

WESTAMERICA BANCORPORATION

Form 11-K

June 22, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

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

For the transition period from _____ to _____

Commission file number 001-9383

A. Full title of the plan and the address of the plan, if
different from that of the issuer named below:

WESTAMERICA BANCORPORATION TAX DEFERRED
SAVINGS/RETIREMENT PLAN (ESOP)

B. Name of issuer of the securities held pursuant to the plan and
the address of its principal executive office:

Westamerica Bancorporation
1108 Fifth Avenue
San Rafael, California 94901

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULES

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002
AND 2001

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WITH

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULES

For the Years Ended December 31, 2003, 2002 and 2001

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INDEPENDENT AUDITOR'S REPORT

To the Employee Benefits and
Compensation Committee of the

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Board of Directors of
Westamerica Bancorporation

We have audited the accompanying statement of net assets available for plan benefits of the Westamerica Bancorporation Tax Deferred Savings/Retirement Plan (ESOP) (the "Plan") as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the years ended December 31, 2003, 2002 and 2001. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in net assets available for benefits for the years ended December 31, 2003, 2002 and 2001, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and reportable transactions, as of and for the year ended December 31, 2003, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the United States Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Perry-Smith LLP

April 30, 2004

400 CAPITOL MALL, SUITE 1200, SACRAMENTO, CA 95814
916-441-1000 FAX 916-441-1110 URL WWW.perry-smith.com

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TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

December 31, 2003 and 2002

	2003	2002
	-----	-----
ASSETS		
Cash	\$ 17,833	\$ 16,904
Investments:		
Westamerica common stock (Notes 3 and 4)	35,081,251	28,608,744
Shares of registered investment companies (mutual funds) (Note 3)	17,268,494	12,695,029
Participant loans (Note 3)	1,154,771	980,609
	-----	-----
Total investments	53,504,516	42,284,382
	-----	-----
Receivables:		
Participant contributions	0	79,557
Employer contributions	0	56,707
Interest	20	52
	-----	-----
Total receivables	20	136,316
	-----	-----
Total assets	53,522,369	42,437,602
	-----	-----
LIABILITIES		
Accounts payable	0	1,869
Accrued trustee fees	12,782	11,122
	-----	-----
Total liabilities	12,782	12,991
	-----	-----
Net assets available for plan benefits	\$53,509,587	\$42,424,611
	=====	=====

The accompanying notes are an integral part of these financial statements

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

For the Years Ended December 31, 2003, 2002 and 2001

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	2003	2002	2001
ADDITIONS			
Additions (deductions) to net assets attributed to:			
Investment income:			
Net appreciation (depreciation) in fair value of investments (Note 3)	\$ 9,651,775	\$(1,859,827)	\$(4,230,063)
Interest	249,478	267,035	352,175
Dividends	724,410	632,186	595,987
Interest on participant loans	68,278	71,718	85,022
Total investment income (loss)	10,693,941	(888,888)	(3,196,879)
Contributions:			
Participants	2,269,775	2,234,006	2,045,531
Employer	1,508,203	1,534,153	1,484,303
Participant rollovers	16,877	189,564	93,782
Total contributions	3,794,855	3,957,723	3,623,616
Total additions	14,488,796	3,068,835	426,737
DEDUCTIONS			
Deductions from net assets attributed to:			
Benefits paid to participants	3,356,904	4,692,247	5,041,025
Administrative expenses (Note 7)	46,916	44,115	42,661
Total deductions	3,403,820	4,736,362	5,083,686
Net increase (decrease)	11,084,976	(1,667,527)	(4,656,949)
Net assets available for plan benefits:			
Beginning of year	42,424,611	44,092,138	48,749,087
End of year	\$53,509,587	\$42,424,611	\$44,092,138

The accompanying notes are an integral part of these financial statements

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Westamerica Bancorporation (the "Company") Tax Deferred Savings/Retirement Plan (ESOP) (the "Plan") provides only general information. Participants should refer to the

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Summary Plan Description and Plan Agreement for a more complete description of the Plan's provisions.

General

The Plan, formerly called the Westamerica Bancorporation Supplemental Retirement Plan, was established by the Company as a non-contributory profit sharing plan. The Plan was amended to include a salary deferral feature pursuant to section 401(k) of the Internal Revenue Code. Concurrent with the amendment, all existing account balances were invested in either common stock or certificates of deposit of the Company, and all employee accounts were fully vested. The Plan was also amended and restated as an Employee Stock Ownership Plan (ESOP). The Employee benefits and Compensation Committee of the Company's Board of Directors (the "Committee") delegates to the Company's Pension Management Committee, the administration of the Plan. The Committee has the responsibility for the general operation of the Plan, including the resolution of any questions arising under the Plan agreement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility

Employees of the bank who are compensated on a salaried basis become eligible to participate in the plan on the first day of the calendar month coinciding with or following the date the employee completes 90 consecutive days of service with the Company or completes 1,000 service hours in a 12-month consecutive period.

Contributions

Each year, participants may make salary deferral contributions, through payroll deduction, in any whole percentage up to 25 percent of pretax annual compensation (not to exceed \$12,000 in 2003 and \$11,000 in 2002). The Company's matching contribution is 100 percent of the participant's elective contribution, up to a maximum of 6 percent of the participant's compensation. Participants may roll over amounts representing distributions from other qualified defined benefit or contribution plans.

Participant Accounts

Each participant's account is credited with the participant's contribution and the Company's matching contribution. Plan earnings are allocated based on participant account balances, as defined. Certain administrative expenses associated with the Westamerica Common Stock Fund are charged pro-rata based on a participant's holding in that fund.

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. DESCRIPTION OF PLAN (Continued)

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Payment of Benefits

Upon termination of service for any reason, a participant may elect to receive a lump-sum distribution equal to the value in his or her account. Distributions for the value of a participant's account invested in the Westamerica Common Stock Fund stock are made in the form of the Company's common stock plus cash for any fractional shares or, if a participant elects, in cash or an in-kind transfer, as provided by the Plan document.

Participants' Investment Options

Company matching contributions are invested in the Westamerica Common Stock Fund in accordance with the Plan Document. A participant who has completed 10 Plan years of service and has attained age 55 may elect to direct up to 25% of the Company matching contribution held in Company stock to other investment fund options.

Upon enrollment in the Plan, participants may direct employer and participant contributions in whole or in part in any of the following investment fund options:

The Westamerica Common Stock Fund, which is invested in the Company's common stock and temporary interest-bearing money market funds.

Vanguard 500 Index Fund, which invests in the 500 stocks that make up the unmanaged Standard & Poor's 500 Composite Stock Price Index, a widely recognized benchmark of U.S. stock market performance.

Vanguard International Growth Fund, which invests in stocks of high-quality, seasoned companies based outside the United States. Stocks are selected from more than 15 countries.

Vanguard LifeStrategy Conservative Growth Fund, which invests in five Vanguard funds: a domestic stock fund, an international stock fund, two bond funds, and an asset allocation fund. The fund's assets allocation ranges are expected to be 25%-50% stocks, 50%-75% bonds, and 0%-25% cash investments.

Vanguard LifeStrategy Growth Fund, which invests in five Vanguard funds: a domestic stock fund, an international stock fund, two bond funds, and an asset allocation fund. The fund's assets allocation ranges are expected to be 65%-90% stocks, 10%-35% bonds and 0%-25% cash investments.

Vanguard LifeStrategy Income Fund, which invests in four Vanguard funds: a stock fund, two bond funds, and an asset allocation fund. The fund's assets allocation ranges are expected to be 5%-30% stocks, 70%-95% bonds, and 0%-25% cash investments.

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. DESCRIPTION OF PLAN (Continued)

Participants' Investment Options (Continued)

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- Vanguard LifeStrategy Moderate Growth Fund, which invests in four Vanguard funds: a domestic stock fund, an international stock fund, a bond fund, and an asset allocation fund. The fund's assets allocation ranges are expected to be 45%-70% stocks, 30%-55% bonds, and 0%-25% cash investments.
- Vanguard Morgan Growth Fund, which invests primarily in stocks of large and mid-sized companies that have strong records of growth in sales and earnings or that have performed well during certain market cycles.
- Vanguard Prime Money Market Fund, which invests in short-term, high-quality money market instruments issued by financial institutions, nonfinancial corporations, the U.S. government, and federal agencies.
- Vanguard Total Bond Market Index Fund, which invests in bonds that attempt to match the performance of the unmanaged Lehman Brothers Aggregate Bond Index, which is a widely recognized measure of the taxable U.S. bond market.
- Vanguard Total International Stock Index, which invests in three Vanguard international index funds: a European fund, a Pacific fund, and an emerging markets fund. These funds invest in the stock of companies in more than 30 countries.
- Vanguard Windsor II Fund, which invests in a diversified group of out-of-favor stocks of large capitalization companies. The stocks selected generally sell at prices below the market average compared to their dividend income and future return potential.
- Vanguard Extended Market Index Fund, which invests in a broadly diversified portfolio of stocks of small and medium sized companies that are regularly traded on the New York and American Stock Exchanges and NASDAQ over-the-counter market. The portfolio is designed to be representative of the Wilshire 4500 Index.
- Vanguard Short-Term Federal Fund which invests primarily in short-term securities issued by U.S. government agencies, but may also invest in U.S. Treasury securities and in repurchase agreements backed by U.S. Treasury or federal agency securities. To reduce fluctuations in its share price, the fund will maintain an average maturity of 1 to 3 years.

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1. DESCRIPTION OF PLAN (Continued)

Loans to Participants

The Plan permits participants to borrow from their accounts and allows for hardship withdrawals. Participants may borrow a minimum of \$1,000 up to a

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maximum equal to the lesser of 50 percent of their account balance, 100 percent of participant contributions, or \$50,000. The loans bear interest at rates that range from 5.00% to 9.75%, which are commensurate with local prevailing rates. Loan terms range from 1 to 5 years.

Vesting

Participants are immediately vested in their salary-deferral contributions, the Company's matching contribution and actual earnings thereon.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted market price of the fund, which represents the net asset value of shares held by the Plan at year end. The Company's common stock is valued at its quoted market price. Loans to participants are reported at cost which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis.

Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Investment gains and losses are determined based on revalued cost. Revalued cost represents the market value of the assets at the beginning of the plan year or historical cost if an investment was acquired during the plan year.

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and

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liabilities. Actual results could differ from those estimates.

Payment Benefits

Benefits are recorded when paid. There were no participants who elected to withdraw from the Plan who had not received a distribution at December 31, 2003 and 2002.

Administrative Expenses

Certain administrative functions are performed by officers or employees of the Company. No such officers or employees receive compensation from the Plan. The Company pays the Plan's annual account maintenance fees for active employees and other administrative expenses.

3. INVESTMENTS

The Plan's investments, including investments bought, sold, and held during the year, appreciated in value by \$9,651,775 during 2003 and depreciated in value by \$1,859,827 and \$4,230,063 during 2002 and 2001, respectively, as follows:

	2003	2002	2001
Westamerica common stock	\$6,988,077	\$ 483,400	\$(2,629,813)
Mutual funds	2,663,698	(2,343,227)	(1,600,250)
	\$9,651,775	\$(1,859,827)	\$(4,230,063)
	=====	=====	=====

The following table presents investments at fair value that represent 5% or more of the Plan's net assets as of December 31, 2003 and 2002:

	2003	2002
Westamerica Common Stock Fund	\$35,081,251	\$28,608,744
Vanguard 500 Index Fund	4,851,183	3,899,771
Vanguard Prime Money Market Fund	2,712,196	2,550,168
Other investments	10,859,886	7,225,699
	\$53,504,516	\$42,284,382
	=====	=====

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

NOTES TO FINANCIAL STATEMENTS
(Continued)

4. INVESTMENT IN WESTAMERICA BANK COMMON STOCK

The Plan's investments at December 31, 2003 and 2002 in Westamerica Bank common stock are as follows:

	2003	2002
Participant directed:		
Number of shares	705,860	712,015

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Cost	=====	=====
	\$15,200,542	\$14,053,530
Fair value	=====	=====
	\$35,081,251	\$28,608,744
	=====	=====

5. TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated December 12, 2001, that the Plan is qualified and the trust established under the Plan is tax-exempt, under the appropriate sections of the Internal Revenue Code. The Plan has been amended since receiving the determination letter; however, the Plan Administrator believes the Plan is designed and is being operated in compliance with the applicable requirements of the Internal Revenue Code.

6. PLAN TERMINATION

Although it has not expressed any interest to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA.

7. RELATED PARTY TRANSACTIONS

Plan investments are shares of mutual funds managed by an affiliate of Vanguard Fiduciary Trust Company (VFTC). VFTC is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions which are exempt from the prohibited transactions rules. Fees paid by the Plan for trustee services in connection with the Westamerica Common Stock Fund for the years ended December 31, 2003, 2002 and 2001 amounted to \$46,916, \$44,115 and \$42,661, respectively.

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SUPPLEMENTAL SCHEDULE

WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

EMPLOYER IDENTIFICATION NUMBER: 94-2156203
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

December 31, 2003

(a)	(b)	(c)	(d)	(e)
	Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
-----	-----	-----	-----	-----

* Westamerica Common Mutual Fund

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	Stock Fund	705,860 shares	\$15,200,542	\$35,081,251
*	Vanguard 500 Index Fund	Mutual Fund 47,250 shares	5,258,748	4,851,183
*	Vanguard International Growth Fund	Mutual Fund 19 shares	223	300
*	Vanguard LifeStrategy Conservative Growth Fund	Mutual Fund 60,532 shares	862,569	880,130
*	Vanguard LifeStrategy Growth Fund	Mutual Fund 93,380 shares	1,711,475	1,695,782
*	Vanguard LifeStrategy Income Fund	Mutual Fund 37,476 shares	481,985	494,684
*	Vanguard LifeStrategy Moderate Growth Fund	Mutual Fund 93,642 shares	1,516,416	1,555,396
*	Vanguard Morgan Growth Fund	Mutual Fund 163,352 shares	2,798,131	2,429,046
*	Vanguard Prime Money Market Fund	Mutual Fund 2,712,196 shares	2,712,196	2,712,196
*	Vanguard Total Bond Market Index Fund	Mutual Fund 77,507 shares	787,779	799,098
*	Vanguard Total International Stock Index Fund	Mutual Fund 97,040 shares	897,585	1,032,504
*	Vanguard Windsor II Fund	Mutual Fund 18,980 shares	443,032	502,783
*	Vanguard Extended Market Index Fund	Mutual Fund 7,524 shares	177,225	200,602

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

EMPLOYER IDENTIFICATION NUMBER: 94-2156203
PLAN NUMBER: 002

(Continued)

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

December 31, 2003

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
-----	---------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------	-------------	-------------------------

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*	Vanguard Short Term Federal Fund	Mutual Fund 10,850 shares	\$ 115,378	\$ 114,790
*	Participant Loans	Interest rates ranging from 5.00% to 9.75%	1,154,771	1,154,771
			\$34,118,055	\$53,504,516
			=====	=====

* Party-in-interest to the Plan

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)
EMPLOYER IDENTIFICATION NUMBER: 94-2156203
PLAN NUMBER: 002

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

For the Year Ended December 31, 2003

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Ga or (Lo
-----------------------------------------	--------------------------------	--------------------------	-------------------------	------------------------	---------------------------------------------------	-------------------------	------------------------------------------------------------	-------------------------

Category (I)

Purchases -
Series of
Transactions

Westamerica Bancorporation: Common Stock	Common Stock	\$3,015,672					\$3,015,672	
---------------------------------------------	--------------	-------------	--	--	--	--	-------------	--

Sales -
Series of
Transactions

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Westamerica
Bancorporation:
Westamerica

Common Stock	Common Stock	\$3,483,220	\$1,881,458	\$3,483,220	\$1,601,
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Duly Authorized Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or the persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

Date: June 21, 2004

By: /s/ Dennis R. Hansen

Dennis R. Hansen
Senior Vice President and Controller
and Member, Pension Management Committee

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Exhibit Index

Exhibit Number	Description
-----	-----
23	Independent Auditor's Consent
99	Certification pursuant to 18 U.S.C. Section 1350