

WESTAMERICA BANCORPORATION

Form 8-K

July 20, 2006

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):

July 19, 2006  
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WESTAMERICA BANCORPORATION  
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(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  
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94901

(Address of Principal Executive Offices)

(Zip Code)

(707) 863-6000  
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(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

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99.1 Press release dated July 18, 2006

Item 2.02: Results of Operations and Financial Condition

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On July 18, 2006 Westamerica Bancorporation announced their quarterly earnings for the second quarter of 2006. 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/ JOHN "ROBERT" THORSON

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John "Robert" Thorson  
Senior Vice President and Chief Financial Officer  
July 19, 2006

Page 4

INDEX TO EXHIBITS

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Exhibit No.	Description	Sequentially Number Page
(99.1)	Press release dated July 18, 2006	5-15

Page 5

FOR IMMEDIATE RELEASE  
July 18, 2006

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

### WESTAMERICA BANCORPORATION REPORTS \$24.5 MILLION QUARTERLY EARNINGS

San Rafael, CA: Westamerica Bancorporation (NASDAQ: WABC), parent company of Westamerica Bank, today reported quarterly net income for the second quarter of 2006 of \$24.5 million, or \$0.77 diluted earnings per share, compared to net income of \$27.7 million, or \$0.83 diluted earnings per share for the second quarter of 2005. Second quarter 2005 results include a property sale gain, which increased diluted earnings per share \$0.03. For the second quarter of 2006, return on assets was 1.99 percent and return on equity was 23.1 percent.

"In the second quarter 2006, our annualized net loan losses were 0.04 percent, our noninterest revenues were 21.4 percent of total revenues, and our expenses were 40 percent of total revenue. As expected, rising short-term interest rates caused our funding costs to rise, reducing our net interest margin. However, we remain focused on accumulating non-interest bearing deposits and money market checking balances to maintain a low cost of funds. Our second quarter 2006 cost of funds was 1.44 percent, supporting a relatively high 4.58 percent net interest margin," said Chairman, President and CEO David Payne. "Our 23 percent return on equity remains top-tier in the banking industry," Payne added.

Page 6

Net interest income on a taxable equivalent basis was \$51.5 million for the second quarter of 2006, compared to \$57.0 million reported for the second quarter of 2005. The reduced net interest income is attributable to a lower net interest margin and lower average earning assets. Short-term interest rates have risen faster than intermediate and longer term interest rates, causing funding costs to rise at a faster pace than earning asset yields. The second quarter 2006 net interest margin on a taxable equivalent basis was 4.58 percent, compared to 4.73 percent for the prior quarter and 4.84 percent for the second quarter of 2005.

The provision for loan losses was \$150 thousand for the second quarter of 2006 unchanged from the prior quarter and down from \$300 thousand for the second quarter of 2005. Net charge-offs for the second quarter of 2006 totaled \$234 thousand, or 0.04 percent (annualized) of average loans compared to 0.04 percent (annualized) of average loans for both the prior quarter and second quarter of 2005. Non-performing loans and repossessed loan collateral at June 30, 2006 totaled \$6.3 million, unchanged from \$6.3 million at March 31, 2006.

Noninterest income for the second quarter of 2006 was \$14.1 million, compared to \$13.6 million for the previous quarter and \$15.5 million for the second quarter of 2005 which included a \$1.3 million property sale gain.

Noninterest expense for the second quarter of 2006 totaled \$26.3 million, increased from \$25.5 million for the prior quarter, but down from \$27.1 million for the second quarter of 2005. The increase in expenses from the prior quarter was primarily due to higher personnel costs and professional fees. Comparing the second quarter of 2006 to the second quarter of 2005, the decrease in noninterest expense was primarily due to lower personnel costs offset in part by higher professional fees. The second quarter 2006 efficiency ratio (expenses divided by revenues) was 40.2 percent, compared to 37.7 percent for the prior quarter and 37.4 percent for the second quarter of 2005.

Page 7

Shareholders' equity at June 30, 2006 was \$422 million, slightly reduced from \$429 million at March 31, 2006. The Company's total regulatory capital ratio increased to 10.9 percent at June 30, 2006 from 10.7 percent at March 31, 2006; both measurements exceed the "well-capitalized" level of 10 percent under

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regulatory requirements.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches and two trust offices throughout 21 Northern and Central California counties. At June 30, 2006, the Company's total assets and total loans outstanding were \$4.9 billion and \$2.6 billion, respectively.

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," "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, 2006 and Form 10-K for the year ended December 31, 2005, 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 8

WESTAMERICA BANCORPORATION  
FINANCIAL HIGHLIGHTS  
June 30, 2006

Public Information July 18, 2006

1. Net Income Summary.

(dollars in thousands except per-share data)

	Q2'06 /	Q2'06 /		Q2'06 /	
Q2'06	Q2'05	Q2'05	Q1'06	Q1'06	6/30'06

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1. Net Interest Income (Fully Taxable Equivalent)	\$51,503	\$57,023	-9.7%	\$53,974	-4.6%	\$105,
2. Provision for Credit Losses	150	300	-50.0%	150	0.0%	
3. Noninterest Income:						
4. Investment Securities (Loss/Impairment) Gains	0	0	n/m	0	n/m	
5. Other	14,061	15,479	-9.2%	13,639	3.1%	27,
6. Total Noninterest Income	14,061	15,479	-9.2%	13,639	3.1%	27,
7. Noninterest Expense	26,345	27,089	-2.7%	25,483	3.4%	51,
8. Income Tax Provision (FTE)	14,575	17,393	-16.2%	15,863	-8.1%	30,
9. Net Income	\$24,494	\$27,720	-11.6%	\$26,117	-6.2%	\$50,
10. Average Shares Outstanding	31,364	32,759	-4.3%	31,688	-1.0%	31,
11. Diluted Average Shares Outstanding	31,932	33,364	-4.3%	32,276	-1.1%	32,
12. Operating Ratios:						
13. Basic Earnings Per Share	\$0.78	\$0.85	-7.7%	\$0.82	-5.2%	\$1
14. Diluted Earnings Per Share	0.77	0.83	-7.7%	0.81	-5.2%	1
15. Return On Assets	1.99%	2.15%		2.10%		2
16. Return On Equity	23.1%	25.8%		24.9%		2
17. Net Interest Margin (FTE)	4.58%	4.84%		4.73%		4
18. Efficiency Ratio (FTE)	40.2%	37.4%		37.7%		3
19. Dividends Paid Per Share	\$0.32	\$0.30	6.7%	\$0.32	0.0%	\$0
20. Dividend Payout Ratio	42%	36%		40%		

2. Net Interest Income.

	(dollars in thousands)					
	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
1. Interest and Fee Income (FTE)	\$67,788	\$67,769	0.0%	\$68,486	-1.0%	\$136,
2. Interest Expense	16,285	10,746	51.5%	14,512	12.2%	30,
3. Net Interest Income (FTE)	\$51,503	\$57,023	-9.7%	\$53,974	-4.6%	\$105,
4. Average Earning Assets	\$4,515,728	\$4,719,635	-4.3%	\$4,606,178	-2.0%	\$4,560,
5. Average Interest-Bearing Liabilities	3,139,054	3,304,766	-5.0%	3,205,366	-2.1%	3,172,
6. Yield on Earning Assets (FTE)	6.01%	5.75%		6.00%		6
7. Cost of Funds	1.44%	0.91%		1.27%		1
8. Net Interest Margin (FTE)	4.58%	4.84%		4.73%		4
9. Interest Expense/Interest- Bearing Liabilities	2.07%	1.30%		1.82%		1
10. Net Interest Spread (FTE)	3.94%	4.45%		4.18%		4

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Page 9

WESTAMERICA BANCORPORATION

Public Information July 18, 2006

3. Loans & Other Earning Assets.

	(average volume, dollars in thousands)					
	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
1. Total Assets	\$4,948,443	\$5,170,029	-4.3%	\$5,054,256	-2.1%	\$5,001,
2. Total Earning Assets	4,515,728	4,719,635	-4.3%	4,606,178	-2.0%	4,560,
3. Total Loans	2,588,220	2,670,663	-3.1%	2,615,949	-1.1%	2,602,
4. Commercial Loans	679,512	724,681	-6.2%	690,773	-1.6%	685,
5. Commercial Real Estate Loans	914,373	956,931	-4.4%	922,838	-0.9%	918,
6. Consumer Loans	994,336	989,051	0.5%	1,002,338	-0.8%	998,
7. Total Investment Securities	1,927,508	2,048,973	-5.9%	1,990,229	-3.2%	1,958,
8. Available For Sale (Market Value)	650,649	710,960	-8.5%	665,948	-2.3%	658,
9. Held To Maturity	1,276,859	1,338,013	-4.6%	1,324,281	-3.6%	1,300,
10. HTM Unrealized (Loss) at Period-End	(33,374)	8,529	n/m	(25,025)	n/m	(33,
11. Loans / Deposits	70.9%	68.4%		69.1%		7

4. Deposits & Other Interest-Bearing Liabilities.

	(average volume, dollars in thousands)					
	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
1. Total Deposits	\$3,652,030	\$3,906,875	-6.5%	\$3,784,436	-3.5%	\$3,718,
2. Noninterest Demand	1,316,927	1,387,984	-5.1%	1,355,501	-2.8%	1,336,
3. Interest-Bearing Transaction	624,045	633,645	-1.5%	651,547	-4.2%	637,
4. Savings	964,776	1,130,024	-14.6%	1,022,087	-5.6%	993,
5. Other Time >\$100K	503,488	448,104	12.4%	501,299	0.4%	502,
6. Other Time <\$100K	242,793	307,118	-20.9%	254,002	-4.4%	248,3
7. Total Short-Term Borrowings	766,936	745,499	2.9%	738,308	3.9%	752,
8. Fed Funds Purchased	548,770	585,205	-6.2%	548,495	0.1%	548,
9. Other Short-Term Funds	218,166	160,294	36.1%	189,813	14.9%	203,
10. Long-Term Debt	37,015	40,376	-8.3%	38,124	-2.9%	37,
11. Shareholders' Equity	424,999	430,796	-1.3%	424,832	0.0%	424,
12. Demand Deposits / Total Deposits	36.1%	35.5%		35.8%		3
13. Transaction & Savings Deposits / Total Deposits	79.6%	80.7%		80.0%		7

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Page 10

WESTAMERICA BANCORPORATION

Public Information July 18, 2006

5. Interest Yields Earned & Rates Paid.

	(dollars in thousands)					
	Q2'06			Q1'06	Q2'05	
	Average Volume	Income/Expense	Yield/Rate	Yield/Rate	Average Volume	Income/Expense
1. Interest & Fees Income Earned						
2. Total Earning Assets (FTE)	\$4,515,728	\$67,788	6.01%	6.00%	\$4,719,635	\$67,788
3. Total Loans (FTE)	2,588,220	42,490	6.58%	6.59%	2,670,663	41,000
4. Commercial Loans (FTE)	679,512	13,038	7.57%	7.59%	724,681	12,000
5. Commercial Real Estate Loans	914,373	16,590	7.28%	7.39%	956,931	16,000
6. Consumer Loans	994,336	12,862	5.25%	5.06%	989,051	11,000
7. Total Investment Securities (FTE)	1,927,508	25,298	5.25%	5.23%	2,048,973	26,000
8. Interest Expense Paid						
9. Total Earning Assets	4,515,728	16,285	1.44%	1.27%	4,719,635	10,000
10. Total Interest-Bearing Liabilities	3,139,054	16,285	2.07%	1.82%	3,304,766	10,000
11. Total Interest-Bearing Deposits	2,335,103	8,012	1.38%	1.21%	2,518,891	5,000
12. Interest-Bearing Transaction Savings	624,045	427	0.27%	0.27%	633,645	
13. Other Time <\$100K	964,776	924	0.38%	0.36%	1,130,024	
14. Other Time >\$100K	242,793	1,580	2.61%	2.33%	307,118	1,000
15. Total Short-Term Borrowings	503,488	5,081	4.05%	3.60%	448,104	2,000
16. Fed Funds Purchased	766,936	7,695	3.97%	3.62%	745,499	4,000
17. Other Short-Term Funds	548,770	6,833	4.93%	4.44%	585,205	4,000
18. Long-Term Debt	218,166	861	1.58%	1.24%	160,294	
19. Net Interest Income and Margin (FTE)	37,015	578	6.25%	6.27%	40,376	
20. Net Interest Income and Margin (FTE)		\$51,503	4.58%	4.73%		\$57,000

6. Noninterest Income.

	(dollars in thousands)					
	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
1. Service Charges on Deposit Accounts	\$7,186	\$7,542	-4.7%	\$7,083	1.4%	\$14,000
2. Merchant Credit Card Income	2,392	2,417	-1.0%	2,385	0.3%	4,000
3. ATM Fees & Interchange	717	709	1.2%	678	5.8%	1,000
4. Debit Card Fees	876	811	8.0%	828	5.8%	1,000

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5. Financial Services Fees	363	339	7.1%	298	21.8%	
6. Mortgage Banking Income	49	67	-26.3%	50	-0.3%	
7. Trust Fees	287	309	-7.1%	282	1.8%	
8. Other Income	2,190	1,954	12.1%	2,035	7.6%	4,
-----						
9. Sub-total	14,061	14,148	-0.6%	13,639	3.1%	27,
10. Gains on Sales of Real Property	0	1,331	n/m	0	n/m	
11. Investment Securities Gains (Losses)	0	0	n/m	0	n/m	
-----						
12. Total Noninterest Income	\$14,061	\$15,479	-9.2%	\$13,639	3.1%	\$27,
=====						
13. Operating Ratios:						
14. Total Revenue (FTE)	\$65,564	\$72,502	-9.6%	\$67,614	-3.0%	\$133,
15. Noninterest Income / Revenue (FTE)	21.4%	21.3%		20.2%		2
16. Service Charges / Deposits (annualized)	0.79%	0.77%		0.76%		0
17. Total Revenue Per Share (annualized)	\$8.38	\$8.88	-5.5%	\$8.65	-3.1%	\$8

Page 11

WESTAMERICA BANCORPORATION

Public Information July 18, 2006

7. Noninterest Expense.

(dollars in thousands)

	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
-----						
1. Salaries & Benefits	\$13,559	\$13,956	-2.8%	\$13,258	2.3%	\$26,
2. Occupancy	3,267	3,230	1.2%	3,232	1.1%	6,
3. Equipment	1,315	1,313	0.1%	1,266	3.8%	2,
4. Data Processing	1,531	1,539	-0.5%	1,534	-0.2%	3,
5. Courier	909	964	-5.7%	922	-1.4%	1,
6. Postage	397	376	5.6%	410	-3.2%	
7. Telephone	466	553	-15.8%	432	7.8%	
8. Professional Fees	833	604	38.0%	457	82.2%	1,
9. Stationery & Supplies	272	304	-10.5%	270	0.9%	
10. Loan Expense	236	232	1.5%	195	21.0%	
12. Operational Losses	255	200	27.3%	188	35.1%	
13. Amortization of Identifiable Intangibles	1,016	1,092	n/m	1,040	-2.3%	2,
14. Other Operating	2,290	2,726	-16.0%	2,279	0.5%	4,
-----						
15. Total Noninterest Expense	\$26,345	\$27,089	-2.7%	\$25,483	3.4%	\$51,
=====						
16. Full Time Equivalent Staff	904	974	-7.2%	939	-3.7%	
17. Average Assets / Full Time Equivalent Staff	\$5,474	\$5,308	3.1%	\$5,383	1.7%	\$5,
18. Operating Ratios:						
19. FTE Revenue / Full Time	\$291	\$299	-2.6%	\$292	-0.4%	\$



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	Equivalent Staff (annualized)				
20.	Noninterest Expense / Earning Assets (annualized)	2.34%	2.30%	2.24%	2
21.	Noninterest Expense / Revenues	40.2%	37.4%	37.7%	3

Page 12

WESTAMERICA BANCORPORATION

Public Information July 18, 2006

8. Provision for Credit Losses.

(dollars in thousands)

	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
1. Provision for Credit Losses	\$150	\$300	-50.0%	\$150	0.0%	\$
2. Gross Loan Losses	645	754	-14.5%	1,118	-42.3%	1,
3. Net Loan Losses	234	297	-21.3%	231	1.4%	
4. Recoveries / Gross Loan Losses	64%	61%		79%		
5. Average Total Loans	\$2,588,220	\$2,670,663	-3.1%	\$2,615,949	-1.1%	\$2,602,
6. Net Loan Losses / Loans (annualized)	0.04%	0.04%		0.04%		0
7. Provision for Credit Losses / Loans (annualized)	0.02%	0.05%		0.02%		0
8. Provision for Credit Losses / Net Loan Losses	64.2%	101.0%		65.0%		6

9. Credit Quality.

(dollars in thousands)

	6/30/06	6/30/05	6/30/06 / 6/30/05	3/31/06	6/30/06 / 3/31/06	12/31/05
1. Nonperforming Nonaccrual Loans	\$1,613	\$1,560	3.4%	\$2,993	-46.1%	\$2,
2. Performing Nonaccrual Loans	3,899	6,072	-35.8%	3,232	20.6%	4,
3. Total Nonaccrual Loans	5,512	7,632	-27.8%	6,225	-11.5%	6,
4. Accruing Loans 90+ Days Past Due	114	84	n/m	29	n/m	
5. Total Nonperforming Loans	5,626	7,716	-27.1%	6,254	-10.0%	6,
6. Repossessed Collateral	656	40	n/m	0	n/m	
7. Total Nonperforming Loans & Repossessed Collateral	\$6,282	\$7,756	-19.0%	\$6,254	0.4%	\$6,

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9. Classified Loans	\$25,681	\$37,615	-31.7%	\$28,878	-11.1%	\$29,000
10.Allowance for Loan Losses	\$55,684	\$59,862	-7.0%	\$55,768	-0.2%	\$55,768
11.Total Loans Outstanding	2,580,612	2,687,566	-4.0%	2,639,968	-2.2%	2,672,000
12.Total Assets	4,906,886	5,199,404	-5.6%	5,055,553	-2.9%	5,157,000
13.Allowance for Loan Losses / Total Loans	2.16%	2.23%		2.11%		2.11%
14.Nonperforming Loans / Total Loans	0.22%	0.29%		0.24%		0.24%
15.Nonperforming Loans & Repossessed						
16. Collateral/Total Assets	0.13%	0.15%		0.12%		0.12%
17.Allowance/Nonperforming Loans	990%	776%		892%		892%
18.Allowance for Loan Losses / Classified Loans	217%	159%		193%		193%
19.Classified Loans /						
20. (Equity + Allowance for Loan Losses)	5.4%	7.4%		6.0%		6.0%

Page 13

WESTAMERICA BANCORPORATION

Public Information July 18, 2006

10.Capital.

(dollars in thousands, except per-share amounts)

	6/30/06	6/30/05	6/30/06 / 6/30/05	3/31/06	6/30/06 / 3/31/06	12/31/05
1. Shareholders' Equity	\$421,731	\$447,928	-5.8%	\$429,372	-1.8%	\$435,000
2. Tier I Regulatory Capital	300,661	299,003	0.6%	303,344	-0.9%	296,000
3. Total Regulatory Capital	341,788	342,967	-0.3%	345,786	-1.2%	339,000
4. Total Assets	4,906,886	5,199,404	-5.6%	5,055,553	-2.9%	5,157,000
5. Risk-Adjusted Assets	3,127,641	3,307,055	-5.4%	3,222,355	-2.9%	3,267,000
6. Shareholders' Equity / Total Assets	8.59%	8.61%		8.49%		8.52%
7. Shareholders' Equity / Total Loans	16.34%	16.67%		16.26%		16.51%
8. Tier I Capital / Total Assets	6.13%	5.75%		6.00%		5.88%
9. Tier I Capital / Risk-Adjusted Assets	9.61%	9.04%		9.41%		9.15%
10.Total Capital / Risk-Adjusted Assets	10.93%	10.37%		10.73%		10.48%
11.Shares Outstanding	31,201	32,593	-4.3%	31,544	-1.1%	31,000
12.Book Value Per Share (\$)	\$13.52	\$13.74	-1.6%	\$13.61	-0.7%	\$13.50
13.Market Value Per Share (\$)	48.97	52.81	-7.3%	51.92	-5.7%	55.00

14.Share Repurchase Programs

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	(shares in thousands)					
	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
15.Total Shares Repurchased / Canceled	491	490	0.2%	429	14.3%	
16. Average Repurchase Price	\$50.47	\$51.31	-1.6%	\$53.62	-5.9%	\$51
17.Net Shares Repurchased (Issued)	343	346	n/m	338	n/m	

Page 14

WESTAMERICA BANCORPORATION

Public Information July 18, 2006

11.Period-End Balance Sheets.

	(dollars in thousands)					
	6/30/06	6/30/05	6/30/06 / 6/30/05	3/31/06	6/30/06 / 3/31/06	12/31/05
1. Assets:						
2. Cash and Money Market Assets	\$189,204	\$195,289	-3.1%	\$188,481	0.4%	\$209,200
3. Investment Securities Available For Sale	620,294	691,609	-10.3%	642,996	-3.5%	662,000
4. Investment Securities Held to Maturity	1,243,936	1,349,555	-7.8%	1,307,848	-4.9%	1,337,000
5. Loans, gross	2,580,612	2,687,566	-4.0%	2,639,968	-2.2%	2,672,000
6. Allowance For Loan Losses	(55,684)	(59,862)	-7.0%	(55,768)	-0.2%	(55,000)
7. Loans, net	2,524,928	2,627,704	-3.9%	2,584,200	-2.3%	2,616,000
8.						
9. Premises and Equipment	31,785	34,864	-8.8%	32,535	-2.3%	33,000
10. Identifiable Intangible Assets	24,114	28,297	n/m	25,130	-4.0%	26,000
11. Goodwill	121,719	124,122	n/m	121,719	0.0%	121,000
12. Interest Receivable and Other Assets	150,906	147,964	2.0%	152,644	-1.1%	150,000
13.Total Assets	\$4,906,886	\$5,199,404	-5.6%	\$5,055,553	-2.9%	\$5,157,000
14.Liabilities and Shareholders' Equity:						
15. Deposits:						
16. Noninterest Bearing	\$1,330,280	\$1,377,680	-3.4%	\$1,355,426	-1.9%	\$1,419,000
17. Interest-Bearing Transaction	606,633	614,246	-1.2%	641,264	-5.4%	658,000
18. Savings	951,819	1,114,631	-14.6%	1,004,964	-5.3%	1,022,000
19. Time	758,315	726,283	4.4%	737,532	2.8%	745,000

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20. Total Deposits	3,647,047	3,832,840	-4.8%	3,739,186	-2.5%	3,846,000
21. Short-Term Borrowed Funds	746,517	828,280	-9.9%	784,639	-4.9%	775,000
22. Debt Financing and Notes Payable	36,993	40,354	-8.3%	37,030	-0.1%	40,000
23. Liability For Interest Taxes and Other	54,598	50,002	9.2%	65,326	-16.4%	60,000
24.Total Liabilities	4,485,155	4,751,476	-5.6%	4,626,181	-3.0%	4,722,000
25.Shareholders' Equity:						
26. Paid-In Capital	\$346,224	\$347,355	-0.3%	\$344,941	0.4%	\$345,000
27. Unrealized Gain (Loss) on Investment Securities						
28. Available For Sale	(4,771)	8,185	n/m	(830)	474.7%	1,000
29. Retained Earnings	80,278	92,388	-13.1%	85,261	-5.8%	87,000
30.Total Shareholders' Equity	421,731	447,928	-5.8%	429,372	-1.8%	435,000
31.Total Liabilities and Shareholders' Equity	\$4,906,886	\$5,199,404	-5.6%	\$5,055,553	-2.9%	\$5,157,000

Page 15

WESTAMERICA BANCORPORATION

Public Information July 18, 2006

12.Income Statements.

(dollars in thousands, except per-share amounts)

	Q2'06	Q2'05	Q2'06 / Q2'05	Q1'06	Q2'06 / Q1'06	6/30'06
1. Interest and Fee Income:						
2. Loans	\$41,160	\$39,941	3.1%	\$41,106	0.1%	\$82,000
3. Money Market Assets and Funds Sold	2	1	n/m	1	n/m	
4. Investment Securities Available For Sale	7,377	8,073	-8.6%	7,574	-2.6%	14,000
5. Investment Securities Held to Maturity	13,338	13,441	-0.8%	13,786	-3.2%	27,000
6. Total Interest Income	61,877	61,456	0.7%	62,467	-0.9%	124,000
7. Interest Expense:						
8. Transaction Deposits	427	340	25.6%	428	-0.1%	
9. Savings Deposits	924	970	-4.7%	898	2.9%	1,000
10. Time Deposits	6,661	4,144	60.7%	5,916	12.6%	12,000
11. Short-Term Borrowed Funds	7,695	4,655	65.3%	6,672	15.3%	14,000
12. Debt Financing and Notes Payable	578	637	-9.2%	598	-3.3%	1,000
13.Total Interest Expense	16,285	10,746	51.5%	14,512	12.2%	30,000
14.Net Interest Income	45,592	50,710	-10.1%	47,955	-4.9%	93,000
15.Provision for Credit Losses	150	300	-50.0%	150	0.0%	

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16. Noninterest Income:						
17. Service Charges on Deposit Accounts	7,186	7,542	-4.7%	7,083	1.4%	14,
18. Merchant Credit Card	2,392	2,417	-1.0%	2,385	0.3%	4,
19. Financial Services Commissions	363	339	7.1%	298	21.8%	
20. Mortgage Banking	49	67	-26.3%	50	-0.3%	
21. Trust Fees	287	309	-7.1%	282	1.8%	
22. Gains on Sales of Real Property	0	1,331	-100.0%	0	n/m	
23. Securities Gains (Losses)	0	0	n/m	0	n/m	
24. Other	3,784	3,474	8.9%	3,541	6.9%	7,
=====						
25. Total Noninterest Income	14,061	15,479	-9.2%	13,639	3.1%	27,
=====						
26. Noninterest Expense:						
27. Salaries and Related Benefits	13,559	13,956	-2.8%	13,258	2.3%	26,
28. Occupancy	3,267	3,230	1.2%	3,232	1.1%	6,
29. Equipment	1,315	1,313	0.1%	1,266	3.8%	2,
30. Data Processing	1,531	1,539	-0.5%	1,534	-0.2%	3,
31. Professional Fees	833	604	38.0%	457	82.2%	1,
32. Other	5,840	6,447	-9.4%	5,736	1.8%	11,
=====						
33. Total Noninterest Expense	26,345	27,089	-2.7%	25,483	3.4%	51,
=====						
34. Income Before Income Taxes	33,158	38,800	-14.5%	35,961	-7.8%	69,
35. Provision for income taxes	8,664	11,080	-21.8%	9,844	-12.0%	18,
=====						
36. Net Income	\$24,494	\$27,720	-11.6%	\$26,117	-6.2%	\$50,
=====						
37. Average Shares Outstanding	31,364	32,759	-4.3%	31,688	-1.0%	31,
38. Diluted Average Shares Outstanding	31,932	33,364	-4.3%	32,276	-1.1%	32,
39. Per Share Data:						
40. Basic Earnings	\$0.78	\$0.85	-7.7%	\$0.82	-5.2%	\$1,
41. Diluted Earnings	0.77	0.83	-7.7%	0.81	-5.2%	1,
42. Dividends Paid	0.32	0.30	6.7%	0.32	0.0%	0,