Westamerica Bancorp (WABC)

Updated January 25th, 2026 by Nathan Parsh

Key Metrics

Current Price:	$50	**5 Year Annual Expected Total Return:**	7.2%	**Market Cap:**	$1.23 B
Fair Value Price:	$55	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	02/02/26
% Fair Value:	90%	**5 Year Valuation Multiple Estimate:**	2.1%	**Dividend Payment Date:**	02/13/26
Dividend Yield:	3.7%	**5 Year Price Target**	$61	**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 $260 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 January 15th, 2026 Westamerica Bancorporation announced fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue decreased 9.1% to $64 million, but this was $1.65 million above estimates. GAAP earnings-per-share of $1.12 compared unfavorably to $1.19 in the prior year, but this was $0.06 more than expected. For the year, revenue fell 12.2% to $259 million while EPS of $4.52 compared to $5.12 in 2024.

Average total loans declined 11.5% to $728 million. Commercial real estate loans, which make up more than half of the total loan portfolio, were down 4.3% while consumer loans fell 29.2%, and commercial loans decreased 13.9%. As of the end of the quarter, nonperforming loans totaled $1.8 million, which was a 147% increase from the prior year. However, this represents just 0.2% of total loans. The company's allowance for credit losses was $11.6 million. Net interest income was $53.5 million, which compares to $53.8 million for the third quarter of 2025 and $59.2 million for the fourth quarter of 2024. Net interest margin of 3.76% compared to 3.80% in the third quarter of 2025 and 4.01% in the fourth quarter of 2024. Average total deposits decreased 3.8% year-over-year to $4.8 billion. Previously, the company had announced that it had authorized a share repurchase of up to 2 million shares.

We expect that the company will earn $4.26 in 2026. We have initiated our forecast accordingly.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.29	$2.32	$2.67	$2.98	$2.98	$3.22	$4.54	$6.06	$5.12	$4.52	***$4.26***	***$4.70***
DPS	$1.56	$1.57	$1.60	$1.63	$1.64	$1.65	$1.68	$1.72	$1.76	$1.82	***$1.84***	***$2.03***
Shares[1]	26	26	26	26	26	26	26	27	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 and 2025, with further decreases likely to take place this year. Still, we anticipate an annual earnings-per-share growth rate of 2% through 2031.

[1] 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 1.7% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.7	25.7	24.3	22.7	18.6	17.9	13.0	8.3	10.2	10.6	***11.7***	***13.0***
Avg. Yld.	3.1%	2.6%	2.8%	2.4%	3.0%	2.9%	2.8%	3.0%	3.4%	3.8%	***3.7%***	***3.3%***

Westamerica Bancorporation's stock has increased $4, or 8.7%, since our October 17th, 2025 update. Using the expected earnings-per-share for the year, the price-to-earnings ratio (P/E) is 11.7. 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 15.4. 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 2.1% to annual returns through 2031.

Westamerica Bancorporation trades with a forward yield of 3.7%, which is higher than both the average yield of the S&P 500 and the stock's long-term historical average 3.0%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	68%	68%	60%	55%	55%	51%	37%	28%	34%	40%	***43%***	***43%***

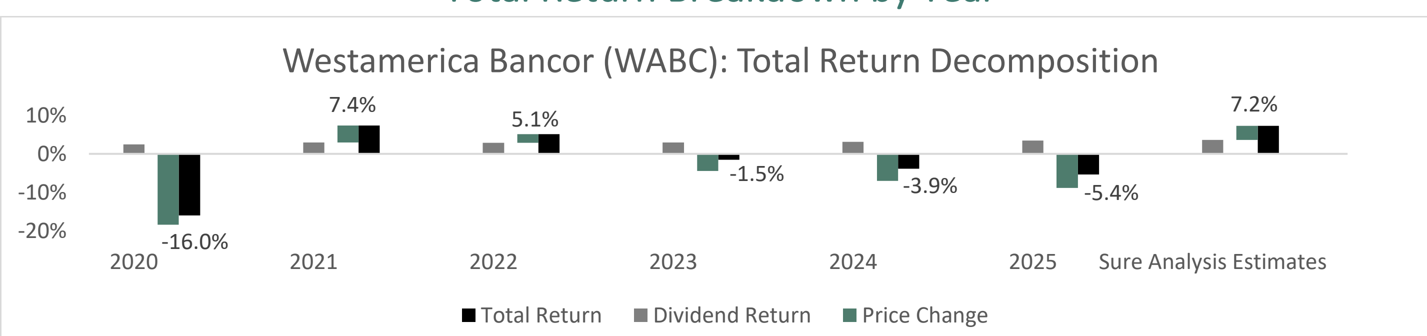
While earnings-per-share increased significantly during the last recession, this does not make Westamerica Bancorporation recession proof, or even an attractive investment. The company has proven that it cannot be a reliable source of earnings growth. Despite this, the company's dividend payout ratio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

After fourth quarter results, Westamerica Bancorporation is projected to return 7.2% annually through 2031, down from our previous estimate of 9.7%. Our projected returns stem from a 2% earnings growth rate, a 3.7% dividend yield, and a low 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	180	192	198	204	206	215	265	324	311	272
SG&A Exp.	52	52	53	51	51	48	46	48	-	-
D&A Exp.	20	26	24	21	23	17	17	12	10	
Net Profit	59	50	72	80	80	87	122	162	139	116
Net Margin	32.6%	26.0%	36.2%	39.4%	39.0%	40.3%	46.1%	50.0%	44.6%	42.7%
Free Cash Flow	76	78	94	77	106	87	113	157	140	
Income Tax	21	37	19	25	26	31	44	60	50	41

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,370	5,515	5,570	5,631	6,771	7,487	6,950	6,371	6,082	5,960
Cash & Equivalents				373	621	1,132	294	190	601	568
Goodwill & Int. Ass.	129	126	124	-	123	123	122	122	122	122
Total Liabilities	4,808	4,924	4,954		5,926	6,660	6,348	5,598	5,192	5,027
Long-Term Debt	-	-	-	-	13	11	10	13	12	-
Shareholder's Equity	561	590	616	731	845	827	602	773	890	934
LTD/E Ratio	0.11	0.10	0.08	0.07	0.14	0.20	0.12	0.10	0.16	0.15

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.1%	0.9%	1.3%	1.4%	1.3%	1.2%	1.7%	2.4%	2.2%	1.9%
Return on Equity	10.8%	8.7%	11.9%	11.9%	10.2%	10.3%	17.1%	23.5%	16.7%	12.7%
ROIC	9.8%	7.9%	10.9%	11.1%	9.2%	8.8%	14.6%	21.2%	14.8%	11.1%
Shares Out.	26	26	26	26	26	26	26	27	27	27
Revenue/Share	7.03	7.21	7.45	7.62	7.71	8.07	9.88	12.26	11.66	10.59
FCF/Share	2.95	2.95	3.49	2.84	3.91	3.25	4.20	5.88	5.24	

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