Westamerica Bancorp (WABC)

Updated October 17th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$46	**5 Year Annual Expected Total Return:**	9.7%	**Market Cap:**	$1.17 B
Fair Value Price:	$57	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	11/04/25[1]
% Fair Value:	80%	**5 Year Valuation Multiple Estimate:**	4.5%	**Dividend Payment Date:**	11/14/25[2]
Dividend Yield:	4.0%	**5 Year Price Target**	$63	**Years Of Dividend Growth:**	31
Dividend Risk Score:	C	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Westamerica Bancorporation is the holding company for Westamerica Bank. Westamerica Bancorporation is a regional community bank with 79 branches in Northern and Central California. The company can trace its origins back to 1884. Westamerica Bancorporation offers clients access to savings, checking and money market accounts. The company's loan portfolio consists of both commercial and residential real estate loans, as well as construction loans. Westamerica Bancorporation is the seventh largest bank headquartered in California. It has annual revenues of about $265 million.

On April 24th, 2025, Westamerica Bancorporation announced that it was increasing its quarterly dividend 4.5% to $0.46, extending the company's dividend growth streak to 31 consecutive years.

On October 16th, 2025 Westamerica Bancorporation reported third quarter results for the period ending September 30th, 2025. For the quarter, revenue fell 14% to $64 million, which was $203K less than expected. GAAP earnings-per-share of $1.12 compared unfavorably to $1.27 in the prior year, but this was $0.05 above estimates.

Average total loans decreased 10.5% to $744 million. Commercial real estate loans, which make up more than half of the total loan portfolio, declined 1.3% while consumer loans fell 28.7% and commercial loans decreased 16.9%. As of the end of the quarter, nonperforming loans totaled $2.6 million, which was a 188% increase from the prior year. This represents just 0.3% of total loans. The company had no provision for credit losses during the period. Net interest income was $53.8 million, which compares to $54.6 million for the second quarter of 2025 and $62.5 million for the third quarter of 2024. Net interest margin of 3.80% compared to 3.85% in the second quarter of 2025 and 4.08% in the third quarter of 2024. Average total deposits decreased 5.6% to $4.8 billion.

We expect that the company will earn $4.41 in 2025, compared to $4.35, $4.40, and $4.33 previously. We have updated our forecast accordingly.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.30	$2.29	$2.32	$2.67	$2.98	$2.98	$3.22	$4.54	$6.06	$5.12	***$4.41***	***$4.87***
DPS	$1.53	$1.56	$1.57	$1.60	$1.63	$1.64	$1.65	$1.68	$1.72	$1.76	***$1.84***	***$2.03***
Shares[3]	26	26	26	26	26	26	26	26	27	27	***27***	***27***

Earnings-per-share for Westamerica Bancorporation more than doubled from 2008 to 2009, an accomplishment that few banks can claim. Earnings-per-share had declined in what is essentially a straight line until 2018, which was just the second year since 2009 that earnings increased year-over- year. The company had seen flat or higher earnings-per-share each year since before returning to growth in 2022 and 2023. Our previously expected earnings decline occurred in 2024, with further decreases likely to take place this year. Still, we anticipate an annual earnings-per-share growth rate of 2% through 2030.

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[1] Estimated dividend payment date
[2] Estimated dividend payment date
[3] In millions of shares

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Westamerica Bancorporation has increased its dividend for the past 31 years. The dividend has compounded at a rate of 1.6% annually over the last decade. Note that the company also tends to raise its dividend every other year, but times it so that the dividend streak continues.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	19.9	21.7	25.7	24.3	22.7	18.6	17.9	13.0	8.3	10.2	***10.4***	***13.0***
Avg. Yld.	3.3%	3.1%	2.6%	2.8%	2.4%	3.0%	2.9%	2.8%	3.0%	3.4%	***4.0%***	***3.2%***

Westamerica Bancorporation's stock has declined $5, or 9.8%, since our July 18th, 2025 update. Using the expected earnings-per-share for the year, the price-to-earnings ratio (P/E) is 10.4. The stock has seen its average P/E multiple vary dramatically over the past decade. Eliminating the years where the average P/E was above 24 (2017 and 2018), shares of Westamerica Bancorporation have averaged a multiple of more than 16. We reaffirm our target valuation of 13 times earnings as we believe this is a better representation of the company today. If shares were to revert to our target P/E, valuation would add 4.5% to annual returns through 2030.

Westamerica Bancorporation trades with a forward yield of 4.0%, which is higher than both the average yield of the S&P 500 and the stock's long-term historical average 2.9%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	67%	68%	68%	60%	55%	55%	51%	37%	28%	34%	***42%***	***42%***

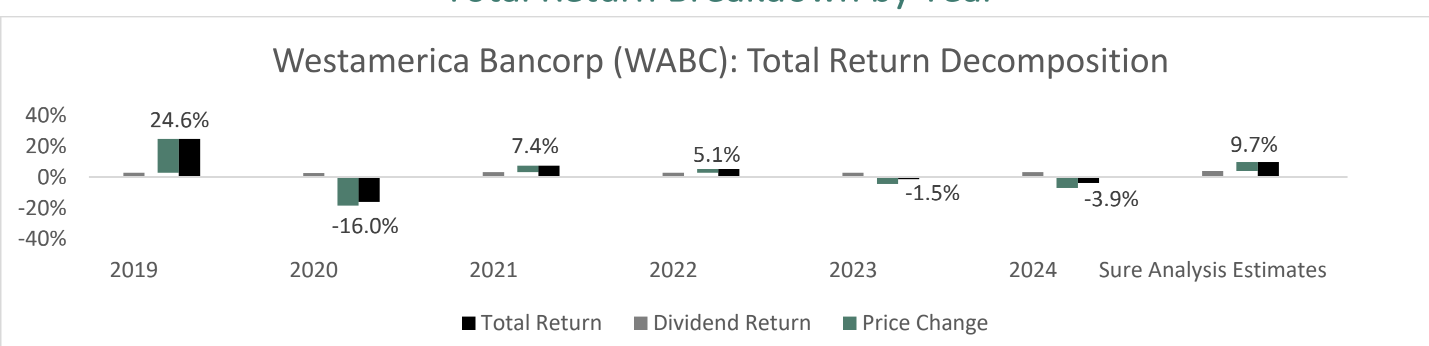
While earnings-per-share increased significantly during the last recession, this does not make Westamerica Bancorporation recession proof, or even an attractive investment. The company has proven that it cannot be a reliable source of earnings growth. Despite this, the company's dividend payout ratio has been relatively stable.

Westamerica Bancorporation's key competitive advantage is its ability to see an improvement in net interest income as interest rates were increased. The Federal Reserve has begun to cut interest rates, but they will likely remain elevated compared to where they were following the 2007 to 2009 period. The reduction in rates will make servicing deposits less expensive while loans with higher interest rates remain on the books, which should lead to NIM improvements.

Final Thoughts & Recommendation

Following third quarter results, Westamerica Bancorporation is projected to return 9.7% annually through 2030, up from our previous estimate of 7.2%. Our projected returns stem from a 2% earnings growth rate, a 4.0% dividend yield, and a mid-single-digit contribution from multiple expansion. Loan and deposit growth remains weak and net interest income continues to fall. However, the bank's loan book remains in solid shape. We continue to rate shares of Westamerica Bancorporation as a hold due to projected returns and a middling dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	182	180	192	198	204	206	215	265	324	294
SG&A Exp.	52	52	52	53	51	51	48	46	48	50
D&A Exp.	16	20	26	24	21	23	17	17	12	
Net Profit	59	59	50	72	80	80	87	122	162	139
Net Margin	32.3%	32.6%	26.0%	36.2%	39.4%	39.0%	40.3%	46.1%	50.0%	47.2%
Free Cash Flow	66	76	78	94	77	106	87	113	157	
Income Tax	18	21	37	19	25	26	31	44	60	50

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	5,169	5,366	5,513	5,569	5,620	6,748	7,461	6,950	6,365	6,076
Cash & Equivalents	433	462	575	420	373	621	1,132	294	190	601
Accounts Receivable	20	21	24	26	29	33	36	54	55	
Goodwill & Int. Ass.	132	129	126	124	123	123	123	122	122	122
Total Liabilities	4,637	4,805	4,923	4,953	4,888	5,903	6,634	6,348	5,592	5,186
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	532	561	590	616	731	845	827	602	773	890
LTD/E Ratio	-	-	-	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.2%	1.1%	0.9%	1.3%	1.4%	1.3%	1.2%	1.7%	2.4%	2.2%
Return on Equity	11.1%	10.8%	8.7%	11.9%	11.9%	10.2%	10.3%	17.1%	23.5%	16.7%
ROIC	10.9%	10.8%	8.7%	11.9%	11.9%	10.2%	10.3%	17.1%	23.5%	16.7%
Shares Out.	26	26	26	26	26	26	26	26	27	27
Revenue/Share	7.11	7.02	7.28	7.40	7.56	7.65	8.00	9.85	12.12	11.01
FCF/Share	2.58	2.95	2.95	3.49	2.84	3.91	3.25	4.20	5.88	

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.