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WESTAMERICA BANCORPORATION

Form 8-K

July 22, 2004

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of the Report (Date of earliest event reported):

July 20, 2004

Commission File Number: 001-9383

WESTAMERICA BANCORPORATION

-----  
(Exact name of registrant as specified in its chapter)

CALIFORNIA

-----  
(State of incorporation)

94-2156203

-----  
(I.R.S. Employer Identification Number)

1108 Fifth Avenue, San Rafael, California 94901

-----  
(Address of principal executive offices and zip code)

(707) 863-6000

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(Registrant's area code and telephone number)

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Item 7: Exhibits

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99.1 Press release dated July 20, 2004

Item 12: Results of Operations and Financial Condition

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On July 20, 2004 Westamerica Bancorporation announced their quarterly earnings for the second quarter of 2004. 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/ DENNIS R. HANSEN

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Dennis R. Hansen, SVP and Controller  
July 22, 2004

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INDEX TO EXHIBITS

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Exhibit No.	Description	Sequentially Number Page
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(99.1)	Press release dated July 20, 2004	5-14

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FOR IMMEDIATE RELEASE

July 20, 2004

WESTAMERICA BANCORPORATION REPORTS RECORD \$24.6 MILLION QUARTERLY EARNINGS

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported record quarterly net income for the second quarter of 2004 of \$24.6 million, or \$0.76 diluted earnings per share, compared to net income of \$24.3 million, or \$0.74 diluted earnings per share, for the prior quarter, and \$23.7 million, or \$0.71 diluted earnings per share for the second quarter of 2003. Return on assets was 2.21 percent and return on equity was 31.1 percent for the second quarter of 2004. For the first six months of 2004, diluted earnings per share were \$1.51 based on year-to-date net income of \$49.0 million, while diluted earnings per share for the first six months of 2003 were \$1.39 based on year-to-date net income of \$46.7 million.

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"New deposit service offerings as well as rising mutual fund and annuity sales have generated growing noninterest revenues. Second quarter 2004 noninterest income has risen \$795 thousand, or 7.3 percent, from the prior quarter.

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Westamerica's low cost of funds at 0.44 percent and low efficiency ratio at 37.9 percent for the second quarter of 2004 remain hallmarks for the Company," said Chairman, President and CEO David Payne. "We are proud to be delivering consistent growth in diluted earnings per share, and 31 percent return on equity to our shareholders," Payne added.

Net interest income on a taxable equivalent basis was \$54.3 million for the second quarter of 2004, essentially unchanged from \$54.3 million for the second quarter of 2003. The second quarter 2004 net interest margin on a taxable equivalent basis was 5.21 percent, compared with 5.43 percent for the second quarter of 2003. The reduced net interest margin primarily resulted from earning asset yields declining more than the cost of funds.

The provision for loan losses was \$750 thousand for the second quarter of 2004 unchanged from the prior quarter and down from \$900 thousand for the second quarter of 2003. Net charge-offs for the second quarter of 2004 totaled \$636 thousand, or 0.11 percent (annualized) of average loans compared to 0.15 percent (annualized) of average loans for the prior quarter and second quarter of 2003.

Noninterest income for the second quarter of 2004 was \$11.7 million, compared to \$10.9 million for the previous quarter and \$11.0 million for the second quarter of 2003. The increase over both the prior quarter and second quarter of 2003 is attributable to increased service charges on deposit accounts, financial services fees, and debit card fees offset in part by lower mortgage banking income. Investment securities gains totaled \$395 thousand, \$1.8 million, and \$277 thousand in the second quarter of 2004, first quarter of 2004, and second quarter of 2003, respectively. Losses on the extinguishment of FHLB advances totaled \$390 thousand, \$1.8 million, and none in the second quarter of 2004, first quarter of 2004, and second quarter of 2003, respectively. Other noninterest income for the first quarter of 2004 included gains on the sale of repossessed loan collateral totaling \$223 thousand.

Noninterest expense for the second quarter of 2004 totaled \$25.0 million, essentially unchanged from \$25.0 million for the prior quarter, and down 1.9 percent from \$25.5 million for the second quarter of 2003. Comparing the second quarter of 2004 to the prior quarter, lower personnel costs offset increased equipment expense and professional fees. Comparing the second quarter of 2004 to the second quarter of 2003, lower personnel, occupancy, and equipment expenses offset increased telephone expenses. The second quarter 2004 efficiency ratio (expenses divided by revenues) was 37.9 percent, compared to 38.2 percent for the prior quarter and 39.0 percent for the second quarter of 2003.

Non-performing loans and repossessed loan collateral at June 30, 2004 totaled \$7.1 million, down from \$7.5 million at March 31, 2004 and \$9.1 million at June 30, 2003.

Shareholders' equity at June 30, 2004 was \$330 million, down from \$339 million at March 31, 2004. The decrease is primarily due to retained earnings, net of dividends paid, of \$16 million, reduced by depreciation in the available for sale investment portfolio of \$23 million, net of tax, and the net cost of share repurchases, totaling \$2 million. The Company's equity-to-asset ratio was 7.2 percent at June 30, 2004.

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Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches throughout 22 Northern and Central California counties. At June 30, 2004, the Company's total assets and total loans outstanding were \$4.6 billion and \$2.3 billion, respectively.

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Westamerica Bancorporation Web Address: [www.westamerica.com](http://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 March 31, 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, the combination of the former Kerman State Bank and other 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  
 June 30, 2004

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1. Net Income Summary.

			(dollars in thousands except per-share)			
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
1. Net Interest Income (Fully	\$54,271	\$54,324	-0.1%	\$54,605	-0.6%	\$108,

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	Taxable Equivalent)					
2. Loan Loss Provision	750	900	-16.7%	750	0.0%	1,
3. Noninterest Income:						
4. Investment Securities Gains	395	277	42.6%	1,788	n/m	2,
5. Loss on Extinguishment of Debt	(390)	0	n/m	(1,814)	n/m	(2,
6. Other	11,656	10,759	8.3%	10,892	7.0%	22,
7. Total Noninterest Income	11,661	11,036	5.7%	10,866	7.3%	22,
8. Noninterest Expense	24,990	25,476	-1.9%	24,992	-0.0%	49,
9. Income Tax Provision (FTE)	15,548	15,313	1.5%	15,415	0.9%	30,
10. Net Income	\$24,644	\$23,671	4.1%	\$24,314	1.4%	\$48,
11. Average Shares Outstanding	31,760	33,000	-3.8%	32,051	-0.9%	31,
12. Diluted Average Shares Outstanding	32,343	33,492	-3.4%	32,662	-1.0%	32,
13. Operating Ratios:						
14. Basic Earnings Per Share	\$0.78	\$0.72	8.2%	\$0.76	2.3%	\$1
15. Diluted Earnings Per Share	0.76	0.71	7.8%	0.74	2.4%	1
16. Return On Assets	2.21%	2.21%		2.20%		2
17. Return On Equity	31.1%	29.3%		30.5%		3
18. Net Interest Margin (FTE)	5.21%	5.43%		5.27%		5
19. Efficiency Ratio (FTE)	37.9%	39.0%		38.2%		3
20. Dividends Paid Per Share	\$0.28	\$0.24	16.7%	\$0.26	7.7%	\$0
21. Dividend Payout Ratio	37%	34%		35%		

2. Net Interest Income.

	(dollars in thousands)					
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
1. Interest and Fee Income (FTE)	\$58,868	\$61,733	-4.6%	\$60,120	-2.1%	\$118,
2. Interest Expense	4,597	7,409	-38.0%	5,515	-16.6%	10,
3. Net Interest Income (FTE)	\$54,271	\$54,324	-0.1%	\$54,605	-0.6%	\$108,
4. Average Earning Assets	\$4,177,358	\$4,007,049	4.3%	\$4,157,061	0.5%	\$4,167,
5. Average Interest-Bearing Liabilities	2,868,615	2,813,895	1.9%	2,880,558	-0.4%	2,874,
6. Yield on Earning Assets (FTE)	5.65%	6.17%		5.80%		5
7. Cost of Funds	0.44%	0.74%		0.53%		0
8. Net Interest Margin (FTE)	5.21%	5.43%		5.27%		5
9. Interest Expense/Interest- Bearing Liabilities	0.64%	1.05%		0.77%		0
10. Net Interest Spread (FTE)	5.01%	5.12%		5.03%		5

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### 3. Loans & Other Earning Assets.

	(average volume, dollars in thousands)					
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
1. Total Assets	\$4,482,261	\$4,304,387	4.1%	\$4,451,674	0.7%	\$4,466,
2. Total Earning Assets	4,177,358	4,007,049	4.3%	4,157,061	0.5%	4,167,
3. Total Loans	2,268,989	2,375,491	-4.5%	2,281,900	-0.6%	2,275,
4. Commercial Loans	623,688	613,062	1.7%	616,110	1.2%	619,
5. Commercial Real Estate Loans	779,408	915,817	-14.9%	805,420	-3.2%	792,
6. Consumer Loans	865,893	846,612	2.3%	860,370	0.6%	863,
7. Total Investment Securities	1,908,369	1,631,558	17.0%	1,875,161	1.8%	1,891,
8. Available For Sale (Market Value)	1,092,295	1,100,239	-0.7%	1,357,097	-19.5%	1,227,
9. Held To Maturity	816,074	531,319	53.6%	518,064	57.5%	664,
10. HTM Unrealized (Loss) Gain at Period-End	(11,265)	11,253	n/m	9,008	n/m	(11,
11. Loans / Deposits	65.0%	70.5%		66.4%		6

### 4. Deposits & Other Interest-Bearing Liabilities.

	(average volume, dollars in thousands)					
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
1. Total Deposits	\$3,489,250	\$3,370,433	3.5%	\$3,437,549	1.5%	\$3,463,
2. Noninterest Demand	1,256,128	1,130,608	11.1%	1,209,299	3.9%	1,232,
3. Interest-Bearing Transaction	574,854	559,459	2.8%	564,703	1.8%	569,
4. Savings	1,044,943	977,704	6.9%	1,040,497	0.4%	1,042,
5. Other Time >\$100K	339,773	390,730	-13.0%	340,403	-0.2%	340,
6. Other Time <\$100K	273,552	311,932	-12.3%	282,647	-3.2%	278,0
7. Total Short-Term Borrowings	614,065	382,677	60.5%	533,158	15.2%	573,
8. Fed Funds Purchased	323,953	228,499	41.8%	399,075	-18.8%	361,
9. Other Short-Term Funds	290,112	154,178	88.2%	134,083	116.4%	212,
10. FHLB Debt	0	170,000	n/m	96,613	n/m	48,
11. Long-Term Debt	21,428	21,393	0.2%	22,537	-4.9%	21,
12. Shareholders' Equity	318,560	324,350	-1.8%	320,390	-0.6%	319,
13. Demand Deposits/Total Deposits	36.0%	33.5%		35.2%		3
14. Transaction & Savings Deposits/ Total Deposits	82.4%	79.2%		81.9%		8

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5. Interest Yields Earned & Rates Paid.

	(dollars in thousands)					
	Q2'04		Q1'04		Q2'04	
	Average Volume	Income/ Expense	Yield/ Rate	Yield/ Rate	Average Volume	Income/ Expense
1. Interest & Fee Income Earned to:						
2. Total Earning Assets (FTE)	\$4,177,358	\$58,868	5.65%	5.80%	\$4,007,049	\$61,000
3. Total Loans (FTE)	2,268,989	34,771	6.16%	6.23%	2,375,491	40,000
4. Commercial Loans (FTE)	623,688	9,337	6.00%	6.17%	613,062	9,000
5. Commercial Real Estate Loans	779,408	14,709	7.57%	7.40%	915,817	18,000
6. Consumer Loans	865,893	10,725	5.02%	5.21%	846,612	12,000
7. Total Investment Securities (FTE)	1,908,369	24,097	5.05%	5.28%	1,631,558	21,000
8. Interest Expense Paid to:						
9. Total Earning Assets	4,177,358	4,597	0.44%	0.53%	4,007,049	7,000
10. Total Interest-Bearing Liabilities	2,868,615	4,597	0.64%	0.77%	2,813,895	7,000
11. Total Interest-Bearing Deposits	2,233,122	2,994	0.54%	0.57%	2,239,825	4,000
12. Interest-Bearing Transaction	574,854	124	0.09%	0.08%	559,459	0
13. Savings	1,044,943	992	0.38%	0.43%	977,704	1,000
14. Other Time <\$100K	273,552	956	1.41%	1.43%	311,932	1,000
15. Other Time >\$100K	339,773	922	1.08%	1.09%	390,730	1,000
16. Total Short-Term Borrowings	614,065	1,285	0.83%	0.84%	382,677	0
17. Fed Funds Purchased	323,953	828	1.01%	1.00%	228,499	0
18. Other Short-Term Funds	290,112	457	0.62%	0.38%	154,178	0
19. FHLB Debt	0	2	0.00%	3.75%	170,000	1,000
20. Long-Term Debt	21,428	316	5.90%	5.95%	21,393	0
21. Net Interest Income and Margin (FTE)		\$54,271	5.21%	5.27%		\$54,000

6. Noninterest Income.

	(dollars in thousands)					
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
1. Service Charges on Deposit	\$7,360	\$6,648	10.7%	\$6,868	7.2%	\$14,000

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Accounts						
2. Merchant Credit Card Income	909	900	1.0%	825	10.2%	1,
3. ATM Fees & Interchange	643	601	7.0%	583	10.3%	1,
4. Debit Card Fees	638	563	13.3%	549	16.2%	1,
5. Financial Services Fees	360	210	71.4%	187	92.5%	
6. Mortgage Banking Income	131	301	-56.5%	133	-1.5%	
7. Trust Fees	258	277	-6.9%	250	3.2%	
8. Other Income	1,357	1,259	7.8%	1,497	-9.4%	2,
-----						
9. Sub-total	11,656	10,759	8.3%	10,892	7.0%	22,
10. Investment Securities Gains	395	277	42.6%	1,788	n/m	2,
11. Loss on Extinguishment of Debt	(390)	0		(1,814)	n/m	(2,
-----						
12. Total Noninterest Income	\$11,661	\$11,036	5.7%	\$10,866	7.3%	\$22,
=====						
13. Operating Ratios:						
14. Total Revenue (FTE)	\$65,932	\$65,360	0.9%	\$65,471	0.7%	\$131,
15. Noninterest Income / Revenue (FTE)	17.7%	16.9%		16.6%		1
16. Service Charges / Deposits (annualized)	0.85%	0.79%		0.80%		0
17. Total Revenue Per Share (annualized)	\$8.35	\$7.94	5.1%	\$8.22	1.6%	\$8

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7. Noninterest Expense.

	(dollars in thousands)					
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
-----						
1. Salaries & Benefits	\$13,332	\$13,598	-2.0%	\$13,526	-1.4%	\$26,
2. Occupancy	2,944	3,044	-3.3%	2,948	-0.1%	5,
3. Equipment	1,273	1,381	-7.8%	1,162	9.6%	2,
4. Data Processing	1,521	1,518	0.2%	1,517	0.3%	3,
5. Courier	888	926	-4.1%	884	0.5%	1,
6. Postage	364	401	-9.2%	395	-7.8%	
7. Telephone	535	423	26.5%	572	-6.5%	1,
8. Professional Fees	511	457	11.8%	409	24.9%	
9. Stationery & Supplies	309	308	0.3%	288	7.3%	
10. Loan Expense	295	380	-22.4%	255	15.7%	
11. Merchant Card Expense	268	316	-15.2%	272	-1.5%	
12. Operational Losses	238	228	4.4%	243	-2.1%	
13. Amortization of Core Deposit Intangibles	136	165	-17.6%	136	0.0%	
14. Other Operating	2,376	2,331	1.9%	2,385	-0.4%	4,
-----						
15. Total Noninterest Expense	\$24,990	\$25,476	-1.9%	\$24,992	-0.0%	\$49,
=====						



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16. Full Time Equivalent Staff	995	1,033	-3.7%	1,001	-0.6%	
17. Average Assets / Full Time Equivalent Staff	\$4,505	\$4,167	8.1%	\$4,447	1.3%	\$4,
18. Operating Ratios:						
19. FTE Revenue / Full Time Equivalent Staff (annualized)	\$267	\$254	5.0%	\$263	1.3%	\$
20. Noninterest Expense / Earning Assets (annualized)	2.41%	2.55%		2.42%		2
21. Noninterest Expense / Revenues	37.9%	39.0%		38.2%		3

8. Loan Loss Provision.

	(dollars in thousands)					
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
1. Loan Loss Provision	\$750	\$900	-16.7%	\$750	0.0%	\$1,
2. Gross Loan Losses	1,324	1,841	-28.1%	1,558	-15.0%	2,
3. Net Loan Losses	636	895	-28.9%	826	-23.0%	1,
4. Recoveries/Gross Losses	52%	51%		47%		
5. Average Total Loans	\$2,268,989	\$2,375,491	-4.5%	\$2,281,900	-0.6%	\$2,275,
6. Net Loan Losses / Loans (annualized)	0.11%	0.15%		0.15%		0
7. Loan Loss Provision / Loans (annualized)	0.13%	0.15%		0.13%		0
8. Loan Loss Provision / Net Loan Losses	117.9%	100.6%		90.8%		10

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9. Credit Quality.

	(dollars in thousand)					
	6/30/04	6/30/03	6/30/04 / 6/30/03	3/31/04	6/30/04 / 3/31/04	12/31/03
1. Nonperforming Nonaccrual Loans	\$4,695	\$5,484	-14.4%	\$5,045	-6.9%	\$5,
2. Performing Nonaccrual Loans	2,233	1,353	65.0%	2,212	0.9%	1,
3. Total Nonaccrual Loans	6,928	6,837	1.3%	7,257	-4.5%	7,
4. Accruing Loans 90+ Days Past Due	202	386	-47.7%	190	6.3%	

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5. Total Nonperforming Loans	7,130	7,223	-1.3%	7,447	-4.3%	7,447
6. Repossessed Collateral	0	1,888		80	n	
7. Total Nonperforming Loans & Repossessed Collateral	\$7,130	\$9,111	-21.7%	\$7,527	-5.3%	\$7,527
9. Classified Loans	\$21,495	\$27,324	-21.3%	\$22,965	-6.4%	\$23,000
10.Allowance for Loan Losses	\$53,949	\$54,159	-0.4%	\$53,834	0.2%	\$53,834
11.Total Loans Outstanding	2,319,255	2,406,889	-3.6%	2,322,881	-0.2%	2,323,000
12.Total Assets	4,611,811	4,564,692	1.0%	4,424,816	4.2%	4,576,000
13.Allowance for Loan Losses / Total Loans	2.33%	2.25%		2.32%		2.32%
14.Nonperforming Loans / Total Loans	0.31%	0.30%		0.32%		0.32%
15.Nonperforming Loans & Repossessed Assets / Total Assets	0.15%	0.20%		0.17%		0.17%
17.Allowance for Loan Losses / Nonperforming Loans	757%	750%		723%		723%
18.Allowance for Loan Losses / Classified Loans	251%	198%		234%		234%
19.Classified Loans / (Equity + Allowance for Loan Losses)	5.6%	6.6%		5.9%		5.9%

10.Capital.

	(dollars in thousands, except per-share)					
	6/30/04	6/30/03	6/30/04 / 6/30/03	3/31/04	6/30/04 / 3/31/04	12/31/03
1. Shareholders' Equity	\$329,795	\$357,311	-7.7%	\$338,600	-2.6%	\$340,000
2. Tier I Regulatory Capital	309,037	308,534	0.2%	295,076	4.7%	304,000
3. Total Regulatory Capital	350,834	347,219	1.0%	335,535	4.6%	342,000
4. Total Assets	4,611,811	4,564,692	1.0%	4,424,816	4.2%	4,576,000
5. Risk-Adjusted Assets	2,979,145	3,067,975	-2.9%	2,983,467	-0.1%	3,007,000
6. Shareholders' Equity / Total Assets	7.15%	7.83%		7.65%		7.43%
7. Shareholders' Equity / Total Loans	14.22%	14.85%		14.58%		14.85%
8. Tier I Capital/Total Assets	6.70%	6.76%		6.67%		6.76%
9. Tier I Capital/Risk-Adjusted Assets	10.37%	10.06%		9.89%		10.06%
10.Total Capital/Risk-Adjusted Assets	11.78%	11.32%		11.25%		11.32%
11.Shares Outstanding	31,784	32,937	-3.5%	31,787	-0.0%	32,937
12.Book Value Per Share (\$)	\$10.38	\$10.85	-4.4%	\$10.65	-2.6%	\$10.85
13.Market Value Per Share (\$)	52.45	43.08	21.8%	50.46	3.9%	49.00

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14. Share Repurchase Programs

	(shares in thousands)					
	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
15. Total Shares Repurchased / Canceled	154	118	30.5%	574	-73.2%	
16. Average Repurchase Price	\$49.17	\$43.35	13.4%	\$49.88	-1.4%	\$49.88
17. Net Shares Repurchased (Issued)	3	(30)	n/m	500	-99.5%	

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11. Period-End Balance Sheets.

	(dollars in thousands)					
	6/30/04	6/30/03	6/30/04 / 6/30/03	3/31/04	6/30/04 / 3/31/04	12/31/03
1. Assets:						
2. Cash and Money Market Assets	\$186,056	\$202,193	-8.0%	\$167,183	11.3%	\$190,000
3. Investment Securities Available For Sale	1,024,798	1,251,341	-18.1%	1,219,364	-16.0%	1,413,000
4. Investment Securities Held to Maturity	960,522	588,231	63.3%	586,171	63.9%	535,000
5. Loans, gross	2,319,255	2,406,889	-3.6%	2,322,881	-0.2%	2,323,000
6. Allowance For Loan Losses	(53,949)	(54,159)	-0.4%	(53,834)	0.2%	(53,000)
7. Loans, net	2,265,306	2,352,730	-3.7%	2,269,047	-0.2%	2,269,000
8. Premises and Equipment	35,343	36,408	-2.9%	35,412	-0.2%	35,000
10. Core Deposit Intangible Assets	3,166	3,800	-16.7%	3,302	-4.1%	3,000
11. Goodwill	18,996	18,996	0.0%	18,996	0.0%	18,000
12. Interest Receivable and Other Assets	117,624	110,993	6.0%	125,341	-6.2%	109,000
13. Total Assets	\$4,611,811	\$4,564,692	1.0%	\$4,424,816	4.2%	\$4,576,000

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14. Liabilities and Shareholders' Equity:

15. Deposits:

16. Noninterest Bearing	\$1,272,278	\$1,194,847	6.5%	\$1,210,829	5.1%	\$1,240,
17. Interest-Bearing Transaction	569,575	554,568	2.7%	562,369	1.3%	561,
18. Savings	1,072,701	962,967	11.4%	1,049,435	2.2%	1,058,
19. Time	590,875	741,249	-20.3%	624,543	-5.4%	603,
20. Total Deposits	3,505,429	3,453,631	1.5%	3,447,176	1.7%	3,463,
21. Short-Term Borrowed Funds	712,553	393,287	81.2%	491,704	44.9%	590,
22. FHLB Debt	0	170,000	n/m	20,000	n/m	105,
23.						
24. Debt Financing and Notes Payable	21,429	21,393	0.2%	21,429	0.0%	24,
25. Liability For Interest, Taxes and Other	42,605	169,070	-74.8%	105,907	-59.8%	51,
26. Total Liabilities	4,282,016	4,207,381	1.8%	4,086,216	4.8%	4,236,
27. Shareholders' Equity:						
28. Paid-In Capital	\$224,042	\$219,060	2.3%	\$219,301	2.2%	\$220,
29. Unrealized (Loss) Gain on Investment Securities						
30. Available For Sale	(1,416)	26,001	n/m	21,213	n/m	13,
31. Retained Earnings	107,169	112,250	-4.5%	98,086	9.3%	106,
32. Total Shareholders' Equity	329,795	357,311	-7.7%	338,600	-2.6%	340,
33. Total Liabilities and Shareholders' Equity	\$4,611,811	\$4,564,692	1.0%	\$4,424,816	4.2%	\$4,576,

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12. Income Statements.

(dollars in thousands, except per-share amounts)

	Q2'04	Q2'03	Q2'04 / Q2'03	Q1'04	Q2'04 / Q1'04	6/30'04
1. Interest and Fee Income:						
2. Loans	\$33,403	\$39,419	-15.3%	\$34,023	-1.8%	\$67,
3. Money Market Assets and Funds Sold	0	3	n/m	0	n/m	
4. Investment Securities Available For Sale	11,655	12,311	-5.3%	15,010	-22.4%	26,
5. Investment Securities Held to Maturity	8,213	4,866	68.8%	5,378	52.7%	13,
6. Total Interest Income	53,271	56,599	-5.9%	54,411	-2.1%	107,

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7. Interest Expense:						
8. Transaction Deposits	124	212	-41.5%	112	10.7%	
9. Savings Deposits	992	1,561	-36.5%	1,111	-10.7%	2,
10. Time Deposits	1,878	2,697	-30.4%	1,930	-2.7%	3,
11. Short-Term Borrowed Funds	1,285	962	33.6%	1,131	13.6%	2,
12. Federal Home Loan Bank Advances	2	1,592	-99.9%	896	-99.8%	
13. Debt Financing and Notes Payable	316	385	-17.9%	335	-5.7%	
14.Total Interest Expense	4,597	7,409	-38.0%	5,515	-16.6%	10,
15.Net Interest Income	48,674	49,190	-1.0%	48,896	-0.5%	97,
16.Provision for Loan Losses	750	900	-16.7%	750	0.0%	1,
17.Noninterest Income:						
18. Service Charges on Deposit Accounts	7,360	6,648	10.7%	6,868	7.2%	14,
19. Merchant Credit Card	909	900	1.0%	825	10.2%	1,
20. Financial Services Commissions	360	210	71.4%	187	92.5%	
21. Mortgage Banking	131	301	-56.5%	133	-1.5%	
22. Trust Fees	258	277	-6.9%	250	3.2%	
23. Securities Gains	395	277	42.6%	1,788	n/m	2,
24. Loss on Extinguishment of Debt	(390)	0	n/m	(1,814)	n/m	(2,
25. Other	2,638	2,423	8.9%	2,629	0.3%	5,
26.Total Noninterest Income	11,661	11,036	5.7%	10,866	7.3%	22,
27.Noninterest Expense:						
28. Salaries & Related Benefits	13,332	13,598	-2.0%	13,526	-1.4%	26,
29. Occupancy	2,944	3,044	-3.3%	2,948	-0.1%	5,
30. Equipment	1,273	1,381	-7.8%	1,162	9.6%	2,
31. Data Processing	1,521	1,518	0.2%	1,517	0.3%	3,
32. Professional Fees	511	457	11.8%	409	24.9%	
33. Other	5,409	5,478	-1.3%	5,430	-0.4%	10,
34.Total Noninterest Expense	24,990	25,476	-1.9%	24,992	-0.0%	49,
35.Income Before Income Taxes	34,595	33,850	2.2%	34,020	1.7%	68,
36.Provision for income taxes	9,951	10,179	-2.2%	9,706	2.5%	19,
37.Net Income	\$24,644	\$23,671	4.1%	\$24,314	1.4%	\$48,
38.Average Shares Outstanding	31,760	33,000	-3.8%	32,051	-0.9%	31,
39.Diluted Average Shares Outstanding	32,343	33,492	-3.4%	32,662	-1.0%	32,
40.Per Share Data:						
41. Basic Earnings	\$0.78	\$0.72	8.2%	\$0.76	2.3%	\$1
42. Diluted Earnings	0.76	0.71	7.8%	0.74	2.4%	1
43. Dividends Paid	0.28	0.24	16.7%	0.26	7.7%	0

