -11.3% | 805,321 | -4.6% | 768,443 |
| 5 Time greater than \$100K | 500,936 | 484,887 | 3.3% | 512,610 | -2.3% | 500,936 |
| 6 Time less than \$100K | 196,947 | 218,549 | -9.9% | 202,242 | -2.6% | 196,947 |
| 7 Total Short-Term Borrowings | 722,025 | 767,859 | -6.0% | 726,783 | -0.7% | 722,025 |
| 8 Fed Funds Purchased | 565,415 | 596,965 | -5.3% | 544,640 | 3.8% | 565,415 |
| 9 Other Short-Term Funds | 156,610 | 170,894 | -8.4% | 182,143 | -14.0% | 156,610 |
| 10 Long-Term Debt | 36,758 | 36,905 | -0.4% | 36,794 | -0.1% | 36,758 |
| 11 Shareholders' Equity | 394,273 | 414,957 | -5.0% | 398,703 | -1.1% | 394,273 |
| 12 Demand Deposits / Total Deposits | 37.3% | 37.1% | | 37.8% | | 37.3% |
| 13 Transaction & Savings Deposits / Total Deposits | 78.3% | 79.5% | | 78.5% | | 78.3% |

5. Interest Yields Earned & Rates Paid.

(dollars in thousands)

| | Q1'08 | | | Q4'07 | Q1'07 | |
|--|-------------------|--------------------|----------------|----------------|-------------------|--------------------|
| | Average Volume | Income/ Expense | Yield/ Rate | Yield/ Rate | Average Volume | Income/ Expense |

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| | | | | | | | |
|----|---------------------------------------|-------------|----------|-------|-------|-------------|---------|
| 1 | Interest & Fees Income Earned | | | | | | |
| 2 | Total Earning Assets (FTE) | \$4,028,221 | \$60,810 | 6.06% | 6.11% | \$4,287,431 | \$65,02 |
| 3 | Total Loans (FTE) | 2,477,666 | 39,897 | 6.48% | 6.58% | 2,519,861 | 41,39 |
| 4 | Commercial Loans (FTE) | 616,994 | 11,288 | 7.36% | 7.73% | 616,277 | 12,08 |
| 5 | Commercial Real Estate Loans | 850,504 | 14,953 | 7.07% | 7.11% | 900,625 | 15,93 |
| 6 | Consumer Loans | 1,010,168 | 13,656 | 5.44% | 5.43% | 1,002,959 | 13,38 |
| 7 | Total Investment Securities (FTE) | 1,550,555 | 20,913 | 5.40% | 5.38% | 1,767,570 | 23,62 |
| 8 | Interest Expense Paid | | | | | | |
| 9 | Total Earning Assets | 4,028,221 | 12,828 | 1.27% | 1.58% | 4,287,431 | 18,11 |
| 10 | Total Interest-Bearing Liabilities | 2,771,526 | 12,828 | 1.85% | 2.30% | 2,961,252 | 18,11 |
| 11 | Total Interest-Bearing Deposits | 2,012,743 | 7,328 | 1.46% | 1.75% | 2,156,488 | 9,23 |
| 12 | Interest-Bearing Transaction | 546,417 | 452 | 0.33% | 0.37% | 586,860 | 52 |
| 13 | Savings | 768,443 | 1,330 | 0.70% | 0.81% | 866,192 | 1,40 |
| 14 | Time less than \$100K | 196,947 | 1,589 | 3.25% | 3.37% | 218,549 | 1,73 |
| 15 | Time greater than \$100K | 500,936 | 3,957 | 3.18% | 4.07% | 484,887 | 5,57 |
| 16 | Total Short-Term Borrowings | 722,025 | 4,922 | 2.70% | 3.65% | 767,859 | 8,29 |
| 17 | Fed Funds Purchased | 565,415 | 4,599 | 3.22% | 4.56% | 596,965 | 7,82 |
| 18 | Other Short-Term Funds | 156,610 | 323 | 0.83% | 0.95% | 170,894 | 47 |
| 19 | Long-Term Debt | 36,758 | 578 | 6.29% | 6.29% | 36,905 | 57 |
| 20 | Net Interest Income and Margin (FTE) | | \$47,982 | 4.79% | 4.53% | | \$46,91 |

6. Noninterest Income.

(dollars in thousands except per share amounts)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YTD | |
|----|--|----------|------------------|--------|------------------|------------|---------|
| 1 | Service Charges on Deposit Accounts | \$7,296 | \$7,528 | -3.1% | \$7,422 | -1.7% | \$7,29 |
| 2 | Merchant Credit Card Income | 2,580 | 2,449 | 5.4% | 2,817 | -8.4% | 2,58 |
| 3 | ATM Fees & Interchange | 718 | 677 | 6.1% | 709 | 1.3% | 71 |
| 4 | Debit Card Fees | 904 | 895 | 0.9% | 972 | -7.0% | 90 |
| 5 | Financial Services Commissions | 230 | 310 | -25.9% | 265 | -13.2% | 23 |
| 6 | Mortgage Banking Income | 40 | 30 | 35.2% | 32 | 25.7% | 4 |
| 7 | Trust Fees | 303 | 337 | -10.1% | 303 | -0.1% | 30 |
| 8 | Other Income | 1,609 | 2,229 | -27.8% | 2,137 | -24.7% | 1,60 |
| 9 | Sub-total | 13,680 | 14,455 | -5.4% | 14,657 | -6.7% | 13,68 |
| 10 | Life Insurance Gains | 0 | 822 | n/m | 0 | n/m | |
| 11 | Gain on Sale of Visa Common Stock | 5,698 | 0 | n/m | 0 | n/m | 5,69 |
| 12 | Total Noninterest Income | \$19,378 | \$15,277 | 26.8% | \$14,657 | 32.2% | \$19,37 |
| 13 | Operating Ratios: | | | | | | |
| 14 | Total Revenue (FTE) | \$67,360 | \$62,191 | 8.3% | \$61,469 | 9.6% | \$67,36 |
| 15 | Noninterest Income / | 28.8% | 24.6% | | 23.8% | | 28. |

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| | | | | | | |
|----|--|--------|--------|-------|--------|-------|
| | Revenue (FTE) | | | | | |
| 16 | Service Charges / Deposits (annualized) | 0.91% | 0.89% | | 0.89% | 0.9 |
| 17 | Total Revenue Per Share (annualized) | \$9.39 | \$8.31 | 12.9% | \$8.35 | 12.4% |
| | | | | | | \$9.3 |

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7. Noninterest Expense.

(dollars in thousands)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YT |
|--|----------|----------|------------------|----------|------------------|-----------|
| 1 Salaries & Benefits | \$12,984 | \$12,568 | 3.3% | \$12,366 | 5.0% | \$12,98 |
| 2 Occupancy | 3,390 | 3,291 | 3.0% | 3,386 | 0.1% | 3,39 |
| 3 Equipment | 921 | 1,138 | -19.1% | 934 | -1.4% | 92 |
| 4 Data Processing | 2,120 | 1,524 | 39.1% | 2,202 | -3.7% | 2,12 |
| 5 Courier | 829 | 848 | -2.2% | 845 | -1.9% | 82 |
| 6 Postage | 383 | 410 | -6.5% | 391 | -1.9% | 38 |
| 7 Telephone | 335 | 360 | -6.9% | 343 | -2.2% | 33 |
| 8 Professional Fees | 536 | 495 | 8.1% | 534 | 0.3% | 53 |
| 9 Stationery & Supplies | 279 | 315 | -11.5% | 365 | -23.7% | 27 |
| 10 Loan Expense | 170 | 167 | 1.7% | 195 | -12.8% | 17 |
| 11 Operational Losses | 184 | 160 | 15.3% | 234 | -21.2% | 18 |
| 12 Amortization of Identifiable Intangibles | 858 | 975 | -12.0% | 893 | -3.9% | 85 |
| 13 Other Operating | 2,405 | 2,413 | -0.4% | 2,180 | 10.3% | 2,40 |
| 14 Sub-total | 25,394 | 24,664 | 3.0% | 24,868 | 2.1% | 25,39 |
| 15 VISA Litigation | (2,338) | 0 | n/m | 2,338 | n/m | (2,33 |
| 16 Total Noninterest Expense | \$23,056 | \$24,664 | -6.5% | \$27,206 | -15.3% | \$23,05 |
| 17 Full Time Equivalent Staff | 886 | 892 | -0.7% | 868 | 2.1% | 88 |
| 18 Average Assets / Full Time Equivalent Staff | \$5,004 | \$5,284 | -5.3% | \$5,250 | -4.7% | \$5,00 |
| 19 Operating Ratios: | | | | | | |
| 20 FTE Revenue / Full Time Equiv. Staff (annualized) | \$306 | \$283 | 8.1% | \$281 | 8.8% | \$30 |
| 21 Noninterest Expense / Earning Assets (annualized) | 2.30% | 2.33% | | 2.62% | | 2.3 |
| 22 Noninterest Expense / FTE Revenues | 34.2% | 39.7% | | 44.3% | | 34. |

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8. Provision for Credit Losses.

(dollars in thousands)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YT |
|---|-------------|-------------|------------------|-------------|------------------|-------------|
| 1 Provision for Credit Losses | \$600 | \$75 | 700.0% | \$475 | 26.3% | \$600 |
| 2 Gross Loan Losses | 1,537 | 1,244 | 23.6% | 1,162 | 32.3% | 1,537 |
| 3 Net Loan Losses | 872 | 516 | 69.0% | 907 | -3.8% | 872 |
| 4 Recoveries / Gross Loan Losses | 43% | 59% | | 22% | | 43% |
| 5 Average Total Loans | \$2,477,666 | \$2,519,861 | -1.7% | \$2,496,403 | -0.8% | \$2,477,666 |
| 6 Net Loan Losses / Loans (annualized) | 0.14% | 0.08% | | 0.14% | | 0.14% |
| 7 Provision for Credit Losses / Loans (annualized) | 0.10% | 0.01% | | 0.08% | | 0.10% |
| 8 Provision for Credit Losses / Net Loan Losses | 68.8% | 14.5% | | 52.4% | | 68.8% |

9. Credit Quality.

(dollars in thousands)

| | 3/31/08 | 3/31/07 | 3/31/08 / 3/31/07 | 12/31/07 | 3/31/08 / 12/31/07 | 9/30/07 |
|--|-----------|-----------|----------------------|-----------|-----------------------|-----------|
| 1 Nonperforming Nonaccrual Loans | \$3,728 | \$2,341 | 25.5% | \$3,164 | -7.2% | \$3,164 |
| 2 Performing Nonaccrual Loans | 1,652 | 2,459 | -0.7% | 1,688 | 44.7% | 1,688 |
| 3 Total Nonaccrual Loans | 5,380 | 4,800 | 12.1% | 4,852 | 10.9% | 4,852 |
| 4 Accruing Loans 90+ Days Past Due | 268 | 82 | 226.8% | 297 | -9.8% | 297 |
| 5 Total Nonperforming Loans | 5,648 | 4,882 | 15.7% | 5,149 | 9.7% | 5,149 |
| 6 Repossessed Collateral | 954 | 647 | 47.4% | 613 | 55.6% | 613 |
| 7 Total Nonperforming Loans & 8 Repossessed Collateral | \$6,602 | \$5,529 | 19.4% | \$5,762 | 14.6% | \$5,762 |
| 9 Classified Loans | \$33,303 | \$18,439 | 80.6% | \$24,419 | 36.4% | \$24,419 |
| 10 Allowance for Loan Losses | \$52,234 | \$54,889 | -4.8% | \$52,506 | -0.5% | \$52,506 |
| 11 Total Loans Outstanding | 2,448,320 | 2,519,898 | -2.8% | 2,502,976 | -2.2% | 2,511,377 |
| 12 Total Assets | 4,342,302 | 4,748,829 | -8.6% | 4,558,959 | -4.8% | 4,657,017 |
| 13 Allowance for Loan Losses / Total Loans | 2.13% | 2.18% | | 2.10% | | 2.13% |
| 14 Nonperforming Loans / Total Loans | 0.23% | 0.19% | | 0.21% | | 0.23% |
| 15 Nonperforming Loans & Repossessed 16 Collateral/Total Assets | 0.15% | 0.12% | | 0.13% | | 0.15% |

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| | | | | |
|--|------|-------|-------|-----|
| 17 Allowance/Nonperforming Loans | 925% | 1124% | 1020% | 104 |
| 18 Allowance for Loan Losses / Classified Loans | 157% | 298% | 215% | 24 |
| 19 Classified Loans / | | | | |
| 20 (Equity + Allowance for Loan Losses) | 7.4% | 3.9% | 5.5% | 4. |

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10.Capital.

(dollars in thousands, except per-share amounts)

| | 3/31/08 | 3/31/07 | 3/31/08 / 3/31/07 | 12/31/07 | 3/31/08 / 12/31/07 | 9/30/07 |
|--|-----------|-----------|----------------------|-----------|-----------------------|----------|
| 1 Shareholders' Equity | \$399,109 | \$419,810 | -4.9% | \$394,603 | 1.1% | \$403,65 |
| 2 Tier I Regulatory Capital | 283,768 | 293,382 | -3.3% | 278,970 | 1.7% | 283,01 |
| 3 Total Regulatory Capital | 321,819 | 333,658 | -3.5% | 318,089 | 1.2% | 322,59 |
| 4 Total Assets | 4,342,302 | 4,748,829 | -8.6% | 4,558,959 | -4.8% | 4,657,01 |
| 5 Risk-Adjusted Assets | 2,914,007 | 3,043,445 | -4.3% | 2,986,737 | -2.4% | 3,017,66 |
| 6 Shareholders' Equity / Total Assets | 9.19% | 8.84% | | 8.66% | | 8.6 |
| 7 Shareholders' Equity / Total Loans | 16.30% | 16.66% | | 15.77% | | 16.0 |
| 8 Tier I Capital / Total Assets | 6.53% | 6.18% | | 6.12% | | 6.0 |
| 9 Tier I Capital / Risk-Adjusted Assets | 9.74% | 9.64% | | 9.33% | | 9.3 |
| 10 Total Capital / Risk-Adjusted Assets | 11.04% | 10.96% | | 10.64% | | 10.6 |
| 11 Shares Outstanding | 28,772 | 30,158 | -4.6% | 29,018 | -0.8% | 29,37 |
| 12 Book Value Per Share | \$13.87 | \$13.92 | -0.4% | \$13.60 | 2.0% | \$13.7 |
| 13 Market Value Per Share | \$52.60 | \$48.17 | 9.2% | \$44.55 | 18.1% | \$49.8 |

14 Share Repurchase Programs

(shares in thousands)

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YTD |
|---|-------|-------|------------------|-------|------------------|------------|
| 15 Total Shares Repurchased / Canceled | 424 | 447 | -5.3% | 491 | -13.6% | 42 |

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| | | | | | | | |
|----|--------------------------|---------|---------|--------|---------|--------|--------|
| 16 | Average Repurchase Price | \$47.68 | \$49.49 | -3.7% | \$44.88 | 6.2% | \$47.6 |
| 17 | Net Shares Repurchased | 246 | 389 | -36.7% | 360 | -31.7% | 24 |

11. Period-End Balance Sheets.

(unaudited, dollars in thousands)

| | 3/31/08 | 3/31/07 | 3/31/08 / 3/31/07 | 12/31/07 | 3/31/08 / 12/31/07 | 9/30/07 | |
|----|--|-------------|----------------------|----------|-----------------------|---------|------------|
| 1 | Assets: | | | | | | |
| 2 | Cash and Money Market Assets | \$139,957 | \$208,734 | -32.9% | \$210,097 | -33.4% | \$219,96 |
| 3 | Investment Securities Available For Sale | 477,686 | 602,220 | -20.7% | 532,821 | -10.3% | 570,08 |
| 4 | Investment Securities Held to Maturity | 1,016,613 | 1,142,382 | -11.0% | 1,045,288 | -2.7% | 1,081,00 |
| 5 | Loans, gross | 2,448,320 | 2,519,898 | -2.8% | 2,502,976 | -2.2% | 2,511,37 |
| 6 | Allowance For Loan Losses | (52,234) | (54,889) | -4.8% | (52,506) | -0.5% | (52,93 |
| 7 | Loans, net | 2,396,086 | 2,465,009 | -2.8% | 2,450,470 | -2.2% | 2,458,43 |
| 8 | Premises and Equipment | 28,031 | 29,643 | -5.4% | 28,380 | -1.2% | 28,66 |
| 9 | Identifiable Intangible Assets | 17,571 | 21,108 | -16.8% | 18,429 | -4.7% | 19,32 |
| 10 | Goodwill | 121,719 | 121,719 | 0.0% | 121,719 | 0.0% | 121,71 |
| 11 | Interest Receivable and Other Assets | 144,639 | 158,014 | -8.5% | 151,755 | -4.7% | 157,81 |
| 12 | Total Assets | \$4,342,302 | \$4,748,829 | -8.6% | \$4,558,959 | -4.8% | \$4,657,01 |
| 13 | Liabilities and Shareholders' Equity: | | | | | | |
| 14 | Deposits: | | | | | | |
| 15 | Noninterest Bearing | \$1,202,165 | \$1,293,920 | -7.1% | \$1,245,500 | -3.5% | \$1,251,57 |
| 16 | Interest-Bearing Transaction | 542,468 | 584,026 | -7.1% | 544,411 | -0.4% | 549,26 |
| 17 | Savings | 749,471 | 851,800 | -12.0% | 760,006 | -1.4% | 806,79 |
| 18 | Time | 700,534 | 714,626 | -2.0% | 714,873 | -2.0% | 732,58 |
| 19 | Total Deposits | 3,194,638 | 3,444,372 | -7.3% | 3,264,790 | -2.1% | 3,340,21 |
| 20 | Short-Term Borrowed Funds | 635,264 | 776,781 | -18.2% | 798,599 | -20.5% | 815,10 |
| 21 | Debt Financing and Notes Payable | 36,736 | 36,883 | -0.4% | 36,773 | -0.1% | 36,80 |
| 22 | Liability For Interest, Taxes and Other | 76,555 | 70,983 | 7.8% | 64,194 | 19.3% | 61,24 |
| 23 | Total Liabilities | 3,943,193 | 4,329,019 | -8.9% | 4,164,356 | -5.3% | 4,253,36 |
| 24 | Shareholders' Equity: | | | | | | |
| 25 | Paid-In Capital | \$339,468 | \$341,724 | -0.7% | \$337,201 | 0.7% | \$337,62 |
| 26 | Accumulated Other Comprehensive | | | | | | |
| 27 | (Loss) Income | (3,954) | 3,593 | -210.0% | (4,520) | -12.5% | (41 |
| 28 | Retained Earnings | 63,595 | 74,493 | -14.6% | 61,922 | 2.7% | 66,43 |

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| | | | | | | |
|---|-------------|-------------|-------|-------------|-------|------------|
| 29 Total Shareholders' Equity | 399,109 | 419,810 | -4.9% | 394,603 | 1.1% | 403,65 |
| 30 Total Liabilities and Shareholders' Equity | \$4,342,302 | \$4,748,829 | -8.6% | \$4,558,959 | -4.8% | \$4,657,01 |

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12. Income Statements.

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

| | Q1'08 | Q1'07 | Q1'08 / Q1'07 | Q4'07 | Q1'08 / Q4'07 | 3/31'08YTD |
|--|----------|----------|------------------|----------|------------------|------------|
| 1 Interest and Fee Income: | | | | | | |
| 2 Loans | \$38,732 | \$40,167 | -3.6% | \$40,214 | -3.7% | \$38,73 |
| 3 Money Market Assets and Funds | 1 | 2 | n/m | 3 | n/m | |
| 4 Investment Securities Available For Sale | 5,802 | 7,122 | -18.5% | 6,528 | -11.1% | 5,80 |
| 5 Investment Securities Held to Maturity | 10,859 | 12,083 | -10.1% | 11,116 | -2.3% | 10,85 |
| 6 Total Interest Income | 55,394 | 59,374 | -6.7% | 57,861 | -4.3% | 55,39 |
| 7 Interest Expense: | | | | | | |
| 8 Transaction Deposits | 452 | 523 | -13.6% | 515 | -12.2% | 45 |
| 9 Savings Deposits | 1,330 | 1,409 | -5.6% | 1,636 | -18.7% | 1,33 |
| 10 Time Deposits | 5,546 | 7,305 | -24.1% | 6,975 | -20.5% | 5,54 |
| 11 Short-Term Borrowed Funds | 4,922 | 8,296 | -40.7% | 6,779 | -27.4% | 4,92 |
| 12 Debt Financing and Notes Payable | 578 | 578 | 0.0% | 578 | 0.0% | 57 |
| 13 Total Interest Expense | 12,828 | 18,111 | -29.2% | 16,483 | -22.2% | 12,82 |
| 14 Net Interest Income | 42,566 | 41,263 | 3.2% | 41,378 | 2.9% | 42,56 |
| 15 Provision for Credit Losses | 600 | 75 | 700.0% | 475 | 26.3% | 60 |
| 16 Noninterest Income: | | | | | | |
| 17 Service Charges on Deposit Accounts | 7,296 | 7,528 | -3.1% | 7,422 | -1.7% | 7,29 |
| 18 Merchant Credit Card | 2,580 | 2,449 | 5.4% | 2,817 | -8.4% | 2,58 |
| 19 ATM Fees & Interchange | 718 | 677 | 6.1% | 709 | 1.3% | 71 |
| 20 Debit Card Fees | 904 | 895 | 0.9% | 972 | -7.0% | 90 |
| 21 Financial Services Commissions | 230 | 310 | -25.9% | 265 | -13.2% | 23 |
| 22 Mortgage Banking | 40 | 30 | 35.2% | 32 | 25.7% | 4 |
| 23 Trust Fees | 303 | 337 | -10.1% | 303 | -0.1% | 30 |
| 24 Life Insurance Gains | 0 | 822 | n/m | 0 | n/m | |
| 25 Gain on Sale of Visa Common Stock | 5,698 | 0 | n/m | 0 | n/m | 5,69 |
| 26 Other | 1,609 | 2,229 | -27.8% | 2,137 | -24.7% | 1,60 |

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| | | | | | | | |
|-------|------------------------------------|----------|----------|--------|----------|--------|----------|
| 27 | Total Noninterest Income | 19,378 | 15,277 | 26.8% | 14,657 | 32.2% | 19,378 |
| ----- | | | | | | | |
| 28 | Noninterest Expense: | | | | | | |
| 29 | Salaries and Related Benefits | 12,984 | 12,568 | 3.3% | 12,366 | 5.0% | 12,984 |
| 30 | Occupancy | 3,390 | 3,291 | 3.0% | 3,386 | 0.1% | 3,390 |
| 31 | Equipment | 921 | 1,138 | -19.1% | 934 | -1.4% | 921 |
| 32 | Data Processing | 2,120 | 1,524 | 39.1% | 2,202 | -3.7% | 2,120 |
| 33 | Professional Fees | 536 | 495 | 8.1% | 534 | 0.3% | 536 |
| 34 | VISA Litigation | (2,338) | 0 | n/m | 2,338 | n/m | (2,338) |
| 35 | Other | 5,443 | 5,648 | -3.6% | 5,446 | -0.0% | 5,443 |
| ----- | | | | | | | |
| 36 | Total Noninterest Expense | 23,056 | 24,664 | -6.5% | 27,206 | -15.3% | 23,056 |
| ----- | | | | | | | |
| 37 | Income Before Income Taxes | 38,288 | 31,801 | 20.4% | 28,354 | 35.0% | 38,288 |
| 38 | Provision for income taxes | 11,510 | 8,231 | 39.8% | 6,522 | 76.5% | 11,510 |
| ----- | | | | | | | |
| 39 | Net Income | \$26,778 | \$23,570 | 13.6% | \$21,832 | 22.7% | \$26,778 |
| ===== | | | | | | | |
| 40 | Average Shares Outstanding | 28,861 | 30,342 | -4.9% | 29,213 | -1.2% | 28,861 |
| 41 | Diluted Average Shares Outstanding | 29,210 | 30,824 | -5.2% | 29,575 | -1.2% | 29,210 |
| 42 | Per Share Data: | | | | | | |
| 43 | Basic Earnings | \$0.93 | \$0.78 | 19.4% | \$0.75 | 24.2% | \$0.93 |
| 44 | Diluted Earnings | 0.92 | 0.76 | 19.9% | 0.74 | 24.2% | 0.92 |
| 45 | Dividends Paid | 0.34 | 0.34 | 0.0% | 0.34 | 0.0% | 0.34 |