# Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K 

WESTAMERICA BANCORPORATION

## Form 8-K

October 18, 2006
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(707) 863-6000
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form $8-\mathrm{K}$ 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 $14 a-12$ 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 October 17, 2006

Item 2.02: Results of Operations and Financial Condition


On October 17, 2006 Westamerica Bancorporation announced their quarterly earnings for the third 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.

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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
October 17, 2006

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INDEX TO EXHIBITS

| Exhibit No. | Description | Sequentially <br> Number Page |
| :---: | :---: | :---: |
| (99.1) | Press release dated | 5-15 |
|  | October 17, 2006 |  |

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FOR IMMEDIATE RELEASE
October 17, 2006

# Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K 

WESTAMERICA BANCORPORATION REPORTS QUARTERLY EARNINGS
FOR THIRD QUARTER 2006
 Westamerica Bank, today reported net income of $\$ 24.2$ million for the third quarter of 2006 , compared to $\$ 24.5$ million for the second quarter of 2006 . Third quarter 2006 diluted earnings per share were $\$ 0.77$, unchanged from the second quarter of 2006. Return on average common equity (ROE) for the third quarter of 2006 was 22.7 percent and return on assets (ROA) was 1.98 percent. Third quarter 2005 net income of $\$ 28.9$ million, or $\$ 0.88$ diluted earnings per share, includes a gain on the sale of a facility vacated following the Redwood Empire Bancorp acquisition and recognition of company owned life insurance proceeds which, on a combined basis, account for $\$ 0.06$ diluted earnings per share.

For the first nine months of 2006 , net income totaled $\$ 74.9$ million, compared to $\$ 78.9$ million for the same period in 2005. Diluted earnings per share were $\$ 2.34$ for the first nine months of 2006 , compared to $\$ 2.39$ for the same period in 2005. Results for the first nine months of 2005 include a realized loss on sale of securities, and gains from the sale of property, and company owned life insurance proceeds, which, on a combined basis, reduced net income by $\$ 100$ thousand.
"Results for the third quarter of 2006 include a stabilizing net interest margin and controlled expense levels," said Chairman, President and CEO David Payne. "Our 1.52 percent cost of funds reflects the value of our significant noninterest bearing demand deposits and other low-cost deposits comprising 79 percent of Westamerica's deposit base. Our relatively low cost of funds supported a 4.54 percent margin for the third quarter 2006 . Cost consciousness throughout the Company has helped reduce our noninterest expenses 3.8 percent in the first nine months of 2006 , compared to the same period last year," added Payne.

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Net interest income on a fully taxable equivalent basis was $\$ 50.2$ million in the third quarter of 2006 compared to $\$ 51.5 \mathrm{million}$ and $\$ 56.0 \mathrm{million}$ in the second quarter of 2006 and the third quarter of 2005 , respectively. The third quarter of 2006 net interest margin (fully taxable equivalent) was 4.54 percent, down from 4.58 percent and 4.76 percent in the second quarter of 2006 and the third quarter of 2005 , respectively. Rising short-term interest rates combined with limited change in intermediate interest rates and highly competitive loan and deposit pricing has resulted in an operating environment with declining net interest margins.

Noninterest income for the first nine months of 2006 totaled $\$ 41.6$ million, compared to $\$ 40.1$ million in the first nine months of 2005 . The $\$ 1.5$ million increase is primarily due to:

* $\$ 860$ thousand higher merchant credit card income attributable to the acquisition of Redwood Empire Bancorp on March 1, 2005.
* $\$ 335$ thousand increase in debit card and ATM fees.
* $\$ 480$ thousand decrease in service charges on deposit accounts, primarily account analysis fees.
* $\$ 600$ thousand increase due to $\$ 4.9$ million in securities losses and $\$ 4.3$ million in gains from the sale of real estate and life insurance proceeds recognized in 2005.

Noninterest expense for the third quarter of 2006 was $\$ 25.4$ million, reduced from $\$ 26.3$ million for the prior quarter and $\$ 27.3$ million for the third quarter of 2005 . The efficiency ratio for the third quarter of 2006 was 39.6 percent, compared to 40.2 percent for the prior quarter and 37.2 percent for the third quarter of 2005.

The provision for credit losses was $\$ 75$ thousand for the third quarter of 2006 , reduced from $\$ 150$ thousand for the previous quarter and for the third quarter of 2005. The reduced provision for credit losses reflects management's assessment of credit risk for the loan portfolio.

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At September 30, 2006, shareholders' equity was $\$ 427$ million and the Company's total regulatory capital ratio was 11.0 percent, which exceeds the "wellcapitalized" level of 10 percent under regulatory requirements. During the third quarter 2006, shares repurchased, net of shares issued, totaled 291 thousand shares. At September 30, 2006 , 1.9 million shares remain authorized under the Company's stock repurchase plan.

Westamerica Bancorporation, through its wholly owned subsidiary Westamerica Bank, operates 87 branches throughout 21 Northern and Central California counties. At September 30, 2006, the company had total assets outstanding of $\$ 4.8$ billion.

Westamerica Bancorporation Web Address: www.westamerica.com

For additional information contact:
Westamerica Bancorporation
Robert A. Thorson - SVP \& Chief Financial Officer 707-863-6840

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## 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 June 30, 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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WESTAMERICA BANCORPORATION
FINANCIAL HIGHLIGHTS

September 30, 2006

1. Net Income Summary.

1 | Net Interest Income |
| :---: |
| (Fully Taxable Equivalent) |

2 | Provision for Credit Losses |
| :---: |
| 3 |
| Noninterest Income: |
| 4 |
| Investment Securities |
| (Loss/Impairment) Gains |

5 Gains on Sales of
Real Property
6 Other
7
2. Net Interest Income.

Public Information October 17, 2006

| Q3'06 | Q3'05 | $\begin{gathered} \text { Q3'06 / } \\ \text { Q3'05 } \end{gathered}$ | Q2'06 | $\begin{gathered} \text { Q3'06 / } \\ \text { Q2'06 } \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: |
| \$50,197 | \$55,993 | $-10.4 \%$ | \$51,503 | $-2.5 \%$ |
| 75 | 150 | -50.0\% | 150 | -50.0\% |
| 0 | 0 | $\mathrm{n} / \mathrm{m}$ | 0 | $\mathrm{n} / \mathrm{m}$ |
| 0 | 2,369 | $\mathrm{n} / \mathrm{m}$ | 0 | $\mathrm{n} / \mathrm{m}$ |
| 13,899 | 15,071 | -7.8\% | 14,061 | -1.2\% |
| 13,899 | 17,440 | -20.3\% | 14,061 | -1.2\% |
| 25,403 | 27,319 | -7.0\% | 26,345 | -3.6\% |
| 14,381 | 17,079 | $-15.8 \%$ | 14,575 | -1.3\% |
| \$24,237 | \$28,885 | -16.1\% | \$24,494 | -1.0\% |
| 31,070 | 32,352 | -4.0\% | 31,364 | -0.9\% |
| 31,558 | 32,972 | -4.3\% | 31,932 | -1.2\% |
| \$0.78 | \$0.89 | -12.6\% | \$0.78 | -0.1\% |
| 0.77 | 0.88 | -12.3\% | 0.77 | $0.1 \%$ |
| 1.98\% | 2.23\% |  | 1.99\% |  |
| 22.7\% | 27.0\% |  | 23.1\% |  |
| 4.54\% | $4.76 \%$ |  | 4.58\% |  |
| 39.6\% | 37.2\% |  | 40.2\% |  |
| \$0.32 | \$0.30 | 6.7\% | \$0.32 | 0.0\% |
| 42\% | 34\% |  | 42\% |  |

(dollars in thousands)
Q3'06 / Q3'06 / Q3'06 Q3'05 Q3'05 Q2'06 Q2'06 9/30'06
1 Interest and Fee Income (FTE)
2 Interest Expense
3 Net Interest Income (FTE)
4 Average Earning Assets
5 Average Interest-Bearing
Liabilities
6 Yield on Earning Assets (FTE)
7 Cost of Funds
8 Net Interest Margin (FTE)
9 Interest Expense/Interest-
10 Nearing Liabilities
10 Net Interest Spread (FTE)


Page 10
3. Loans \& Other Earning Assets.

4. Deposits \& Other Interest-Bearing Liabilities.

| (average volume, dollars in thousands) |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Q3'06 | Q3'05 | Q3'06/ | Q3'05 | Q2'06 |

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```
2 Noninterest Demand
3 Interest-Bearing Transaction
4 Savings
5 Other Time >$100K
6 Other Time <$100K
7 \text { Total Short-Term Borrowings}
    Fed Funds Purchased
9 Other Short-Term Funds
10 Long-Term Debt
1 1 \text { Shareholders' Equity}
1 2 \text { Demand Deposits /}
    Total Deposits
13 Transaction & Savings
        Deposits / Total Deposits
```

5. Interest Yields Earned \& Rates Paid.
(dollars in thousands)

$\$ 4,419,609 \quad \$ 67,185$
2,555,472 42,589
$6.05 \%$
6.01\%\$4,695,342
654,179 13,151
913,919 16,396
$7.61 \%$
6.58\% 2,643,270
$7.74 \%$
7.57\% 711,329
987,373 13,042
$5.36 \%$
5.25\% 994,560
$5.25 \% 2,052,073$
\$ 68

| $-6.3 \%$ | $1,316,927$ |
| ---: | ---: |
| $-4.7 \%$ | 624,045 |
| $-14.6 \%$ | 964,776 |
| $12.0 \%$ | 503,488 |
| $-16.2 \%$ | 242,793 |
| $-4.9 \%$ | 766,936 |
| $-17.1 \%$ | 548,770 |
| $37.5 \%$ | 218,166 |
| $-8.3 \%$ | 37,015 |
| $-0.4 \%$ | 424,999 |

$-0.4 \% 1,328$
$1,311,7861,400,272$
$1,400,272$
632,680
-3.4\% 626,
$602,996 \quad 632,680$
943,396 1,104,237
$234,646 \quad 279,932-16.2 \% \quad 242,793-3.4 \% \quad 243,8$
$717,524 \quad 754,215 \quad-4.9 \% \quad 766,936$
$\begin{array}{llll}717,524 & 754,215 \\ 485,095 & 585,156 & -17.1 \% & 548,770\end{array}$
$-6.4 \% \quad 740$,
$485,095 \quad 585,156-17.1 \% \quad 548,770 \quad-11.6 \%$ 527,
$232,429 \quad 169,060 \quad 37.5 \% \quad 218,166$ 6.5\% 213,
$\begin{array}{rrrr}232,429 & 169,060 & 37.5 \% & 218,166 \\ 36,978 & 40,340 & -8.3 \% & 37,015\end{array}$
$36,978 \quad 40,340 \quad-8.3 \% \quad 37,015 \quad-0.1 \% \quad 37$,
$422,735-424,277-0.4 \% \quad 424,999-0.5 \%$ 424,
$\begin{array}{lr}-0.1 \% & 37, \\ -0.5 \% & 424,\end{array}$
$36.4 \% \quad 36.2 \%$
$36.1 \%$
$79.3 \%$
$36.2 \%$
$36.1 \%$
$81.0 \%$
$79.6 \%$

Total Earning Assets
Total Interest-Bearing
Liabilities
11 Total Interest-Bearing Deposits
Interest-Bearing
Other Time <\$100K
Other Short-Term Funds

```
```

Interest \& Fees Income Earned

```
Interest & Fees Income Earned
    Total Earning Assets (FTE)
    Total Earning Assets (FTE)
        Total Loans (FTE)
        Total Loans (FTE)
            Commercial Loans (FTE)
            Commercial Loans (FTE)
            Commercial Real Estate
            Commercial Real Estate
                Loans
                Loans
            Consumer Loans
            Consumer Loans
    Total Investment
    Total Investment
        Securities (FTE)
        Securities (FTE)
    Interest Expense Paid
    Interest Expense Paid
    Total Earning Assets
    Total Earning Assets
    Total Interest-Bearing
    Total Interest-Bearing
        Liabilities
        Liabilities
    Total Interest-Bearing
    Total Interest-Bearing
        Deposits
        Deposits
        Interest-Bearing
        Interest-Bearing
                Transaction
                Transaction
        Savings
        Savings
        Other Time <$100K
        Other Time <$100K
        Other Time >$100K
        Other Time >$100K
    Total Short-Term Borrowings
    Total Short-Term Borrowings
        Fed Funds Purchased
        Fed Funds Purchased
        Other Short-Term Funds
```

        Other Short-Term Funds
    ```
\begin{tabular}{rrrlr}
\(\$ 4,419,609\) & \(\$ 67,185\) & \(6.05 \%\) & \(6.01 \% \$ 4,695,342\) \\
\(2,555,472\) & 42,589 & \(6.61 \%\) & \(6.58 \%\) & \(2,643,270\) \\
654,179 & 13,151 & \(7.74 \%\) & \(7.57 \%\) & 711,329 \\
913,919 & 16,396 & \(7.12 \%\) & \(7.28 \%\) & 937,380 \\
987,373 & 13,042 & \(5.36 \%\) & \(5.25 \%\) & 994,560 \\
\(1,864,137\) & 24,596 & \(5.28 \%\) & \(5.25 \% 2,052,073\)
\end{tabular}

1,864,137 24,596 5.28\%
\begin{tabular}{rrrrr}
\(4,419,609\) & 16,988 & \(1.52 \%\) & \(1.44 \%\) & \(4,695,342\) \\
\(3,045,282\) & 16,988 & \(2.20 \%\) & \(2.07 \%\) & \(3,266,697\) \\
\(2,290,779\) & 9,010 & \(1.56 \%\) & \(1.38 \%\) & \(2,472,142\) \\
& & 430 & \(0.28 \%\) & \(0.27 \%\) \\
602,996 & & & & \\
& & & & \\
943,396 & 1,173 & \(0.49 \%\) & \(0.38 \%\) & \(1,104,237\) \\
234,646 & 1,722 & \(2.91 \%\) & \(2.61 \%\) & 279,932 \\
509,741 & 5,686 & \(4.43 \%\) & \(4.05 \%\) & 455,293 \\
717,524 & 7,399 & \(4.04 \%\) & \(3.97 \%\) & 754,215 \\
485,095 & 6,508 & \(5.25 \%\) & \(4.93 \%\) & 585,156 \\
232,429 & 891 & \(1.52 \%\) & \(1.58 \%\) & 169,060 \\
36,978 & 578 & \(6.25 \%\) & \(6.25 \%\) & 40,340
\end{tabular}
\(1.52 \%\)
1.44\% 4, 695,342

12,
26,

430
\(0.28 \%\)
\(0.27 \% \quad 632,680\)

1,173
\(0.49 \%\)
\(0.38 \% 1,104,237\)
234,646 1,722 2.91\% 2.61\% 279,932
509,741 5,686 4.43\% 4.05\% 455,293
\(717,524 \quad\) 7.399 \(4.04 \%\) 3.97\% 754,215
\(\begin{array}{rrrrr}485,095 & 6,508 & 5.25 \% & 4.93 \% & 585,156 \\ 232,429 & 891 & 1.52 \% & 1.58 \% & 169,060\end{array}\)
Long-Term Debt 36,978
578
\(6.25 \%\)
6.25\% 40,340
1
3
5
5
\(\$ 50,197\)
\(4.54 \%\)
\(4.58 \%\)
\(\$ 55\),

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\section*{Edgar Filing: WESTAMERICA BANCORPORATION - Form 8-K}
6. Noninterest Income.
1 \begin{tabular}{c} 
Service Charges on Deposit \\
Accounts
\end{tabular}
2 Merchant Credit Card Income
3 ATM Fees \& Interchange
4 Debit Card Fees
5 Financial Services Fees
6 Mortgage Banking Income
7 Trust Fees
8 Other Income
\begin{tabular}{|c|c|c|c|c|c|}
\hline Q3'06 & Q3'05 & \[
\begin{gathered}
\text { Q3'06 / } \\
\text { Q3'05 }
\end{gathered}
\] & Q2'06 & \[
\begin{gathered}
\text { Q3'06 / } \\
\text { Q2'06 }
\end{gathered}
\] & 9/30'06 \\
\hline \$7,155 & \$7,436 & \(-3.8 \%\) & \$7,186 & -0.4\% & \$21, \\
\hline 2,430 & 2,631 & -7.6\% & 2,392 & 1.6\% & 7, \\
\hline 753 & 725 & 3.8\% & 717 & 4.9\% & 2, \\
\hline 883 & 834 & 5.9\% & 876 & 0.8\% & 2, \\
\hline 377 & 388 & -2.9\% & 363 & 3.7\% & 1, \\
\hline 36 & 62 & -42.8\% & 49 & -27.9\% & \\
\hline 298 & 323 & -7.7\% & 287 & 3.9\% & \\
\hline 1,967 & 2,672 & \(-26.4 \%\) & 2,191 & -10.2\% & 6, \\
\hline 13,899 & 15,071 & -7.8\% & 14,061 & -1.2\% & 41, \\
\hline 0 & 2,369 & \(\mathrm{n} / \mathrm{m}\) & 0 & \(\mathrm{n} / \mathrm{m}\) & \\
\hline 0 & 0 & \(\mathrm{n} / \mathrm{m}\) & 0 & \(\mathrm{n} / \mathrm{m}\) & \\
\hline \$13,899 & \$17,440 & -20.3\% & \$14,061 & -1.2\% & \$41, \\
\hline \$64,096 & \$73,433 & -12.7\% & \$65,564 & -2.2\% & \$197, \\
\hline 21.7\% & 23.7\% & & 21.4\% & & \\
\hline \(0.79 \%\) & \(0.76 \%\) & & \(0.79 \%\) & & 0 \\
\hline \$8.18 & \$9.01 & -9.1\% & \$8.38 & \(-2.4 \%\) & \$8 \\
\hline
\end{tabular}
\begin{tabular}{|c|c|c|c|c|c|}
\hline Q3'06 & Q3'05 & \[
\begin{gathered}
\text { Q3'06 / } \\
23.05
\end{gathered}
\] & Q2'06 & \[
\begin{gathered}
\text { Q3'06 / } \\
22.06
\end{gathered}
\] & 9/30'06 \\
\hline \$13,080 & \$14,149 & -7.6\% & \$13,559 & -3.5\% & \$39, \\
\hline 3,321 & 3,201 & 3.7\% & 3,267 & 1.6\% & 9, \\
\hline 1,194 & 1,347 & -11.4\% & 1,315 & -9.2\% & 3, \\
\hline 1,503 & 1,544 & -2.7\% & 1,531 & -1.8\% & 4, \\
\hline 904 & 989 & -8.5\% & 909 & -0.6\% & 2, \\
\hline 410 & 377 & 8.5\% & 397 & 3.2\% & 1, \\
\hline 371 & 537 & -31.0\% & 466 & -20.4\% & 1, \\
\hline 532 & 497 & 7.1\% & 833 & -36.1\% & 1, \\
\hline 307 & 298 & 3.2\% & 272 & 13.0\% & \\
\hline 253 & 309 & -18.3\% & 236 & 7.2\% & \\
\hline 129 & 222 & -41.9\% & 255 & -49.3\% & \\
\hline 1,016 & 1,064 & -4.5\% & 1,016 & 0.0\% & 3, \\
\hline 2,383 & 2,785 & -14.4\% & 2,289 & 4.1\% & 6, \\
\hline
\end{tabular}

\title{
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}
\begin{tabular}{|c|c|c|c|c|c|c|c|}
\hline 14 & Total Noninterest Expense & \$25,403 & \$27,319 & -7.0\% & \$26,345 & \(-3.6 \%\) & \$77, \\
\hline 15 & Full Time Equivalent Staff & 901 & 956 & -5.8\% & 904 & -0.3\% & \\
\hline 16 & Average Assets / Full Time Equivalent Staff & \$5,379 & \$5,378 & \(0.0 \%\) & \$5,474 & \(-1.7 \%\) & \$5, \\
\hline 17 & Operating Ratios: & & & & & & \\
\hline 18 & FTE Revenue / Full Time Equivalent Staff & & & & & & \\
\hline & (annualized) & \$282 & \$305 & \(-7.4 \%\) & \$291 & \(-3.0 \%\) & \\
\hline 19 & Noninterest Expense / Earning Assets (annualized) & \(2.28 \%\) & 2.31\% & & \(2.34 \%\) & & 2 \\
\hline 20 & Noninterest Expense / Revenues & 39.6\% & \(37.2 \%\) & & \(40.2 \%\) & & 3 \\
\hline
\end{tabular}

\section*{Page 12}
8. Provision for Credit Losses.
1 Provision for Credit Losses
2 Gross Loan Losses
3 Net Loan Losses
4 Recoveries / Gross Loan Losses
5 Average Total Loans
6 Net Loan Losses / Loans
(annualized)
7 Provision for Credit Losses /
Loans (annualized)
8 Provision for Credit Losses /
Net Loan Losses
(dollars in thousands)
\begin{tabular}{|c|c|c|c|c|c|}
\hline Q3'06 & \multicolumn{3}{|l|}{} & \multicolumn{2}{|l|}{\[
\begin{gathered}
\text { Q'06 / } \\
\text { Q2'06 } \\
9 / 30
\end{gathered}
\]} \\
\hline \$75 & \$150 & -50.0\% & \$150 & -50 & \\
\hline 1,011 & 684 & 47.8\% & 645 & & \% 2, \\
\hline 421 & 338 & 24.5\% & 234 & 80 & \\
\hline 58\% & 51\% & & 64\% & & \\
\hline \$2,555,472 & \$2,643,270 & -3.3\% \$ & 588,220 & & \% \$2,586, \\
\hline \(0.07 \%\) & \(0.05 \%\) & & \(0.04 \%\) & & \\
\hline \(0.01 \%\) & 0.02\% & & \(0.02 \%\) & & \\
\hline \(17.8 \%\) & 44.4\% & & 64.2\% & & \\
\hline
\end{tabular}
9. Credit Quality.
\begin{tabular}{|c|c|c|c|c|c|c|}
\hline \multirow[t]{2}{*}{} & \multicolumn{6}{|l|}{(dollars in thousands)} \\
\hline & 9/30/06 & 9/30/05 & \[
\begin{aligned}
& 9 / 30 / 06 \\
& 9 / 30 / 05
\end{aligned}
\] & \[
6 / 30 / 06
\] & \[
\begin{gathered}
9 / 30 / 06 / \\
6 / 30 / 06
\end{gathered}
\] & 3/31/ \\
\hline 1 Nonperforming Nonaccrual Loans & \$1,162 & \$2,292 & -49.3\% & \$1,613 & -28.0\% & \$2, \\
\hline 2 Performing Nonaccrual Loans & 3,889 & 4,514 & -13.9\% & 3,899 & -0.3\% & 3, \\
\hline 3 Total Nonaccrual Loans & 5,051 & 6,806 & -25.8\% & 5,512 & -8.4\% & 6, \\
\hline 4 Accruing Loans 90+ Days Past Due & 252 & 1,334 & & 114 & n & \\
\hline 5 Total Nonperforming Loans & 5,303 & 8,140 & -34.9\% & 5,626 & -5.7\% & 6 , \\
\hline 6 Repossessed Collateral & 656 & 0 & & 656 & \(\mathrm{n} / \mathrm{m}\) & \\
\hline
\end{tabular}

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10. Capital.
(dollars in thousands, except per-share amounts) 9/30/06/ 9/30/06/ \(6 / 30 / 06\)

6
3/31
9/30/06 9/30/05 9/30/05 6/30/06 6/30/06 3/31/
\begin{tabular}{rrrrrr}
\(\$ 426,976\) & \(\$ 440,406\) & \(-3.0 \%\) & \(\$ 421,731\) & \(1.2 \%\) & \(\$ 429\), \\
300,344 & 297,896 & \(0.8 \%\) & 300,661 & \(-0.1 \%\) & 303, \\
341,207 & 341,147 & \(0.0 \%\) & 341,788 & \(-0.2 \%\) & 345, \\
& & & & & \\
\(4,845,360\) & \(5,161,473\) & \(-6.1 \%\) & \(4,906,886\) & \(-1.3 \%\) & 5,055, \\
\(3,094,942\) & \(3,275,611\) & \(-5.5 \%\) & \(3,127,641\) & \(-1.0 \%\) & 3,222,
\end{tabular}

3,094,942 3,275,611 -5.5\% 3,127,641 -1.0\% 3,222
\begin{tabular}{rrrr}
\(8.81 \%\) & \(8.53 \%\) & \(8.59 \%\) \\
\(16.72 \%\) & \(16.46 \%\) & & \(16.34 \%\) \\
\(6.20 \%\) & \(5.77 \%\) & \(6.13 \%\) \\
\(9.70 \%\) & \(9.09 \%\) & & \(9.61 \%\) \\
& & \\
\(11.02 \%\) & \(10.41 \%\) & & \(10.93 \%\) \\
30,910 & 32,198 & \(-4.0 \%\) & 31,201 \\
\(\$ 13.81\) & \(\$ 13.68\) & \(1.0 \%\) & \(\$ 13.52\) \\
50.51 & 51.65 & \(-2.2 \%\) & 48.97
\end{tabular}
\[
-5.1 \%
\]

\(-3.6 \% \$ 28\)
\(-0.6 \% \quad \$ 55\)
\(-1.1 \% 2,639\)
\(-1.3 \% 5,055\),
15 Total Shares Repurchased /
Canceled
16 Average Repurchase Price
17 Net Shares Repurchased
(Issued)
\begin{tabular}{|c|c|c|c|c|}
\hline Q3'06 & Q3'05 & \[
\begin{gathered}
\text { Q3'06 / } \\
\text { Q3.05 }
\end{gathered}
\] & Q2'06 & \[
\begin{gathered}
\text { Q3'06 / } \\
\text { Q2'06 }
\end{gathered}
\] \\
\hline 436 & 437 & -0.3\% & 491 & -11.3\% \\
\hline \$47.98 & \$53.60 & -10.5\% & \$50.47 & -4.9\% \\
\hline 291 & 395 & -26.3\% & 343 & -15.1\% \\
\hline
\end{tabular}

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11. Period-End Balance Sheets.


\begin{tabular}{|c|c|}
\hline 20 & Short-Term Borrowed Funds \\
\hline 21 & Debt Financing and Notes Payable \\
\hline 22 & Liability For Interest, Taxes and Other \\
\hline 23 & Total Liabilities \\
\hline 24 & Shareholders' Equity: \\
\hline 25 & Paid-In Capital \\
\hline 26 & Unrealized Gain (Loss) on Investment Securities \\
\hline 27 & Available For Sale \\
\hline 28 & Retained Earnings \\
\hline 29 & Total Shareholders' Equity \\
\hline \multicolumn{2}{|l|}{\multirow[t]{2}{*}{30 Total Liabilities and Shareholders' Equity}} \\
\hline & \\
\hline
\end{tabular}
\begin{tabular}{|c|c|c|c|c|c|}
\hline 768,841 & 764,143 & 0.6\% & 746,517 & 3.0\% & 784, \\
\hline 36,956 & 40,318 & -8.3\% & 36,993 & -0.1\% & 37, \\
\hline 61,456 & 42,671 & 44.0\% & 54,598 & 12.6\% & 65, \\
\hline 4,418,384 & 4,721,067 & -6.4\% & 4,485,155 & -1.5\% & 4,626, \\
\hline \$346,603 & \$345,229 & 0.4\% & \$346,224 & \(0.1 \%\) & \$344, \\
\hline 1,805 & 2,762 & \(\mathrm{n} / \mathrm{m}\) & \((4,771)\) & \(\mathrm{n} / \mathrm{m}\) & \\
\hline 78,568 & 92,415 & -15.0\% & 80,278 & -2.1\% & 85, \\
\hline 426,976 & 440,406 & -3.0\% & 421,731 & 1.2\% & 429, \\
\hline \$4,845,360 & \$5,161,473 & -6.1\%\$ & 4,906,886 & \(-1.3 \%\) & 5,055, \\
\hline
\end{tabular}

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12. Income Statements.

1 Interest and Fee Income:
2
Loans
3
Money Market Assets and
Funds Sold
4
Investment Securities
Available For Sale
5
Investment Securities
Held to Maturity
6 \(\begin{gathered}\text { Total Interest Income }\end{gathered}\)


16 Noninterest Income:
\begin{tabular}{|c|c|c|c|c|c|c|c|}
\hline 17 & Service Charges on Deposit Accounts & 7,155 & 7,436 & -3.8\% & 7,186 & -0.4\% & 21, \\
\hline 18 & Merchant Credit Card & 2,430 & 2,631 & -7.6\% & 2,392 & 1. \(6 \%\) & 7, \\
\hline 19 & Financial Services Commissions & 377 & 388 & -2.9\% & 363 & \(3.7 \%\) & 1, \\
\hline 20 & Mortgage Banking & 36 & 62 & -42.8\% & 49 & -27.9\% & \\
\hline 21 & Trust Fees & 298 & 323 & -7.7\% & 287 & 3.9\% & \\
\hline 22 & Gains on Sales of Real Property & 0 & 2,369 & \(\mathrm{n} / \mathrm{m}\) & 0 & \(\mathrm{n} / \mathrm{m}\) & \\
\hline 23 & Securities Gains (Losses) & 0 & 0 & \(\mathrm{n} / \mathrm{m}\) & 0 & \(\mathrm{n} / \mathrm{m}\) & \\
\hline 24 & Other & 3,603 & 4,231 & -14.8\% & 3,784 & -4.8\% & 10, \\
\hline 25 & Total Noninterest Income & 13,899 & 17,440 & -20.3\% & 14,061 & \(-1.2 \%\) & 41, \\
\hline \multicolumn{8}{|l|}{26 Noninterest Expense:} \\
\hline 27 & Salaries and Related Benefits & 13,080 & 14,149 & \(-7.6 \%\) & 13,559 & -3.5\% & 39, \\
\hline 28 & Occupancy & 3,321 & 3,201 & \(3.7 \%\) & 3,267 & 1.6\% & 9 , \\
\hline 29 & Equipment & 1,194 & 1,347 & -11.4\% & 1,315 & -9.2\% & 3, \\
\hline 30 & Data Processing & 1,503 & 1,544 & -2.7\% & 1,531 & -1.8\% & 4, \\
\hline 31 & Professional Fees & 532 & 497 & 7.1\% & 833 & -36.1\% & 1 \\
\hline 32 & Other & 5,773 & 6,581 & -12.3\% & 5,840 & -1.1\% & 17, \\
\hline 33 & Total Noninterest Expense & 25,403 & 27,319 & -7.0\% & 26,345 & -3.6\% & 77 , \\
\hline 34 & Income Before Income Taxes & 32,798 & 39,747 & -17.5\% & 33,158 & -1.1\% & 101, \\
\hline 35 & Provision for income taxes & 8,561 & 10,862 & -21.2\% & 8,664 & \(-1.2 \%\) & 27, \\
\hline 36 & Net Income & \$24, 237 & \$28,885 & -16.1\% & \$24,494 & -1.0\% & \$74, \\
\hline 37 & Average Shares Outstanding & 31,070 & 32,352 & -4.0\% & 31,364 & -0.9\% & 31, \\
\hline 38 & Diluted Average Shares Outstanding & 31,558 & 32,972 & -4.3\% & 31,932 & -1.2\% & 31, \\
\hline \multicolumn{8}{|l|}{39 Per Share Data:} \\
\hline 40 & Basic Earnings & \$0.78 & \$0.89 & -12.6\% & \$0.78 & -0.1\% & \$2 \\
\hline 41 & Diluted Earnings & 0.77 & 0.88 & -12.3\% & 0.77 & \(0.1 \%\) & 2 \\
\hline 42 & Dividends Paid & 0.32 & 0.30 & \(6.7 \%\) & 0.32 & \(0.0 \%\) & 0 \\
\hline
\end{tabular}```

