Wolverine Bancorp, Inc.
Form 425
July 27, 2017
Filed by Horizon Bancorp
Pursuant to Rule 425 under the Securities Act of 1933
Subject Company: Lafayette Community Bancorp
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FOR IMMEDIATE RELEASE

Horizon Bancorp Announces Record Quarterly and Six-Month Earnings

Michigan City, Indiana (NASDAQ GS: HBNC) – Horizon Bancorp ("Horizon") today announced its unaudited financial results for the three-month and six-month periods ended June 30, 2017. All share data has been adjusted to reflect Horizon's three-for-two stock split effective November 14, 2016.

SUMMARY:

- Net income for the second quarter of 2017 increased 43.4% to $9.1 million or $0.41 diluted earnings per share compared to $6.3 million or $0.35 diluted earnings per share for the second quarter of 2016.
- Net income, excluding acquisition-related expenses, gain on sale of investment securities and purchase accounting adjustments ("core net income"), for the second quarter of 2017 increased 24.2% to $8.6 million or $0.39 diluted earnings per share compared to $6.9 million or $0.38 diluted earnings per share for the same period of 2016.
- Net income for the first six months of 2017 was $17.3 million or $0.77 diluted earnings per share compared to $11.7 million or $0.64 diluted earnings per share for the same period in 2016.
- Core net income for the first six months of 2017 increased 30.7% to $16.1 million or $0.71 diluted earnings per share compared to $12.3 million or $0.68 diluted earnings per share for the same period of 2016.
- Return on average assets was 1.12% for the second quarter of 2017 compared to 0.94% for the same period in 2016.
- Commercial loans, excluding acquired commercial loans, increased by an annualized rate of 13.4%, or $71.1 million, during the first six months of 2017.
- Consumer loans, excluding acquired consumer loans, increased by an annualized rate of 25.9%, or $51.2 million, during the first six months of 2017.
- Total loans, excluding acquired loans, increased by an annualized rate of 11.7%, or $124.3 million, during the first six months of 2017.
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- Net interest income for the second quarter of 2017 increased $6.3 million, or 30.3%, compared to the same period in 2016.
- Net interest margin was 3.84% for the second quarter of 2017 compared to 3.80% for the prior quarter and 3.48% for the second quarter of 2016. The improvement in net interest margin was due to Horizon executing a strategy to reduce expensive funding costs in the fourth quarter of 2016, an increase in average interest-earning assets and an increase in loan yields.
- Net interest margin, excluding the impact of purchase accounting adjustments ("core net interest margin"), was 3.71% for the second quarter of 2017 compared to 3.66% for the prior quarter and 3.42% for the same period in 2016.

-MORE-

- Horizon's tangible book value per share rose to $12.20 at June 30, 2017, compared to $11.48 at December 31, 2016.
- Horizon's Grand Rapids, Michigan loan production office converted into a full-service branch during the second quarter of 2017.
- On May 4, 2017, Horizon announced its entrance into central Ohio by opening a loan production office located in Dublin, Ohio, in the Columbus metropolitan area, which will provide a full-range of commercial products and services.
- On May 23, 2017, Horizon announced the pending acquisition of Lafayette Community Bancorp ("Lafayette") and its wholly-owned subsidiary, Lafayette Community Bank, headquartered in Lafayette, Indiana.
- On June 13, 2017, Horizon's Board of Directors announced the approval of an 18% increase in the Company's quarterly cash dividend from $0.11 to $0.13 per share, payable on July 21, 2017 to shareholders of record on July 7, 2017.
- On June 14, 2017, Horizon announced the pending acquisition of Wolverine Bancorp, Inc. ("Wolverine") and its wholly-owned subsidiary, Wolverine Bank, headquartered in Midland, Michigan.
- On June 26, 2017, Horizon announced its wholly-owned subsidiary, Horizon Bank, N.A., converted from a national bank to an Indiana state-chartered non-member bank. The charter conversion became effective following the close of business on June 23, 2017 and the converted bank now operates under the name Horizon Bank.

Craig Dwight, Chairman and CEO, commented: "Horizon continued to expand upon its growth story during the second quarter of 2017 with the announcement of two acquisitions, solid organic loan growth, the opening of a full-service branch in Grand Rapids, Michigan, and a loan production office in Dublin, Ohio, a vibrant suburb of Columbus, Ohio. Additionally, Horizon Bank converted from a national bank to an Indiana state-chartered non-member bank during the quarter which should result in a pre-tax cost savings of approximately $432,000 annually. A portion of the cost savings from the charter conversion will be allocated to the state bank associations and expanded internal audit."

Dwight continued, "Horizon experienced strong loan growth during the first six months of 2017, primarily in commercial and consumer loans. Our growth markets of Fort Wayne, Grand Rapids, Indianapolis and Kalamazoo, combined to produce total loan growth of $83.1 million during this time period. The loan growth in these markets spurred commercial loan growth, excluding acquired commercial loans, to an annualized growth rate of 13.4% during the first six months of 2017. Consumer loans, excluding acquired consumer loans, increased at an annualized growth rate of 25.9% during the first six months of 2017 due to an increased focus on the management of direct consumer loans and the addition of a seasoned consumer loan portfolio manager during the third quarter of 2016. Residential mortgage loans experienced an increase of $18.1 million, or an annualized growth of 6.8%, during the first six months of 2017. The increases in commercial, consumer and mortgage loans were offset by a decrease in mortgage warehouse loans of $12.0 million from December 31, 2016 to June 30, 2017. Excluding loans acquired through acquisition, total loans increased by 11.7% on an annualized basis. We believe Horizon is well positioned to continue our growth story by strengthening our existing market share and capitalizing on the recent investments in our growth markets."

-MORE-

Pg. 3 cont. Horizon Bancorp Announces Record Quarterly and Six-Month Earnings

Loan Growth by Type, Excluding Acquired Loans
Twelve Months Ended June 30, 2017
(Dollars in Thousands)

					Excluding Acquired Loans	
	June 30 2017 (Unaudited)	December 31 2016	Amount Change	Acquired FFBT Loans	Amount Change	Percent Change
Commercial loans	$ 1,143,761	$ 1,069,956	$ 73,805	$ (2,742)	$ 71,063	6.6 %
Residential mortgage loans	549,997	531,874	18,123	(59)	18,064	3.4 %
Consumer loans	450,209	398,429	51,780	(562)	51,218	12.9 %
Subtotal	2,143,967	2,000,259	143,708	(3,363)	140,345	7.0 %
Held for sale loans	3,730	8,087	(4,357)	-	(4,357)	-53.9 %
Mortgage warehouse loans	123,757	135,727	(11,970)	-	(11,970)	-8.8 %
Total loans	$ 2,271,454	$ 2,144,073	$ 127,381	$ (3,363)	$ 124,018	5.8 %

Mr. Dwight stated, “Horizon realized core net income of $8.6 million and $16.1 million for the three and six months ended June 30, 2017, a strong increase of 24.2% and 30.7%, respectively, when compared to the same periods in 2016. Core net interest margin for the second quarter of 2017 was 3.71%, an increase from 3.66% for the prior quarter and 3.42% for the same period in 2016. Horizon’s core net interest margin for the six months ended June 30, 2017 increased 27 basis points to 3.67% when compared to the same period in 2016. Total non-interest income decreased during the three and six months ended June 30, 2017 when compared to the same periods in 2016 by $1.1 million and $882,000, respectively, primarily due to a decrease in gains on sale of mortgage loans. This decrease in income was due to a decrease in the volume of originations and an increase in the percentage of those originations being retained in our portfolio when comparing 2017 to 2016. Continued growth in service charges on deposit accounts, interchange fees and fiduciary activities partially offset the decrease in gains on sale of mortgage loans. These non-interest income sources offer a significant growth opportunity and will lessen the impact of mortgage revenue volatility. Horizon’s strategy of revenue diversification through commercial loan growth and non-mortgage related fee income is evident in our results. At its peak for the year ended December 31, 2012, mortgage warehouse and gain on sale of mortgage loans revenue comprised 24.5% of Horizon’s total revenue base (interest income and non-interest income). For the year ending December 31, 2016 and the six months ending June 30, 2017, mortgage warehouse and gain on sale of mortgage loans revenue as a percentage of total revenue declined to 13.5% and 8.46%, respectively.”

-MORE-

Pg. 4 cont. Horizon Bancorp Announces Record Quarterly and Six-Month Earnings

Non-GAAP Reconciliation of Net Income and Diluted Earnings per Share
(Dollars in Thousands Except per Share Data)

	Three Months Ended June 30		Six Months Ended June 30	
Non-GAAP Reconciliation of Net Income	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
Net income as reported	$9,072	$6,326	$17,296	$11,707
Merger expenses	200	1,881	200	2,520
Tax effect	(70)	(531)	(70)	(696)
Net income excluding merger expenses	9,202	7,676	17,426	13,531
Gain on sale of investment securities	3	(767)	(32)	(875)
Tax effect	(1)	268	11	306
Net income excluding gain on sale of investment securities	9,204	7,177	17,405	12,962
Acquisition-related purchase accounting adjustments (“PAUs”)	(939)	(397)	(1,955)	(944)
Tax effect	329	139	684	330
Net income excluding PAUs	$8,594	$6,919	$16,134	$12,348
Non-GAAP Reconciliation of Diluted Earnings per Share				
Diluted earnings per share as reported	$0.41	$0.35	$0.77	$0.64
Merger expenses	0.01	0.10	0.01	0.14
Tax effect	(0.00)	(0.03)	(0.00)	(0.04)
Diluted earnings per share excluding merger expenses	0.42	0.42	0.78	0.74
Gain on sale of investment securities	0.00	(0.04)	(0.00)	(0.05)
Tax effect	(0.00)	0.01	0.00	0.02
Net income excluding gain on sale of investment securities	0.42	0.39	0.78	0.71
Acquisition-related PAUs	(0.04)	(0.02)	(0.09)	(0.05)
Tax effect	0.01	0.01	0.02	0.02
Diluted earnings per share excluding PAUs	$0.39	$0.38	$0.71	$0.68

On May 23, 2017, Horizon entered into an agreement to acquire Lafayette and its wholly owned subsidiary, Lafayette Community Bank, in a cash and stock merger. The acquisition is expected to close in the third quarter of 2017, subject to regulatory and Lafayette shareholder approval. Lafayette Community Bank serves Tippecanoe County, Indiana through four full-service locations. As of March 31, 2017, Lafayette had total assets of $172.1 million.

On June 13, 2017, Horizon entered into an agreement to acquire Wolverine and its wholly owned subsidiary, Wolverine Bank, in a cash and stock merger. The acquisition is expected to close early in the fourth quarter of 2017, subject to regulatory and Wolverine shareholder approval. Wolverine Bank serves Midland and Saginaw Counties, Michigan through three full-service locations and one loan production office in Troy, Michigan in Oakland County. As of March 31, 2017, Wolverine had total assets of $379.3 million.

Mr. Dwight concluded, “We are very pleased to be partnering with these outstanding institutions and their talented and experienced teams. Lafayette Community Bancorp provides Horizon entry into the attractive Lafayette market and will fill a market gap between Indianapolis and Northwest Indiana. Wolverine Bancorp strengthens Horizon’s presence in the state of Michigan and provides entry into the key markets of the Great Lakes Bay Region and Oakland County. Over the years, both leadership teams have strived to provide customer focused advice and a commitment to community banking which complements Horizon’s customer focused philosophy and core values. We believe Horizon is well positioned to efficiently integrate each institution and take advantage of growth opportunities within the market each institution serves.”

-MORE-

Income Statement Highlights

Net income for the second quarter of 2017 was $9.1 million or $0.41 diluted earnings per share compared to $8.2 million or $0.37 diluted earnings per share for the first quarter of 2017. The increase in net income and diluted earnings per share from the previous quarter reflects increases in net interest income and non-interest income of $1.6 million and $653,000, respectively, offset by increases in non-interest expense and income tax expense of $967,000 and $468,000, respectively.

Net income for the second quarter of 2017 was $9.1 million or $0.41 diluted earnings per share compared to $6.3 million or $0.35 diluted earnings per share for the second quarter of 2016. The increase in net income and diluted earnings per share from the same period of 2016 reflects an increase in net interest income of $6.3 million offset by a decrease in non-interest income of $1.1 million and increases in non-interest expense and income tax expense of $1.5 million and $895,000, respectively.

Net income for the six months ended June 30, 2017 totaled $17.3 million or $0.77 diluted earnings per share compared to $11.7 million or $0.64 diluted earnings per share for the same period in 2016. The increase in net income and diluted earnings per share reflects an increase in net interest income of $12.2 million offset by a decrease in non-interest income of $882,000 and increases in non-interest expense and income tax expense of $3.8 million and $2.0 million, respectively.

The increases in diluted earnings per share when comparing 2017 periods to 2016 periods was partially offset by an increase in dilutive shares outstanding as a result of the stock issued in the Kosciusko Financial, Inc. and LaPorte Bancorp, Inc. acquisitions in 2016. Core net income for the second quarter of 2017 was $8.6 million or $0.39 diluted earnings per share compared to $6.9 million or $0.38 diluted earnings per share for the same period of 2016. For the six months ended June 30, 2017, core net income was $16.1 million or $0.71 diluted earnings per share compared to $12.3 million or $0.68 diluted earnings per share for the same period in 2016.

Horizon's net interest margin was 3.84% for the second quarter of 2017, up from 3.80% for the prior quarter and 3.48% for same period of 2016. The increase in the net interest margin for the second quarter of 2017 was primarily due to an increase of 15 basis points in loan yields when compared to the prior quarter. The increase in the net interest margin compared to the same period of 2016 was due to an increase in loan yields of 25 basis points and a decrease in the cost of borrowings of 24 basis points. Excluding acquisition-related purchase accounting adjustments, the margin would have been 3.71% for the second quarter of 2017 compared to 3.66% for the first quarter of 2017 and 3.42% for the same period of 2016. Interest income from acquisition-related purchase accounting adjustments was $939,000, $1.0 million and $397,000, for the three months ended June 30, 2017, March 31, 2017 and June 30, 2016, respectively.

Horizon's net interest margin for the six months ended June 30, 2017 was 3.81% compared to 3.47% for the same period in 2016. The increase in the net interest margin was primarily due to an increase in loan yields of 14 basis points which was offset by a decrease in the yield earned on non-taxable securities of 24 basis points. Also, the cost of interest-bearing liabilities decreased 16 basis points primarily due to a decrease in the cost of borrowings of 24 basis points. Excluding acquisition-related purchase accounting adjustments, the margin would have been 3.67% for the six months ended June 30, 2017 compared to 3.40% for the same period in 2016. Interest income from acquisition-related purchase accounting adjustments was $2.0 million and $944,000 for the six months ended June 30, 2017 and 2016, respectively.

-MORE-

Pg. 6 cont. Horizon Bancorp Announces Record Quarterly and Six-Month Earnings

Non-GAAP Reconciliation of Net Interest Margin
(Dollars in Thousands, Unaudited)

	Three Months Ended			Six Months Ended	
	June 30	March 31	June 30	June 30	
Net Interest Margin As Reported	2017	2017	2016	2017	2016
Net interest income	$27,198	$25,568	$20,869	$52,766	$40,643
Average interest-earning assets	2,943,627	2,797,429	2,471,354	2,870,884	2,406,468
Net interest income as a percent of average interest-earning assets ("Net Interest Margin")	3.84 %	3.80 %	3.48 %	3.81 %	3.47 %
Impact of Acquisitions					
Interest income from acquisition-related purchase accounting adjustments	$(939)	$(1,016)	$(397)	$(1,955)	$(944)
Excluding Impact of Prepayment Penalties and Acquisitions					
Net interest income	$26,259	$24,552	$20,472	$50,811	$39,699
Average interest-earning assets	2,943,627	2,797,429	2,471,354	2,870,884	2,406,468
Core Net Interest Margin	3.71 %	3.66 %	3.42 %	3.67 %	3.40 %

Lending Activity

Total loans increased $127.7 million from $2.144 billion as of December 31, 2016 to $2.271 billion as of June 30, 2017 as commercial loans increased by $73.8 million, residential mortgage loans increased by $18.1 million and consumer loans increased by $51.8 million. Offsetting these increases was a decrease in mortgage warehouse loans of $12.0 million. Total loans, excluding acquired loans, mortgage warehouse loans and loans held for sale, increased by an annualized rate of 14.1%, or $140.3 million, during the six months ended June 30, 2017.

Loan balances in the growth markets of Fort Wayne, Grand Rapids, Indianapolis and Kalamazoo totaled $480.2 million as of June 30, 2017. Combined, these markets contributed $83.1 million, or 20.9%, in loan growth during the six months ended June 30, 2017.

Residential mortgage lending activity for the three months ended June 30, 2017 generated $2.2 million in income from the gain on sale of mortgage loans, an increase of $236,000 from the previous quarter and a decrease of $852,000 from the same period in 2016. Residential mortgage lending activity for the six months ended June 30, 2017 generated $4.2 million in income from the gain on sale of mortgage loans, a decrease of $989,000 from the same period in 2016. Total origination volume for the second quarter of 2017, including loans placed into portfolio, totaled $110.4 million, representing an increase of 67.5% from the previous quarter and a decrease of 17.0% from the same period in 2016. Total origination volume for the six months ended June 30, 2017, including loans placed into portfolio, totaled $176.3 million, a decrease of 17.0% compared to the same period in 2016. The decrease in mortgage loan origination volume was primarily due to an increase in mortgage loan interest rates when comparing 2017 to 2016. Purchase money mortgage originations during the second quarter of 2017 represented 78.4% of total originations compared to 69.8% of originations during the previous quarter and 78.2% during the second quarter of 2016. Purchase money mortgage originations for the six months ended June 30, 2017 represented 75.1% of originations compared to 73.4% for the same period in 2016.

-MORE-

Pg. 7 cont. Horizon Bancorp Announces Record Quarterly and Six-Month Earnings

The provision for loan losses totaled $330,000 for the second and first quarters of 2017 compared to $232,000 for the second quarter of 2016. The increase in the provision for loan losses in the second quarter of 2017 was due to the increase in gross loans when compared to the same period in 2016. The provision for loan losses totaled $660,000 and $764,000 for the six months ended June 30, 2017 and 2016, respectively. The decrease in the provision for loan losses was due to a decrease in net charge-offs when comparing the 2017 and 2016 periods.

The ratio of the allowance for loan losses to total loans decreased to 0.66% as of June 30, 2017 from 0.69% as of December 31, 2016 due to an increase in gross loans. The ratio of the allowance for loan losses to total loans, excluding loans with credit-related purchase accounting adjustments, was 0.82% as of June 30, 2017 compared to 0.91% as of December 31, 2016. Loan loss reserves and credit-related loan discounts on acquired loans as a percentage of total loans was 1.18% as of June 30, 2017 compared to 1.39% as of December 31, 2016.

Non- GAAP Allowance for Loan and Lease Loss Detail
As of June 30, 2017
(Dollars in Thousands, Unaudited)

	Horizon Legacy	Heartland	Summit	Peoples	Kosciusko	LaPorte	CNB	Total
Pre-discount loan balance	$1,834,963	$13,823	$46,708	$130,009	$68,577	$176,902	$8,612	$2,279,594
Allowance for loan losses (ALLL)	14,956	71	-	-	-	-	-	15,027
Loan discount	N/A	879	2,416	3,086	1,004	4,248	237	11,870
ALLL+loan discount	14,956	950	2,416	3,086	1,004	4,248	237	26,897
Loans, net	$1,820,007	$12,873	$44,292	$126,923	$67,573	$172,654	$8,375	$2,252,697
ALLL/ pre-discount loan balance	0.82 %	0.51 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.66 %
Loan discount/ pre-discount loan balance	N/A	6.36 %	5.17 %	2.37 %	1.46 %	2.40 %	2.75 %	0.52 %
ALLL+loan discount/ pre-discount loan balance	0.82 %	6.87 %	5.17 %	2.37 %	1.46 %	2.40 %	2.75 %	1.18 %

Non-performing loans to total loans increased 1 basis point to 0.51% at June 30, 2017 from 0.50% at December 31, 2016. Non-performing loans totaled $11.6 million as of June 30, 2017, an increase of $880,000 from $10.7 million as of December 31, 2016. Compared to December 31, 2016, non-performing commercial loans increased by $362,000, non-performing real estate loans increased by $263,000 and non-performing consumer loans increased $255,000.

Expense Management

Total non-interest expense was $1.5 million higher in the second quarter of 2017 compared to the same period of 2016. Excluding merger-related expenses of $200,000 and $1.9 million recorded during the three months ended June 30, 2017 and 2016, respectively, total non-interest expense increased $3.2 million, or 16.9%. The increase was primarily due to an increase in salaries and employee benefits of $2.1 million, net occupancy expenses of $295,000, data processing expenses of $368,000, and other expenses of $252,000 reflecting overall company growth, market expansion and recent acquisitions. Outside services and consultant expense and professional fee expense decreased by $933,000 and $212,000, respectively, in the second quarter of 2017 when compared to the same period of 2016 primarily due to one-time expenses related to the Kosciusko Financial, Inc. and LaPorte Bancorp, Inc. acquisitions in 2016. FDIC insurance expense decreased $166,000 in the second quarter of 2017 when compared to the same period of 2016 as the assessment rate schedule was reduced effective for assessment payments due in the fourth quarter of 2016 and 2017. Loan expense decreased $159,000 in the second quarter of 2017 when compared to the same prior year period of 2016 primarily due to a decrease in loan collection expenses.

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Total non-interest expense for the six months ended June 30, 2017 increased $3.8 million, or 9.4%, when compared to the same period in 2016. Excluding merger-related expenses of $200,000 and $2.5 million recorded during the six months ended June 30, 2017 and 2016, respectively, total non-interest expense increased $6.1 million, or 16.2%. The increase was primarily due to increases in salaries and employee benefits of $3.8 million, net occupancy expenses of $811,000, data processing expenses of $570,000 and other expenses of $683,000 reflecting overall company growth, market expansion and recent acquisitions. Outside services and consultant expense and professional fee expense decreased $810,000 and $430,000, respectively, for the six months ended June 30, 2017 when compared to the same period of 2016 primarily due to one-time expenses related to the Kosciusko Financial, Inc. and LaPorte Bancorp, Inc. acquisitions in 2016. FDIC insurance expense decreased $308,000 during the first six months of 2017 when compared to the same period in 2016 due to the reduced assessment rate schedule. Other losses decreased $275,000 for the six months ended June 30, 2017 when compared to the same 2016 period due to lower debit card fraud-related expenses. Loan expense was $247,000 lower for the six months ended June 30, 2017 when compared to the same period of 2016 primarily due to a decrease in loan collection expenses.

Use of Non-GAAP Financial Measures

Certain information set forth in this press release refers to financial measures determined by methods other than in accordance with GAAP. Specifically, we have included non-GAAP financial measures of the net interest margin and the allowance for loan and lease losses excluding the impact of acquisition-related purchase accounting adjustments, total loans and loan growth, and net income and diluted earnings per share excluding the impact of one-time costs related to acquisitions, acquisition-related purchase accounting adjustments and other events that are considered to be non-recurring. Horizon believes that these non-GAAP financial measures are helpful to investors and provide a greater understanding of our business without giving effect to the purchase accounting impacts and one-time costs of acquisitions and non-core items, although these measures are not necessarily comparable to similar measures that may be presented by other companies and should not be considered in isolation or as a substitute for the related GAAP measure. See the tables and other information contained elsewhere in this press release for reconciliations of the non-GAAP figures identified herein and their most comparable GAAP measures.

Non-GAAP Reconciliation of Tangible Stockholders' Equity and Tangible Book Value per Share
(Dollars in Thousands Except per Share Data)

	June 30 2017 (Unaudited)	March 31 2017	June 30 2016 (Unaudited)
Total stockholders' equity	$357,259	$348,575	$281,002
Less: Intangible assets	86,726	87,094	65,144
Total tangible stockholders' equity	$270,533	$261,481	$215,858
Common shares outstanding	22,176,465	22,176,465	18,857,301
Tangible book value per common share	$12.20	$11.79	$11.45

-MORE-

Pg. 9 cont. Horizon Bancorp Announces Record Quarterly and Six-Month Earnings

About Horizon

Horizon Bancorp is an independent, commercial bank holding company serving northern and central Indiana, southwest and central Michigan, and central Ohio through its commercial banking subsidiary Horizon Bank. Horizon also offers mortgage-banking services throughout the Midwest. Horizon Bancorp may be reached online at www.horizonbank.com. Its common stock is traded on the NASDAQ Global Select Market under the symbol HBNC.

Forward Looking Statements

This press release may contain forward-looking statements regarding the financial performance, business prospects, growth and operating strategies of Horizon. For these statements, Horizon claims the protections of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Statements in this press release should be considered in conjunction with the other information available about Horizon, including the information in the filings we make with the Securities and Exchange Commission. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include risk factors relating to the banking industry and the other factors detailed from time to time in Horizon's reports filed with the Securities and Exchange Commission, including those described in its Form 10-K. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date hereof. Horizon does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions that may be made to update any forward-looking statement to reflect the events or circumstances after the date on which the forward-looking statement is made, or reflect the occurrence of unanticipated events, except to the extent required by law.

Additional Information for Shareholders

Communications in this press release do not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval.

In connection with the proposed merger with Lafayette Community Bancorp, Horizon has filed with the SEC a Registration Statement on Form S-4 that includes a proxy statement of Lafayette Community Bancorp and a prospectus of Horizon, as well as other relevant documents concerning the proposed transaction. Shareholders and investors are urged to read the Registration Statement and the proxy statement/prospectus regarding the merger and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they contain important information. A free copy of the proxy statement/prospectus, as well as other filings containing information about Horizon, may be obtained free of charge at the SEC's website at www.sec.gov. You may also obtain these documents, free of charge, from Horizon at www.horizonbank.com under the tab "About Us – Investor Relations – Documents – SEC Filings." The information available through Horizon's website is not and shall not be deemed part of this document or incorporated by reference into other filings Horizon makes with the SEC.

Pg. 10 cont. Horizon Bancorp Announces Record Quarterly and Six-Month Earnings

In connection with the proposed merger with Wolverine Bancorp, Inc. (“Wolverine Bancorp”), Horizon will file with the SEC a Registration Statement on Form S-4 that will include a proxy statement of Wolverine Bancorp and a prospectus of Horizon, as well as other relevant documents concerning the proposed transaction. Shareholders and investors are urged to read the Registration Statement and the proxy statement/prospectus regarding the merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. A free copy of the proxy statement/prospectus (when it becomes available), as well as other filings containing information about Horizon and Wolverine Bancorp, may be obtained free of charge at the SEC’s website at www.sec.gov. You will also be able to obtain these documents, free of charge, from Horizon at www.horizonbank.com under the tab “About Us – Investor Relations – Documents – SEC Filings,” or from Wolverine Bancorp at www.wolverinebank.com under the tab “Investor Information – SEC Filings.” The information available through Horizon’s and Wolverine Bancorp’s websites is not and shall not be deemed part of this filing or incorporated by reference into other filings Horizon or Wolverine Bancorp make with the SEC.

Horizon, Lafayette Community Bancorp and Wolverine Bancorp and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Lafayette Community Bancorp and Wolverine Bancorp in connection with the proposed merger. Information about the directors and executive officers of Horizon is set forth in Horizon’s Annual Report on Form 10-K filed with the SEC on February 28, 2017, and in the proxy statement for Horizon’s 2017 annual meeting of shareholders, as filed with the SEC on March 17, 2017. Information about the directors and executive officers of Wolverine Bancorp is set forth in Wolverine Bancorp’s Annual Report on Form 10-K filed with the SEC on March 31, 2017, and in the proxy statement for Wolverine Bancorp’s 2017 annual meeting of shareholders, as filed with the SEC on April 17, 2017. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the proxy statement/prospectus regarding the Lafayette Community Bancorp merger and by reading the proxy statement/prospectus regarding the Wolverine Bancorp merger when it becomes available. Free copies of these documents may be obtained as described in the preceding paragraph.

Contact: Horizon Bancorp
Mark E. Secor
Chief Financial Officer
(219) 873-2611
Fax: (219) 874-9280

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HORIZON BANCORP
Financial Highlights
(Dollars in thousands except share and per share data and ratios, Unaudited)

	June 30 2017	March 31 2017	December 31 2016	September 30 2016	June 30 2016
Balance sheet:					
Total assets	$3,321,178	$3,169,643	$3,141,156	$3,325,650	$2,918,080
Investment securities	704,525	673,090	633,025	744,240	628,935
Commercial loans	1,143,761	1,106,471	1,069,956	1,047,450	874,580
Mortgage warehouse loans	123,757	89,360	135,727	226,876	205,699
Residential mortgage loans	549,997	533,646	531,874	530,162	493,626
Consumer loans	450,209	417,476	398,429	386,031	363,920
Earning assets	2,990,924	2,845,922	2,801,030	2,963,005	2,591,208
Non-interest bearing deposit accounts	508,305	502,400	496,248	479,771	397,412
Interest bearing transaction accounts	1,401,407	1,432,228	1,499,120	1,367,285	1,213,659
Time deposits	509,071	509,071	475,842	489,106	471,190
Borrowings	485,304	319,993	267,489	569,908	492,883
Subordinated debentures	37,562	37,516	37,456	37,418	32,874
Total stockholders' equity	357,259	348,575	340,855	345,736	281,002
Income statement:	Three months ended				
Net interest income	$27,198	$25,568	$20,939	$24,410	$20,869
Provision for loan losses	330	330	623	455	232
Non-interest income	8,212	7,559	9,484	9,318	9,266
Non-interest expenses	22,488	21,521	22,588	24,082	20,952
Income tax expense	3,520	3,052	1,609	2,589	2,625
Net income	9,072	8,224	5,603	6,602	6,326
Preferred stock dividend	-	-	-	-	-
Net income available to common shareholders	$9,072	$8,224	$5,603	$6,602	$6,326
Per share data:					
Basic earnings per share (1)	$0.41	$0.37	$0.25	$0.31	$0.35
Diluted earnings per share (1)	0.41	0.37	0.25	0.30	0.35
Cash dividends declared per common share (1)	0.13	0.11	0.11	0.10	0.10
Book value per common share (1)	16.11	15.72	15.37	15.61	14.90
Tangible book value per common share	12.20	11.79	11.48	11.83	11.45
Market value - high	27.50	28.09	28.41	20.01	16.76
Market value - low	$24.73	$24.91	$17.84	$16.61	$15.87
Weighted average shares outstanding - Basic	22,176,465	22,175,526	22,155,549	21,538,752	18,268,880
Weighted average shares outstanding - Diluted	22,322,390	22,326,071	22,283,722	21,651,953	18,364,167
Key ratios:					
Return on average assets	1.12 %	1.07 %	0.69 %	0.80 %	0.94 %

Return on average common stockholders’ equity	10.24	9.66	6.49	7.88	9.43
Net interest margin	3.84	3.80	2.92	3.37	3.48
Loan loss reserve to total loans	0.66	0.70	0.69	0.66	0.73
Non-performing loans to loans	0.51	0.46	0.50	0.58	0.68
Average equity to average assets	10.94	11.12	10.59	10.18	9.94
Bank only capital ratios:					
Tier 1 capital to average assets	9.84	10.26	9.93	9.65	9.39
Tier 1 capital to risk weighted assets	12.83	13.40	13.33	12.73	12.51
Total capital to risk weighted assets	13.46	14.05	13.98	13.34	13.23
Loan data:					
Substandard loans	$34,870	$30,865	$30,361	$33,914	$28,629
30 to 89 days delinquent	4,555	5,476	6,315	3,821	2,887
90 days and greater delinquent - accruing interest	$160	$245	$241	$59	$24
Trouble debt restructures - accruing interest	1,924	1,647	1,492	1,523	1,256
Trouble debt restructures - non-accrual	668	998	1,014	1,164	1,466
Non-accrual loans	8,811	6,944	7,936	10,091	10,426
Total non-performing loans	$11,563	$9,834	$10,683	$12,837	$13,172

(1) Adjusted for 3:2 stock split on November 14, 2016

11

HORIZON BANCORP
Financial Highlights
(Dollars in thousands except share and per share data and ratios, Unaudited)

	June 30 2017		June 30 2016						
Balance sheet:									
Total assets	$3,321,178	&LE="font-size: 10pt; text-align: left">	5,934		11,866		53.350	1/23/2024	
	-			21,400		42.695	1/22/2025	6,520	$304,810

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(1) Option Awards vest ratably over three years beginning one year from date of grant. Options expiring in 2023 fully vested in January 2016. Options expiring in 2024 fully vest in January 2017. Options expiring in 2025 fully vest in January 2018.

(2) RPS shares fully vest three years from date of grant if performance goals are met. RPS grants vest as follows: Messrs. Thorson - 2,810 vest in January 2016, 2,300 shares vest in January 2017 and 2,920 shares vest in January 2018; Robinson - 2,830 shares vest in January 2016, 2,320 shares vest in January 2017, and 2,940 shares vest in January 2018; Hansen - 2,530 shares vest in January 2016, 2,080 shares vest in January 2017, and 2,630 shares vest in January 2018; and Rizzardi - 2,280 shares vest in January 2016, 1,870 shares vest in January 2017, and 2,370 shares vest in January 2018.

(3) Mr. Rizzardi's compensation is subject to garnishments and liens pursuant to certain domestic relations orders.

26

Option Exercises And Stock Vested Table For Fiscal Year 2015

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise($)	Number of Shares Acquired on Vesting	Value Realized on Vesting($)[1]
David L. Payne	-	$ -	-	$ -
John "Robert" A. Thorson	21,700	120,873	2,680	115,897
David L. Robinson	-	-	2,690	116,329
Dennis R. Hansen	-	-	2,410	104,220
Russell W. Rizzardi[2]	15,366	86,975	2,170	93,842

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(1) Amounts represent value upon vesting of RPS shares. Dividends are paid in cash during deferral period and distributions are paid in stock.

(2) Mr. Rizzardi's compensation is subject to garnishments and liens pursuant to certain domestic relations orders.

Pension Benefits For Fiscal Year 2015

Name	Plan Name	Present Value of Accumulated Benefit	Payments during Last Fiscal Year
David L. Payne	Non-Qualified Pension Agreement	$5,366,778	$511,950

During 1997, the Company entered into a nonqualified pension agreement with Mr. Payne in consideration of Mr. Payne's agreement that RPS awards granted in 1995, 1996 and 1997 would be cancelled. In January 2000, the Compensation Committee, based on the Company's achievement of certain performance goals which had first been established for Mr. Payne's 1995, 1996 and 1997 RPS awards, determined Mr. Payne's annual pension would be $511,950. The pension commenced in 2010 and will be paid to Mr. Payne for 20 years.

The discount rate used to determine the present value is 4.30%, as used by the Company in determining benefit obligations for its post-employment retirement benefits as of December 31, 2015. The obligation is an unfunded general obligation of the Company.

Nonqualified Deferred Compensation Table For Fiscal Year 2015

Name	Executive Contributions in Last Fiscal Year[(1)]	Aggregate Earnings in Last Fiscal Year[(2)]	Aggregate Withdrawls/ Distributions[(3)]	Aggregate Balance at Last Fiscal Year End[(4)]
David L. Payne	$ -	$ -	$ -	$ -
John "Robert" A. Thorson	55,000	92,034	-	1,696,526
David L. Robinson	62,000	65,996	(29,284)	2,378,923
Dennis R. Hansen	50,000	51,908	(22,613)	1,850,501
Russell W. Rizzardi	-	-	-	-

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(1) No RPS shares were deferred upon vesting in 2015. Non-equity incentive plan compensation deferred in 2015 was earned in 2014 and disclosed as compensation in the Summary Compensation Table for 2014 and is therefore excluded from the Summary Compensation Table for Fiscal Year 2015.

(2) Includes change in value of deferred RPS shares, dividends earned on deferred RPS shares, and interest earned on deferred cash compensation. The amounts included in the Summary Compensation Table for Fiscal Year 2015 on page 24 are as follows: Messrs. Thorson - $38,786; Robinson - $33,782; Hansen - $26,485.

(3) Includes dividends paid on deferred RPS shares.

(4) Aggregate balance of deferred compensation reported as compensation prior to 2015 is as follows: Messrs. Thorson - $1,604,492; Robinson - $2,330,211; Hansen - $1,821,206.

Under the Westamerica Bancorporation and Subsidiaries Deferred Compensation Plan (the "Deferred Compensation Plan"), Directors and Officers may defer up to 100% of their Director's compensation, salary and/or non-equity incentive compensation (cash bonus) into a non-qualified, unfunded deferred compensation program. The interest rate paid during 2015 was 5.60%. The interest rate may be changed annually. Interest is compounded semi-monthly. Participants choose in advance from the following distribution commencement dates: termination of employment, January 1 following termination of employment, or a specific date at least five years from date of deferral. Payment is made in a lump sum unless the participant chooses a four year, five year or ten year annual installment.

Under the Westamerica Bancorporation Deferral Plan, 100% of vested RPS grants may be deferred. Dividends paid on such issued and outstanding shares are paid in cash to the deferral participants, and are paid at the same rate as is paid to all other shareholders. The distribution of deferred RPS shares occurs at least two years after deferral, one month following termination, or the January 1 immediately following termination as elected by the participant at the time of deferral. If the participant is one of the named executive officers, benefit distributions that are made upon termination of employment may not start earlier than six months after the date of termination.

Potential Payments Upon Termination or Change in Control

Payments to be made to the named executive officers in the event of termination of employment or change in control are described below.

Termination

Vested NQSOs may be exercised within 90 days of termination and within one year of death or disability. RPS shares vest if the Compensation Committee determines performance goals are met. Terminated employees will receive vested RPS shares if the settlement date of the RPS grant occurs within 90 days of termination. Employees separating from service due to death, disability or retirement are eligible to receive a pro rata portion of granted RPS shares if the Compensation Committee determines that the performance goals are likely to be met for the grant period. The pro rata basis is determined by the number of full years of the vesting period completed before date of death, disability or retirement.

Deferred compensation account balances are distributed on January 1 following termination, or a specific date at least five years from the date of deferral in the form of annual payments over four years. Payment may also be made in a lump sum or in annual payments for five or 10 years as elected by the participant at the time of deferral. If the participant is one of the named executive officers, benefit distributions that are made upon termination of employment may not start earlier than six months after the date of termination.

Change in Control

A change in control is defined under the 2012 Amended Plan as shareholder approval of a dissolution or liquidation of the Company or a sale of substantially all of the Company's assets to another company, or a tender offer for 5% or more of the Company's outstanding common stock or a merger in which the Company's shareholders before the merger hold less than 50% of the voting power of the surviving company after the merger.

In the event of a change in control, unvested NQSOs and RPS shares immediately vest. The value of in-the-money options and RPS shares subject to accelerated vesting for each of the named executive officers is as follows: Messrs. Payne: $0; Thorson: $507,282; Robinson: $511,202; Hansen: $457,374; and Rizzardi(3) $411,855. The value is computed by multiplying the difference between the market value on December 31, 2015, the last business day of 2015, and the exercise price of each option by the number of shares subject to accelerated vesting.

Under the Company's Severance Payment Plan, executive officers receive six weeks pay for every year or partial year

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(3) Mr. Rizzardi's compensation is subject to garnishments and liens pursuant to certain domestic relations orders.

of service up to one year's base salary (see Summary Compensation Table for Fiscal Year 2015 for annual base salary for all named executive officers). All named executive officers have met the service requirement for one year's base salary. Severance pay is paid in a lump sum or on a semi-monthly basis at the discretion of the Company. The Severance Payment Plan is subject to Section 409A of the Internal Revenue Code.

Certain Relationships and Related Party Transactions

In accordance with the Audit Committee Charter, the Audit Committee is responsible for reviewing and approving or disapproving all related party transactions required to be disclosed by Item 404 of Regulation S-K for potential conflicts of interest. Additionally, the Company's Code of Conduct and Ethics provides rules that restrict transactions with affiliated persons.

Certain of the Directors, executive officers and their associates have had banking transactions with subsidiaries of the Company in the ordinary course of business. With the exception of the Company's Employee Loan Program, all outstanding loans and commitments included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons not related to the Company, did not involve more than a normal risk of collectability, and did not present other favorable features. As part of the Employee Loan Program, all employees, including executive officers, are eligible to receive mortgage loans with interest rates one percent (1%) below Westamerica Bank's prevailing interest rate at the time of loan origination. Westamerica Bank makes all loans to executive officers under the Employee Loan Program in compliance with the applicable restrictions of Section 22(h) of the Federal Reserve Act. Messrs. Payne, Thorson, and Hansen have mortgage loans through this Program. The largest aggregate amount of principal during 2015 was $423,287, $299,280, and $234,596, respectively. The principal amount outstanding at December 31, 2015 was $404,058, $282,451, and $224,274, respectively. The amount of principal paid during 2015 was $19,229, $16,829, and $10,322, respectively. The amount of interest paid during 2015 was $7,985, $5,450, and $4,310, respectively. The rate of interest payable on the loan is 2.00%, 2.00%, and 1.875%, respectively.

PROPOSAL 2 – APPROVE A NON-BINDING ADVISORY VOTE ON THE COMPEN-SATION OF OUR NAMED EXECUTIVE OFFICERS

Background

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires that shareholders cast a non-binding advisory vote on the executive compensation paid to the executive officers listed in the Summary Compensation Table (a so-called "say on pay" vote) as well as an advisory vote with respect to whether future say on pay votes will be held every one, two or three years. The result of the shareholder vote on the proposal to determine the frequency of future say on pay proposals was that shareholders should review executive compensation annually. Therefore, Proposal 2 requests that shareholders again approve the compensation paid to our named executive officers. Last year 98% of the shares voting on this proposal voted to support our Corporation's executive compensation strategy. The proposal to determine how often the say on pay proposal should be voted on by shareholders will again be brought to a shareholder vote in 2017, six years after the first frequency vote.

We believe that our compensation policies and procedures are centered on a pay-for-performance culture and are strongly aligned with the long-term interests of our shareholders. Our incentive compensation plan provides for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, and restricted performance shares. The Summary Compensation Table shows very stable base salaries indicative of our greater emphasis on performance-based stock and non-stock awards. Our stock and option awards are based on a minimum achievement of meeting the "threshold" level for each pre-established objective. Both awards have a three-year vesting period. Our annual incentive plan incorporates at least four financial and/or strategic performance metrics in order to properly balance risk with the incentives to drive our key annual financial and/or strategic initiatives; in addition, the annual incentive program incorporates a 150% maximum payout to further manage risk and the possibility of excessive payments.

29

In 2003, shareholders approved the Company’s 2003 Amended Plan to include the following changes:

- Disallowing re-pricing stock options for poor stock performance;
- Limiting the number of shares that may be awarded; and
- Requiring the Compensation Committee to meet the definition of independence to enable any award intended to qualify as “performance-based compensation” to meet Section 162(m) of the Internal Revenue Code.

In 2009, shareholders re-approved the performance criteria for performance-based awards under the 2003 Amended Plan.

In 2012, shareholders approved the Company’s 2012 Amended and Restated Stock Option Plan of 1995. The 2012 Plan includes the following changes:

- Reduced the number of shares available for future issuance from 4,307,593 to 1,500,000 (plus shares that become available if awards under prior plans expire unexercised or are cancelled, forfeited or terminated before being exercised; and
- Extended the term of the 2012 Plan to April 26, 2022 from April 24, 2013.

Vote Required

The “say on pay” proposal gives you as a shareholder the opportunity to endorse or not endorse our executive pay program through the following resolution:

“Resolved, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, which disclosure includes the compensation discussion and analysis, the compensation tables and any related footnotes and narratives in the Company’s proxy statement for the Annual Meeting of Shareholders.”

Because your vote is advisory, it will not be binding on the Board or create or imply any additional fiduciary duty by the Board. However, the Compensation Committee may take into account the outcome of the vote when considering future executive compensation arrangements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SECURITIES AND EXCHANGE COMMISSION.

PROPOSAL 3 – RATIFY SELECTION OF INDEPENDENT AUDITOR

Change in Certified Accountant

Dismissal of Previous Independent Accounting Firm

On February 25, 2015, the Audit Committee of the Board of Directors of the Company, dismissed KPMG LLP as the Company's principal independent accounting firm upon completion of the audit of the consolidated financial statements as of and for the year ended December 31, 2014.

During the Company's two most recent fiscal years ended December 31, 2014, there were no disagreements between the Company and KPMG LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures that, if not resolved to KPMG LLP's satisfaction, would have caused it to make reference to the matter in conjunction with its report on the Company's consolidated financial statements for the relevant year, and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

30

The audit report of KPMG LLP on the consolidated financial statements of the Company as of December 31, 2014 and 2013, contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

The Company furnished a copy of the above disclosure to KPMG LLP and requested that KPMG LLP provide a letter addressed to the U.S. Securities and Exchange Commission (SEC) stating whether or not it agrees with the statements made above. A copy of the letter from KPMG LLP dated March 3, 2015 is filed as Exhibit 16.1 to the Company's Form 8-K filed with the SEC on March 3, 2015.

Engagement of New Independent Accounting Firm

On February 25, 2015, the Audit Committee of the Board of Directors of the Company approved the engagement of Crowe Horwath LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015. During the Company's two fiscal years ended December 31, 2014 and 2013 neither the Company, nor anyone on its behalf, consulted with Crowe regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's consolidated financial statements; and as such, no written report or oral advice was provided, and none was an important factor considered by the Company in reaching a decision as to the accounting, auditing, financial reporting issues; or (ii) or any matter that was either the subject of a disagreement or a reportable event.

Ratify Selection of Independent Auditor

Action by the shareholders is not required by law in the appointment of independent auditors, but their appointment is submitted by the Audit Committee and the Board of Directors in order to give the shareholders an opportunity to present their views. If the proposal is approved, the Audit Committee, in its discretion, may direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders. If the proposal to ratify the selection of Crowe Horwath LLP as the Company's independent auditors is rejected by the shareholders then the Audit Committee will reconsider its choice of independent auditors. A representative of Crowe Horwath LLP is expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Audit Fees

The aggregate fees billed to the Company by Crowe Horwath LLP, the independent audit firm for fiscal year 2015 and the aggregate fees billed to the Company by KPMG LLP, the independent audit firm for fiscal year 2014, with respect to services performed are as follows:

	2015	2014
Audit Fees[1]	$510,000	$900,000
Audit related fees[2]	33,875	-
Tax fees[3]	38,050	-
All other fees	-	-
Total	$581,925	$900,000

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[1] Audit fees consisted of fees billed by Crowe Horwath LLP and KPMG LLP for professional services rendered for the audit of the Company's consolidated financial statements, reviews of the consolidated financial statements included in the Company's quarterly reports on Form 10-Q, and the audit of the Company's internal controls over financial reporting. The audit fees also relate to services such as consents and audits of mortgage banking subsidiaries.

[2] Audit-related fees for 2015 consisted of fees billed by Crowe Horwath LLP for audits of certain employee benefits plans.

[3] Tax fees for 2015 consisted of fees billed by Crowe Horwath LLP for the compilation and review of 2014 tax returns.

Preapproval Policies and Procedures

The Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of any public accounting firm engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Any accounting firm appointed by the Company reports directly to the Audit Committee.

The Audit Committee must preapprove all auditing services and permitted non-audit services by its independent auditors and the fees to be paid by the Company for these services, except for those fees qualifying for the “de minimis exception” which provides that the preapproval requirement for certain non-audit services may be waived if certain express standards and requirements are satisfied prior to completion of the audit under certain conditions. This exception requires that the aggregate amount of all such services provided constitutes no more than five percent of the total amount of revenue paid to the audit firm by the Company during the fiscal year in which the services are provided. This exception also requires that at the time of the engagement, the Company did not recognize such services to be non-audit services, and such services are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee. During fiscal year 2015, there were no non-audit services that were provided using this exception.

The Audit Committee may delegate to one or more members of the Audit Committee the authority to grant preapprovals of non-audit services and fees. In such event, the decisions of the member or members of the Committee regarding preapprovals are presented to the full Audit Committee at its next meeting. The Audit Committee preapproved 100% of all services performed on behalf of the Company by Crowe Horwath LLP during fiscal year 2015.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE RATIFICATION OF THE SELECTION OF CROWE HORWATH LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

AUDIT COMMITTEE REPORT

The material in this report is not soliciting material and is not deemed filed with the SEC. It is not incorporated by reference in any of the Company’s filings under the Securities Act of 1933 or the Exchange Act, whether made in the past or in the future even if any of those filings contain any general incorporation language.

The Audit Committee is composed of four Directors who are neither officers nor employees of the Company, and who meet the Nasdaq independence requirements for Audit Committee members. The Audit Committee selects, appoints and retains the Company’s independent auditors and is responsible for their compensation and oversight.

In performing its functions, the Audit Committee acts only in an oversight capacity and necessarily relies on the work and assurances of the Company’s management, which has the primary responsibility for financial statements and reports, and of the independent auditors. The auditors express an opinion on the conformity of the Company’s annual financial statements to generally accepted accounting principles. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited consolidated financial statements for the fiscal year 2015 and discussed them with Management and with Crowe Horwath, LLP, the Corporation’s independent auditors.

Management represented to the Audit Committee that the Company’s consolidated financial statements were prepared in accordance with generally accepted accounting principles. Management also represented that it performed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2015, and that internal control over financial reporting was effective. The independent auditor discussed with the Audit Committee matters required to be discussed by Auditing Standard No. 16 (Communications with Audit Committees), including certain matters related to the conduct of an audit and to obtain certain information from the Audit Committee relevant to the audit.

The auditors also provided to the Audit Committee the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The Audit Committee discussed with auditors the firm's independence.

Based on the Audit Committee's discussion with Management and the independent auditors, the Audit Committee's review of the representations of Management and the Report of the Independent Auditors to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 for filing with the SEC.

Submitted by the Audit Committee

Ronald A. Nelson, Chairman

Louis E. Bartolini

E. Joseph Bowler

Catherine C. MacMillan

PROPOSAL 4 – REQUIRE INDEPENDENT BOARD CHAIRMAN

The Board unanimously recommends you vote "AGAINST" the shareholder proposal set forth below.

Shareholder Proposal

Gerald R. Armstrong, 621 Seventeenth Street, No. 2000, Denver, Colorado 80293-2001, (303) 355-1199, the owner of 3,455 shares of our common stock, has advised us that he plans to introduce the following resolution at the annual meeting. In accordance with rules of the SEC, the text of the proponent's resolution and supporting statement is printed verbatim from his submission.

That the shareholder of Westamerica Bancorporation request its Board of Directors to adopt a policy and amend the by-laws as necessary, to require the Chairman of the Board of Directors be an independent member of the Board of Directors.

This policy should not be implemented to violate any contractual obligation and should specify: (a) how to select a new ‘‘independent’’ chairman if the current chairman ceases to be independent during the time between annual meetings of shareholders; and, (b) that compliance is excused if no independent director is available and willing to serve as Chairman.

The reasons given by the proponent for the resolution are as follows:

This proposal’s proponent is a long-term shareholder of Westamerica Bancorporation owning shares since 1989 and owned shares in most of the banks acquired by Westamerica.

As a shareholder, I am concerned about the wilting performance of Westamerica which, after analysis, I believe to be caused by the entrenchment of David Payne as Chairman, Executive Officer, and President and members of the Board of Directors whose average tenure was 27.5 years and an average age of 75 years (based on the proxy statement for the 2015 annual meeting).

Let’s look at some numbers of the “Five Year Return Performance” graphs contained in 10-K reports of Westamerica and two other bank holding companies. (Cumulative Return on investment and re-investment of all dividends):

	12/31/2009	12/31/2014
Westamerica Bancorporation	$100.00	$103.08
Bank of Marin Bancorp	100.00	177.00
FNB Bancorp (South San Francisco)	100.00	495.04

The greatest difference in the governance practices of Bank of Marin Bancorp and FNB Bancorp is that each has an “independent chairman” of the Board of Directors while Westamerica has one person, David Payne, serving in both capacities. In other words, he, as President accounts to himself as Chairman. I believe that this is why Westamerica

33

is the underachiever.

Moreover, I believe Mr. Payne’s dual positions at Westamerica are only part-time as the proxy statement discloses he “also manages his family printing, publishing and cable television business.”

DuPont’s failures were placed upon its Board Chair and Chief Executive Officer who was ousted by its board in the same manner that Target Company’s board ousted its Chairman/Chief Executive Officer a year earlier. Studies have confirmed that underperforming companies lack an independent chairman and companies, worldwide, are routinely separating the positions of Chairman and CEO (CEO Succession 2000-2009: A Decade of Convergence and Compression, Booz & Co., Summer, 2010).

A 2007 Booz & Co. study found that in 2006, all of the underperforming North American companies with long-tenured CEO’s lacked an independent Chairman (The ERA of the Inclusive Leader; Summer, 2007).

Norges Bank Investment Management, has stated in support of a similar proposal:

‘‘The roles of Chairman of the Board and CEO are fundamentally different and should not be held by the same person. There should be a clear division of responsibilities between these positions to insure a balance of power and authority on the Board.”

If you agree, please vote ‘‘FOR’’ this proposal.

Board of Directors’ Recommendation

The proposal's comparison of Westamerica’s stock performance to two peers is misleading in regard to stock performance and Westamerica’s leadership.

The five-year stock performance evaluation provided in the shareholder’s proposal begins with December 31, 2009, a point in time when publicly traded bank stock values reflected significant declines due to the “Financial Recession” of 2008 and 2009. Contrary to the banking industry’s negative stock performance as a result of the recession, Westamerica’s stock price rose in 2008 and 2009, as depicted in the ten-year performance chart on page 15 of the enclosed Form 10-K, Annual Report. During this period, shareholders recognized the value of Westamerica’s leadership and its conservative, value-oriented, and long-term strategies. Westamerica’s exceptional credit quality and strong financial condition leading into the recession positioned the Company to grow by acquiring two failed banks from the FDIC.

Westamerica’s current leadership was established in 1989, coincidentally the same year the proposing shareholder became an investor in Westamerica Bancorporation common stock. The company’s current leadership has followed consistent low-risk value-oriented strategies which have provided superior long-term stock performance through three business cycles:

Total Return with Dividends Reinvested December 29, 1989 through December 31, 2015(4)		
Westamerica Bancorporation (WABC)	1,039	%
S&P 500 Index (SPX)	902	%
NASDAQ Bank Index (CBNK)	630	%

Westamerica's shareholders are best served by our current leadership structure.

In light of the current environment for the banking industry and Westamerica's business strategies, the Board believes that the most effective leadership structure for Westamerica at the present time is for our CEO, David L. Payne, to serve as chairman of the Board. Combining the positions of chairman and CEO most effectively utilizes Mr. Payne's extensive experience and knowledge regarding our company. Chairman Payne was appointed CEO in 1989 and since his appointment identified, negotiated and executed eleven acquisitions to fuel Westamerica's growth. Each of the acquisitions resulted in higher levels of earnings per share within one or two quarters following the acquisition. Mr. Payne has the knowledge, expertise and experience to continue implementing Westamerica's long-term strategies.

The Board believes that Mr. Payne has the requisite talent, foresight, and leadership skills to perform at a high-level

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(4) Source: Bloomberg

in the roles of CEO and chairman. By combining the positions, the Board can respond quickly and effectively to the many business, market and regulatory challenges facing banks in the rapidly changing banking industry.

The Board should retain the flexibility to determine the most effective leadership structure for Westamerica.

The Board's leadership structure should be determined in light of all relevant facts and circumstances at a given time. This approach allows the Board flexibility to determine whether the roles of CEO and chairman should be separate or combined based upon Westamerica's needs and the Board's assessment of our company's leadership from time to time. The Board has deep knowledge of our strategic goals and the various strengths and capabilities of our senior management. Thus, the Board is best positioned to determine the most effective leadership structure for Westamerica at any given time.

Westamerica's corporate governance practices provide for strong independent leadership and effective independent oversight of our company.

The Board is committed to maintaining high corporate governance standards, and has implemented a structure to provide for Board independence and effective oversight of management. With the exception of Mr. Payne, the Board is composed entirely of independent directors, and key committees are fully comprised of independent directors. Further, in accordance with widely accepted corporate governance guidelines, the Board has established a strong, independent lead director who must serve at least one year and has the following clearly delineated and comprehensive duties:

- Presides at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors;
- Serves as liaison between the chairman and the independent directors;
- Approves information sent to the Board;
- Approves meeting agendas for the Board;
- Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Has the authority to call meetings of the independent directors; and
- If requested by major shareholders, ensures that he or she is available for consultation and direct communication.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "AGAINST" THE SHAREHOLDER PROPOSAL REQUIRING THAT THE CHAIRMAN OF THE BOARD BE AN INDEPENDENT DIRECTOR

SHAREHOLDER PROPOSAL GUIDELINES

To be considered for inclusion in the Company's Proxy Statement and form of proxy for next year's Annual Meeting, shareholder proposals must be delivered to the Corporate Secretary, Westamerica Bancorporation A-2M, P.O. Box 1200, Suisun City, CA 94585, no later than 5:00 p.m. on November 14, 2016. However, if the date of next year's Annual Meeting is changed by more than 30 days from the date of this year's meeting, the notice must be received by the Corporate Secretary a reasonable time before we begin to produce and distribute our Proxy Statement. All such proposals must meet the requirements of Rule 14a-8 under the Exchange Act.

In order for business, other than a shareholder proposal submitted for the Company's Proxy Statement, to be properly brought before next year's Annual Meeting by a shareholder, the shareholder must give timely written notice to the Corporate Secretary. To be timely, written notice must be received by the Corporate Secretary at least 45 days before the anniversary of the day our Proxy Statement was mailed to shareholders in connection with the previous year's Annual Meeting or January 27, 2017, for the 2017 Annual Meeting. If the date of the Annual Meeting is changed by more than 30 days, the deadline is a reasonable time before we begin to produce and distribute our Proxy Statement. A shareholder's notice must set forth a brief description of the proposed business, the name and residence address of the shareholder, the number of shares of the Company's common stock that the shareholder owns and any material interest the shareholder has in the proposed business.

Westamerica reserves the right to reject, to rule out of order, or to take other appropriate action with respect to any proposal that does not comply with these and other applicable legal requirements.

SHAREHOLDER COMMUNICATION TO BOARD OF DIRECTORS

Shareholders and other interested parties who wish to communicate with the Board may do so by writing to: Kris Irvine, VP/Corporate Secretary, Westamerica Bancorporation A-2M, P.O. Box 1200, Suisun City, CA 94585. The Directors have established procedures for the handling of communications from shareholders and other interested parties and have directed the Corporate Secretary to act as their agent in processing any communications received. All communications that relate to matters that are within the responsibility of one of the Board Committees are to be forwarded to the Chair of the appropriate Committee. Communications that relate to ordinary business matters that are not within the scope of the Board's responsibilities, such as customer complaints, are to be sent to Management. Solicitations, junk mail and obviously frivolous or inappropriate communications are not to be forwarded, but will be made available to any Director who wishes to review them.

OTHER MATTERS

The Board of Directors does not know of any matters to be presented at the Annual Meeting other than those specifically referred to in this Proxy Statement. If any other matters should properly come before the meeting or any postponement or adjournment of the meeting, the persons named in the enclosed proxy intend to vote thereon in accordance with their best business judgment. If a nominee for Director becomes unavailable to serve as a Director, the Proxies will vote for any substitute nominated by the Board of Directors.

The Company will pay the cost of proxy solicitation. The Company has retained the services of Georgeson to assist in the proxy distribution at a cost not to exceed $2,000 plus reasonable out-of-pocket expenses. The Company will reimburse banks, brokers and others holding stock in their names or names of nominees or otherwise, for reasonable out-of-pocket expenses incurred in sending proxies and proxy materials to the holders of such stock.

BY ORDER OF THE BOARD OF DIRECTORS

Kris Irvine

VP/Corporate Secretary

March 14, 2016

Fairfield, California

36

EXHIBIT A

Westamerica Bancorporation

Audit Committee Charter – Reaffirmed April, 2015

The Audit Committee is appointed by the Board to assist the Board in monitoring (1) the integrity of Westamerica Bancorporation's ("Company") financial statements, (2) the compliance by the Company with legal and regulatory requirements, (3) the independence, qualifications and performance of the Company's registered public accounting firms ("independent auditor" or "independent auditors") preparing or issuing an audit report or performing other audit, review or attest services for the Company and (4) the Company's internal audit and control function. The Audit Committee shall prepare the report that the Securities and Exchange Commission ("SEC") rules require be included in the Company's annual proxy statement.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits, or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor.

The function of the Audit Committee is oversight. Management is responsible for the preparation and integrity of the Company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting policies and an appropriate internal control environment. Subject to appointment, review and oversight by the Audit Committee, the independent auditor is responsible for planning and conducting a proper audit of the Company's internal control environment and of its annual financial statements, reviewing the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures.

The members of the Audit Committee shall meet the independence requirements of The Nasdaq Stock Market ("Nasdaq") and the rules and regulations of the SEC. No member shall be an affiliated person (as defined in relevant SEC or Nasdaq rules) of the Company or any of its subsidiaries or have participated at any time in the preparation of financial statements of the Company or any current subsidiary during the prior three years, and each member shall be free of any relationship that would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a member of the Audit Committee. The Audit Committee shall include members with banking or related financial management expertise who are able to read and understand fundamental financial statements, including the Company's balance sheet, statement of income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows and at least one member must have the additional financial sophistication as required by and as defined in Nasdaq rules.

The Committee shall be subject to the provisions of the Company's bylaws relating to committees of the Board, including those provisions relating to removing committee members and filling vacancies. The members of the Audit Committee and its Chairman shall be appointed and may be removed by the Board on its own initiative or at the recommendation of the Nominating Committee. The Audit Committee shall have no fewer than three members. If not designated by the Board, the Audit Committee may designate a member as its Chair.

The Audit Committee, in its capacity as a committee of the Board, shall be directly responsible for the appointment, compensation, retention, termination and oversight of the work of any independent auditors, and each independent auditor must report directly to the Audit Committee. The Audit Committee, or its designee, will sign the independent auditor engagement letter. The Audit Committee shall be directly responsible for the resolution of disagreements between management and the independent auditor regarding financial reporting.

The Audit Committee shall have the authority to retain independent legal, accounting or other advisors as it deems necessary to carry out its duties. The Company shall provide for appropriate funding, as determined by the Audit

Committee, for payment of compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, compensation to any advisors employed by the Audit Committee, and ordinary administrative expenses that the Audit Committee deems to be necessary or appropriate in carrying out its duties.

The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services and fees to be paid for such services to be performed for the Company by its independent auditor, subject to the limited de minimis exceptions for non-audit services described in Section 10A of the Securities Exchange Act of 1934, provided that compliance with the limitations and procedural requirements of Section 10A is fulfilled. The Audit Committee may delegate to one or more designated members of the committee the authority to grant pre-approvals of non-audit services and fees. Any such pre-approval shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall make regular reports to the Board.

The Audit Committee shall have the authority to conduct investigations that are related to its responsibilities under this Charter or otherwise assigned to it by the Board.

In addition, the Audit Committee, to the extent that it deems necessary or appropriate shall:

<u>Financial Statement and Disclosure Matters</u>

1. Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement.
2. Review the annual audited financial statements with management and the independent auditor, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
3. Review with management and the independent auditor any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting policies, practices and estimates, significant unusual transactions, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies; and review any reports prepared by or for management or the auditor with

respect to these matters.

4. Review with the independent auditor their views regarding significant accounting or auditing matters when the independent auditor is aware that management consulted with other accountants about such matters and the independent auditor has identified a concern regarding these matters.

5. Obtain from the independent auditor information about significant aspects of the annual audit, including:

(a) an overview of the overall audit strategy, particularly the timing of the audit, significant risks the auditor identified and significant changes to the planned audit strategy or identified risk;

(b) information about the nature and extent of specialized skill or knowledge needed in the audit; the extent of the planned use of internal auditors; company personnel or other third parties; and other independent public accounting firms or other persons not employed by the auditor who are involved in the audit;

(c) the basis for the auditor's determination that he or she can serve as principal auditor, if significant parts of the audit will be performed by other auditors;

(d) situations in which the auditor identified a concern regarding management's anticipated application of accounting pronouncements that have been issued but are not yet effective and might have a significant effect on future financial reporting;

(e) difficult or contentious matters for which the auditor consulted outside the engagement team;

(f) the auditor's evaluation of going concern;

(g) departure from the auditor's standard report;

(h) other matters arising from the audit that are significant to the oversight of the Company's financial reporting process, including complaints or concerns regarding accounting or auditing matters that have come to the auditor's attention during the audit;

(i) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;

(j) any significant disagreements with management.

6. Annually review with the independent auditor the quality of the Company's financial reporting, internal accounting and financial control, the auditor's report or opinion thereon and any recommendations the auditor may have for improving or changing the Company's internal controls, as well as management's letter in response thereto and any other matters required to be discussed under relevant Statements of Auditing Standards and PCAOB Auditing Standard No. 16 (as they may be modified or supplemented).

7. Review management's proposed annual report on internal control over financial reporting which is required to be included in the Company's 10-K pursuant to rules of the SEC.

8. Review with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.

9. Review and discuss quarterly reports from the independent auditors on:

(a) all critical accounting policies and practices to be used;

(b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative treatments, and the treatment preferred by the independent auditor;

(c) the matters required to be discussed by Statements on Auditing Standards, as may be amended or supplemented, relating to the audit of the Company's periodic reports; and

(d) other material written communications between the independent auditor and management.

10. Meet periodically with management to review the Company's major financial risk exposures and the policies and procedures that management utilizes to monitor and control such exposures.

11. Discuss, prior to release by the Company, the earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" or other non-GAAP information) as well as financial information and earnings guidance provided to analysts and rating agencies, if any, as well as any financial information which the Company proposes to provide to financial analysts and rating agencies (being mindful of the need to avoid violations of SEC Regulation FD, which prohibits the selective disclosure of material information).

12. Discuss the quarterly and annual financial statements with the appropriate officers and/or employees of the Company and with the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

13. Review the schedule of unrecorded adjustments to the Company's financial statements and the reasons underlying the Company's assessment of the immateriality of such adjustments.

14. Review prior to publication or filing and approve such other Company financial information, including appropriate regulatory filings and releases that include financial information, as the Audit Committee deems desirable.

15. Review the adequacy of the Company's system of internal accounting and financial control, including its "disclosure controls and procedures" and "internal control over financial reporting," as defined in SEC Rules 13a-15(e) and 13a-15(f) under the Securities Exchange Act of 1934, and the Chief Executive Officer's ("CEO") and Chief Financial Officer's ("CFO") proposed disclosures and certifications with respect to these matters which are required to be included in the Company's annual and quarterly reports to the SEC on Form 10-K and Form 10-Q.

16. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification

A-3

process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

17. Review the effect of regulatory and accounting initiatives on the financial statements of the Company.

Oversight of the Company's Relationship with its Independent Auditors

18. Review and evaluate the experience and qualifications of the lead members of each independent auditor's team.
19. Evaluate the performance and independence of each independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence. The opinions of management and the internal auditor shall be taken into consideration as part of this review.
20. Receive and review a report from each independent auditor at least annually regarding the independent auditor's independence and discuss such reports with the auditor. Ensure that each independent auditor submits a formal written statement, as required by PCAOB Rule 3526, as it may be amended or supplemented, describing all relationships between the independent auditor and any of its affiliates and the Company that might bear on the independent auditor's independence. The independent auditor must also discuss with the Audit Committee the potential effects of any such relationships on the firm's independence. Receive and review a formal written statement of the fees billed by the independent auditor for each of the categories of services requiring separate disclosure in the annual proxy statement.
21. Obtain and review a report from each independent auditor at least annually regarding the independent auditor's internal quality control procedures. The report should include any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues. Obtain auditor and review inspection reports issued by the PCAOB under Section 104 of the Sarbanes-Oxley Act.
22. Meet with each independent auditor prior to the audit to review the planning and staffing of the audit.
23. Advise the Board of its determinations regarding the qualification, independence and performance of each independent auditor.
24. Annually require the independent auditor to confirm in writing its understanding of the fact that it is ultimately accountable to the Audit Committee.
25. Require the independent auditor to rotate every five years the lead audit partner in charge of the Company's audit and the concurring audit partner responsible for reviewing the audit.
26. Periodically consider the advisability of rotating the independent audit firm to be selected as the Company's independent auditors. The Audit Committee should present its conclusions to the full Board.

Oversight of the Company's Internal Audit Function

27. Review and, at its option, recommend the appointment and replacement of the senior internal auditing executive.
28. Review any reports to management prepared by the internal auditing department and management's responses.

29. Review with each independent auditor, management and the senior internal auditing executive the internal audit department responsibilities, budget, structure and staffing and any recommended changes in the planned scope of the internal audit at least annually.

Compliance Oversight Responsibilities

30. Obtain reports from management and the Company's senior internal auditing executive that the Company's subsidiary affiliated entities are in conformity with applicable regulatory and legal requirements and the

Company's code of ethics.

31. Advise the Board with respect to the Company's compliance with the Company's Code of Ethics for Chief Executive Officer and Senior Financial Officers.
32. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
33. Discuss with management and each independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
34. Review with appropriate members of management or appropriate legal counsel the Company's compliance policies, legal matters that may have a material impact on the financial statements and any material reports or inquiries received from regulators or governmental agencies.
35. Review for approval or disapproval all related-party transactions required to be disclosed by Item 404 of Regulation S-K for potential conflicts of interests.
36. In the event the Audit Committee is made aware of any allegation of fraud relating to the Company and/or any of its officers, directors or employees that the Audit Committee deems could be material to the Company's business or operations, the Audit Committee shall (i) convene a meeting of the Audit Committee to review such allegation and (ii) if the Audit Committee deems it necessary or advisable, it shall engage independent counsel to assist in an investigation, including, if the Audit Committee and such counsel deem it necessary or advisable, an investigation to determine whether such allegation implicates any violation of Section 10A of the Exchange Act of 1934. If pursuant to such investigation the Audit Committee discovers that a material fraud has occurred, the Audit Committee shall (i) assess the Company's internal controls and implement such remedial measures as it determines necessary or advisable, (ii) cause the Company to take appropriate action against the perpetrator(s) of such fraud and (iii) cause the Company to make appropriate disclosures relating to the matter in the Company's periodic reports filed with the SEC or otherwise.
37. The Audit Committee shall also be designated as the committee of the Board of Directors that shall receive, review and take action with respect to any reports by attorneys, pursuant to Section 307 of the Sarbanes-Oxley Act of 2002, of evidence of material violations of securities laws or breaches of fiduciary duty or similar violations by the Company or one of its agents.
38. Meet at least four times each year. In addition, meet at least four times each year in separate executive sessions with each of the Company's CEO, senior internal audit executive and the independent auditor; and each such person shall have free and direct access to the Audit Committee and any of its members.
39. Review and approve all related-party transactions (e.g. transactions with any director or executive officer of the Company or significant shareholder, or their immediate family members or affiliates), other than transactions which the Board has delegated to the Company's Employee Benefits/Compensation Committee or Loan & Investment Committee.
40. Annually review and reassess the adequacy of this Charter and any bylaw of the Company which relates to the Audit Committee, and recommend any proposed changes to the Board for approval. The Chair of the Audit Committee shall draft a proposed schedule of the Audit Committee's activities for the coming year and the times at which such activities shall occur, which shall be submitted to the Audit Committee for its review and approval, with such changes as the Audit Committee shall determine to be appropriate.

EXHIBIT B

Westamerica Bancorporation

Nominating Committee Charter – Reaffirmed January 27, 2016

Purpose

This charter ("Charter") governs the operations of the Nominating Committee ("Committee") of the Board of Directors ("Board") of Westamerica Bancorporation ("Company"). The Committee is responsible for exercising oversight with respect to the governance of the Board, including reviewing the qualifications of and recommending to the Board, proposed nominees for election to the Board, reviewing and reporting to the Board on matters of corporate governance and leading the Board in their annual evaluation.

Composition

The Committee shall be comprised of at least three directors. All members of the Committee shall meet the independence requirements of and satisfy any other requirements imposed on members of the Committee pursuant to the federal securities laws and the rules and regulations of the Securities and Exchange Commission, California state law and The Nasdaq Stock Market ("Nasdaq").

The other qualifications of individuals to serve on the Committee shall be determined by the Board, and all members shall be appointed annually by the Board. The Committee may form and delegate authority to subcommittees when appropriate. The Committee shall be subject to the provisions of the Company's bylaws relating to committees of the Board, including those provisions relating to removing committee members and filing vacancies.

Responsibilities

The Committee shall be responsible for screening and recommending qualified candidates to the Board for membership. The Committee shall annually recommend a slate of director nominees to be submitted for election at each annual meeting of shareholders. The Committee will evaluate and consider all candidates submitted by shareholders in accordance with the Company's bylaws. The Committee will consider persons recommended by shareholders in the same manner as Committee-recommended nominees. The Committee will carefully consider each existing Board member's qualifications and contributions to evaluate his or her performance as a director prior to recommending an individual for re-nomination each year. In the case of a vacancy in the office of a director, including a vacancy created by an increase in the size of the Board, the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by shareholders. If not designated by the Board, the Committee may designate a member as its Chairman.

For the purpose of identifying nominees for the Board, the Committee will rely on personal contacts, the expertise of management and the corporate staff, and other members of the Board as deemed appropriate, and may engage a professional search firm if the Committee deems it appropriate to do so. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee and ordinary administrative expenses that the Committee deems to be necessary or appropriate in carrying out its duties. The Committee or a member or members of the Committee designated by the Committee will interview all candidates.

The Committee shall be responsible for assessing the appropriate balance of skills required of Board members. The Committee may also seek to recommend candidates with specific attributes that may assist the Board to comply with industry-specific requirements and other rules and regulations.

The Committee may recommend to the Board directors believed qualified to serve on each standing committee of the Board. The Board shall approve all appointments to the standing committees of the Board.

The Committee will perform other functions as may be assigned by the Board or required by federal securities laws, and rules and regulations of the SEC, the State of California or Nasdaq.

The Committee will periodically review and make recommendations regarding the appropriate size of the Board. The Committee will periodically review and make recommendations regarding the director retirement age policy. The Committee will also periodically make recommendations to the Board with respect to the compensation of Board members.

The Committee shall annually administer and report results of the Board evaluation.

The Committee shall periodically review and report to the Board on matters of corporate governance.

The Committee will review and re-assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Meetings

The Committee will meet at least once per year or on a more frequent basis as necessary to carry out its responsibilities. The Committee shall make regular reports to the Board summarizing the action taken at Committee meetings.