

WESTAMERICA BANCORPORATION

Form 10-Q

May 02, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 001-9383

WESTAMERICA BANCORPORATION

(Exact Name of Registrant as Specified in Its Charter)

CALIFORNIA

(State or Other Jurisdiction of  
Incorporation or Organization)

94-2156203

(I.R.S. Employer  
Identification No.)

1108 FIFTH AVENUE, SAN RAFAEL, CALIFORNIA 94901

(Address of Principal Executive Offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes

No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated  
filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Edgar Filing: WESTAMERICA BANCORPORATION - Form 10-Q

(Do not check if a smaller  
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Title of Class

Shares outstanding as of April 24, 2012

Common Stock,  
No Par Value

27,864,883

---

## TABLE OF CONTENTS

	Page
<u>Forward Looking Statements</u>	<u>3</u>
<u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1</u>	<u>4</u>
<u>Financial Statements</u>	<u>4</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>9</u>
<u>Financial Summary</u>	<u>28</u>
<u>Item 2</u>	<u>29</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
<u>Item 3</u>	<u>46</u>
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>46</u>
<u>Item 4</u>	<u>46</u>
<u>Controls and Procedures</u>	<u>46</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1</u>	<u>46</u>
<u>Legal Proceedings</u>	<u>46</u>
<u>Item 1A</u>	<u>46</u>
<u>Risk Factors</u>	<u>46</u>
<u>Item 2</u>	<u>47</u>
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>47</u>
<u>Item 3</u>	<u>47</u>
<u>Defaults upon Senior Securities</u>	<u>47</u>
<u>Item 4</u>	<u>47</u>
<u>Mine Safety Disclosures</u>	<u>47</u>
<u>Item 5</u>	<u>48</u>
<u>Other Information</u>	<u>48</u>
<u>Item 6</u>	<u>48</u>
<u>Exhibits</u>	<u>48</u>
<u>Signatures</u>	<u>49</u>
<u>Exhibit Index</u>	<u>50</u>
Exhibit 31.1 - Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)	
Exhibit 31.2 - Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a)	
Exhibit 32.1 - Certification of Chief Executive Officer Required by 18 U.S.C. Section 1350	
Exhibit 32.2 - Certification of Chief Financial Officer Required by 18 U.S.C. Section 1350	

## FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements about Westamerica Bancorporation for which it claims the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of plans, objectives and expectations of the Company or its management or board of directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes", "anticipates", "expects", "intends", "targeted", "projected", "continue", "remain", "will", "should", "may" and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

These forward-looking statements are based on Management's current knowledge and belief and include information concerning the Company's possible or assumed future financial condition and results of operations. A number of factors, some of which are beyond the Company's ability to predict or control, could cause future results to differ materially from those contemplated. These factors include but are not limited to (1) the length and severity of current and potential future difficulties in the global, national and California economies and the effects of government efforts to address those difficulties; (2) liquidity levels in capital markets; (3) fluctuations in asset prices including, but not limited to stocks, bonds, real estate, and commodities; (4) the effect of acquisitions and integration of acquired businesses; (5) economic uncertainty created by terrorist threats and attacks on the United States, the actions taken in response, and the uncertain effect of these events on the national and regional economies; (6) changes in the interest rate environment; (7) changes in the regulatory environment; (8) competitive pressure in the banking industry; (9) operational risks including data processing system failures or fraud; (10) volatility of interest rate sensitive loans, deposits and investments; (11) asset/liability management risks and liquidity risks; (12) the effect of natural disasters, including earthquakes, fire, flood, drought, and other disasters, on the uninsured value of loan collateral, the financial condition of debtors and issuers of investment securities, the economic conditions affecting the Company's market place, and commodities and asset values, and (13) changes in the securities markets. The reader is directed to the Company's annual report on Form 10-K for the year ended December 31, 2011, for further discussion of factors which could affect the Company's business and cause actual results to differ materially from those expressed in any forward-looking statement made in this report. The Company undertakes no obligation to update any forward-looking statements in this report.

## PART I - FINANCIAL INFORMATION

## Item 1 Financial Statements

WESTAMERICA BANCORPORATION  
CONSOLIDATED BALANCE SHEET  
(unaudited)

	At March 31, 2012	At December 31, 2011
	(In thousands)	
<b>Assets:</b>		
Cash and due from banks	\$541,102	\$ 530,045
Investment securities available for sale	639,738	638,753
Investment securities held to maturity, with fair values of: \$1,061,439 at March 31, 2012, \$947,493 at December 31, 2011	1,038,493	922,803
Purchased covered loans	491,103	535,278
Purchased non-covered loans	112,179	125,921
Originated loans	1,819,162	1,862,607
Allowance for loan losses	(31,883 )	(32,597 )
Total loans	2,390,561	2,491,209
Non-covered other real estate owned	20,167	26,500
Covered other real estate owned	15,810	19,135
Premises and equipment, net	37,827	36,548
Identifiable intangibles, net	27,227	28,629
Goodwill	121,673	121,673
Other assets	227,659	226,866
<b>Total Assets</b>	<b>\$5,060,257</b>	<b>\$ 5,042,161</b>
<b>Liabilities:</b>		
<b>Deposits:</b>		
Noninterest bearing deposits	\$1,575,687	\$ 1,562,254
Interest bearing deposits:		
Transaction	748,149	734,988
Savings	1,143,027	1,148,178
Time	782,141	804,501
Total deposits	4,249,004	4,249,921
Short-term borrowed funds	106,683	115,689
Federal Home Loan Bank advances	25,967	26,023
Term repurchase agreement	10,000	10,000
Debt financing	15,000	15,000
Other liabilities	94,075	66,887
<b>Total Liabilities</b>	<b>4,500,729</b>	<b>4,483,520</b>
<b>Shareholders' Equity:</b>		
Common stock (no par value), authorized - 150,000 shares		
Issued and outstanding:		
27,917 at March 31, 2012, 28,150 at December 31, 2011	375,750	377,775
Deferred compensation	2,840	3,060
Accumulated other comprehensive income	12,180	11,369

Edgar Filing: WESTAMERICA BANCORPORATION - Form 10-Q

Retained earnings	168,758	166,437
Total Shareholders' Equity	559,528	558,641
Total Liabilities and Shareholders' Equity	\$5,060,257	\$ 5,042,161

See accompanying notes to unaudited consolidated financial statements.

WESTAMERICA BANCORPORATION  
 CONSOLIDATED STATEMENT OF INCOME  
 (unaudited)

For the  
 Three Months Ended  
 March 31,  
 2012          2011  
 (In thousands,  
 except per share data)

Interest and Fee Income:		
Loans	\$ 35,656	\$ 41,363
Investment securities available for sale	4,788	5,218
Investment securities held to maturity	7,854	5,913
Total Interest and Fee Income	48,298	