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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))

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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 Number Page
(99.1)	Press release dated January 20, 2005	5-16

Page 5

FOR IMMEDIATE RELEASE

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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

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\$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

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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.

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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 / Q4'03	Q3'04	Q4'04 / 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,

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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

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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 / Q4'03	Q3'04	Q4'04 / Q3'04	12/31'0
1. Total Assets	\$4,653,950	\$4,451,423	4.5%	\$4,557,925	2.1%	\$4,536,
2. Total Earning Assets	4,352,493	4,149,994	4.9%	4,260,701	2.2%	4,236,
3. Total Loans	2,235,375	2,285,717	-2.2%	2,247,664	-0.5%	2,258,
4. Commercial Loans	620,309	616,511	0.6%	624,925	-0.7%	621,
5. Commercial Real Estate Loans	740,909	826,792	-10.4%	752,395	-1.5%	769,
6. Consumer Loans	874,157	842,414	3.8%	870,344	0.4%	867,
7. Total Investment Securities	2,117,118	1,864,277	13.6%	2,013,037	5.2%	1,978,
8. Available For Sale (Market Value)	941,614	1,326,259	-29.0%	928,930	1.4%	1,096,
9. Held To Maturity	1,175,504	538,018	118.5%	1,084,107	8.4%	881,
10. HTM Unrealized Gain (Loss) at Period-End	5,064	7,352	n/m	9,176	n/m	5,
11.Loans / Deposits	60.1%	64.5%		62.2%		6

4. Deposits & Other Interest-Bearing Liabilities.

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

Page 11

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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 / Q4'03	Q3'04	Q4'04 / 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

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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 (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 / Revenue (FTE)	7.3%	16.1%		17.8%		1
16. Service Charges / Deposits (annualized)	0.74%	0.74%		0.82%		0
17. Total Revenue Per Share (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 / Q4'03	Q3'04	Q4'04 / 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 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 Equivalent Staff	\$4,848	\$4,420	9.7%	\$4,651	4.2%	\$4,
18. Operating Ratios:						
19. FTE Revenue / Full Time Equivalent Staff (annualized)	\$244	\$257	-5.1%	\$269	-9.4%	\$

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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 / Q4'03	Q3'04	Q4'04 / 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 / 12/31/03	9/30/04	12/31/04 / 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

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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 / Total Loans	2.35%	2.32%		2.36%		2
14.Nonperforming Loans / Total Loans	0.31%	0.33%		0.30%		0
15.Nonperforming Loans & Repossessed 16. Assets/Total Assets	0.15%	0.17%		0.15%		0
17.Allowance/Nonperforming Loans	768%	708%		782%		
18.Allowance for Loan Losses / Classified Loans	282%	230%		261%		
19.Classified Loans / 20. (Equity + Allowance for 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 / 12/31/03	9/30/04	12/31/04 / 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 / Total Assets	7.57%	7.44%		7.59%		7
7. Shareholders' Equity / 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 / Risk-Adjusted Assets	11.09%	10.13%		10.85%		10
10.Total Capital / 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)

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	Q4'04	Q4'03	Q4'04 / Q4'03	Q3'04	Q4'04 / Q3'04	12/31'04
15.Total Shares Repurchased / 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 / 12/31/03	9/30/04	12/31/04 / 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 Available For Sale	931,710	1,413,911	-34.1%	967,266	-3.7%	1,024,
4. Investment Securities 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 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 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 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,

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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,

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17. Noninterest Income:							
18.	Service Charges on 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 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) Gains	(7,180)	0	n/m	(14)	n/m	(5,
24.	Loss on Extinguishment 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 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,