

WESTAMERICA BANCORPORATION

Form 11-K

June 25, 2009

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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, 2008

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

AS OF DECEMBER 31, 2008 AND 2007 AND

FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

AND

SUPPLEMENTAL SCHEDULES

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

AND

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REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

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All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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 benefits of the Westamerica Bancorporation Tax Deferred Savings/Retirement Plan (ESOP) (the "Plan") as of December 31, 2008 and 2007, and the related statement of changes in net assets available for benefits for the years ended December 31, 2008, 2007 and 2006. 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 the auditing standards of the Public Company Accounting Oversight Board (United States). 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 audits provide 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 Westamerica Bancorporation Tax Deferred Savings/Retirement Plan (ESOP) as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the years ended December 31, 2008, 2007 and 2006, 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 at end of year) and reportable transactions, as of and for the year ended December 31, 2008, 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic 2008 financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 2008 financial statements taken as a whole.

/s/ Perry-Smith LLP

Sacramento, California
June 25, 2009

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2008 and 2007

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| | 2008 | 2007 |
|-----------------------------------|--------------|--------------|
| | ----- | ----- |
| ASSETS | | |
| Investments (Notes 3, 4 and 5) | \$44,591,743 | \$50,964,340 |
| | ----- | ----- |
| Net assets available for benefits | \$44,591,743 | \$50,964,340 |
| | ===== | ===== |

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 BENEFITS

For the Years Ended December 31, 2008, 2007 and 2006

| | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|
| | ----- | ----- | ----- |
| ADDITIONS | | | |
| Investment income: | | | |
| Dividends and capital gains distributions | \$1,253,444 | \$1,860,130 | \$1,548,212 |
| Interest on participant loans | 86,017 | 84,168 | 71,353 |
| | ----- | ----- | ----- |
| Total investment income | 1,339,461 | 1,944,298 | 1,619,565 |
| | ----- | ----- | ----- |
| Contributions: | | | |
| Participants | 1,958,673 | 2,005,817 | 2,064,360 |
| Employer | 1,276,990 | 1,196,990 | 1,284,649 |
| Participant rollovers | 67,182 | 58,629 | 437,189 |
| | ----- | ----- | ----- |
| Total contributions | 3,302,845 | 3,261,436 | 3,786,198 |
| | ----- | ----- | ----- |
| Total additions | 4,642,306 | 5,205,734 | 5,405,763 |
| | ----- | ----- | ----- |
| DEDUCTIONS | | | |
| Net depreciation (appreciation) in fair value of investments (Note 3) | 4,092,949 | 2,615,407 | (262,793) |
| Benefits paid to participants | 6,901,614 | 6,498,412 | 7,044,524 |
| Administrative expenses (Note 7) | 16,482 | 17,262 | 29,660 |
| Other deductions | 3,858 | 51,576 | - |

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| | | | |
|------------------------------------|--------------|--------------|--------------|
| Total deductions | 11,014,903 | 9,182,657 | 6,811,391 |
| Net decrease | (6,372,597) | (3,976,923) | (1,405,628) |
| Net assets available for benefits: | | | |
| Beginning of year | 50,964,340 | 54,941,263 | 56,346,891 |
| End of year | \$44,591,743 | \$50,964,340 | \$54,941,263 |
| | ===== | ===== | ===== |

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

General

The Plan is a defined contribution plan covering substantially all employees of the Company. The Plan, which became effective October 1, 1985, is intended to be a qualified stock bonus plan under section 401(a) of the Internal Revenue Code (IRC) and is designated as an employee stock ownership plan or ESOP. Portions of the Plan are also intended to qualify as a qualified cash or deferred arrangement within the meaning of section 401(k) of the IRC. The Plan also provides for Roth elective contributions.

The Employee Benefits and Compensation Committee of the Company's Board of Directors (the "Committee") delegates the administration of the Plan to the Company's Pension Management Committee. 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). Investments in the Plan are participant directed with the exception of employer contributions which are invested in shares of the Company's common stock at the time of contribution. Subsequent to investment in the Company's common stock, participants may direct employer matching contributions among all investment options. Vanguard Fiduciary Trust Company serves as Trustee of the Plan.

Eligibility

Under the Plan, employees of the Company who are compensated on a salaried basis

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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.

Vesting

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

Contributions

Each year, participants may make salary deferral contributions in any whole percentage of pretax annual compensation subject to certain IRC limitations. Participants may also elect to make salary deferral contributions on an after-tax basis in whole percentage increments ("Roth" elective contributions), subject to certain limitations defined by the Plan.

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1. DESCRIPTION OF PLAN (Continued)

Contributions (Continued)

The Company makes a matching contribution equal to 100 percent of the participant's elective contribution and Roth elective contribution, up to a maximum of 6 percent of the participant's compensation. Additional amounts may be contributed at the discretion of the Company's Board of Directors. Participants may also contribute amounts representing distributions from other qualified Roth accounts, defined benefit or defined contribution plans. For the years ended December 31, 2008, 2007 and 2006, the Company made no discretionary contributions. Company contributions are subject to certain IRC limitations.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, allocation of the Company's matching and discretionary contributions, allocation of Plan earnings, and charged with withdrawals, allocations of Plan losses and administrative expenses.

Employer matching contributions are allocated to participants based on the participant's elective contribution. Employer discretionary contributions are allocated to the account of each participant in ratio of the participant's eligible compensation to the total eligible compensation for all Plan participants.

Participants' Investment Options

Company matching contributions are invested in the Westamerica Common Stock Fund in accordance with the Plan Document. Participants may redirect Company matching contributions from the Westamerica Common Stock Fund to other investment options at their discretion.

Participants direct participant contributions in whole or in part in any of the

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following investment fund options as of December 31, 2008:

- * 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 Explorer Fund, which invests in a diversified group of small-company stocks with prospects for above-average growth. The fund may invest up to 20% in foreign securities and up to 15% in restricted or illiquid securities.

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1. DESCRIPTION OF PLAN (Continued)

Participants' Investment Options (Continued)

- * 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 Fund, 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 Stock Exchange 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 maintains an average maturity of 1 to 3 years.

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1. DESCRIPTION OF PLAN (Continued)

Participants' Investment Options (Continued)

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Vanguard Target Retirement Funds consists of eleven targeted maturity funds as follows:

- * Vanguard Target Retirement Income Fund
- * Vanguard Target Retirement 2005 Fund
- * Vanguard Target Retirement 2010 Fund
- * Vanguard Target Retirement 2015 Fund
- * Vanguard Target Retirement 2020 Fund
- * Vanguard Target Retirement 2025 Fund
- * Vanguard Target Retirement 2030 Fund
- * Vanguard Target Retirement 2035 Fund
- * Vanguard Target Retirement 2040 Fund
- * Vanguard Target Retirement 2045 Fund
- * Vanguard Target Retirement 2050 Fund

Each fund invests in other Vanguard mutual funds using an asset allocation strategy designed for investors planning to retire in or within a few years of the year in the fund's name, except the Income Fund, which is designed for investors in retirement.

Vanguard Target Retirement Funds are designed as a balanced fund-of-funds for long-term investors. Each Vanguard Target Retirement Fund invests in broadly diversified funds, which includes stock funds, bond funds and a money market fund.

With the exception of the Vanguard Target Retirement Income Fund, the relative allocations among Vanguard Target Retirement Funds' component funds gradually grow more conservative over a predetermined schedule.

Participants may change their investment options at any time directly through The Vanguard Group.

Participant Loans

Participants may borrow a minimum of \$1,000 up to a maximum equal to the lesser of 50 percent of their account balance, 100 percent of participant contributions, or \$50,000. For the purposes of this limit, all qualified plans of the Company shall be considered one plan. Loans are secured by the balance in the participant's account. Participant loans are funded by selling investments in the borrowing participant's accounts and bear interest at rates that range from 5 percent to 9.75 percent, which are commensurate with prevailing market rates at the time the funds are borrowed. Loans are made for a term not to exceed 5 years. Principal and interest is paid ratably through payroll deductions and invested in the borrowing participant's accounts in accordance with their investment directions.

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1. DESCRIPTION OF PLAN (Continued)

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 may also receive in-service distributions on account of hardship or after attaining age 59 1/2. Cash dividends paid on Westamerica Bancorporation common stock allocated to

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participant accounts may be paid to participants in cash or be credited to the participant's account as earnings. If the value of a separated participant's benefit is not more than \$1,000, the benefit shall be automatically paid in a single lump sum in cash or, if elected, directly to an eligible retirement plan. Benefits payable to participants for amounts greater than \$1,000 may be made in cash or other form of distribution, as defined by the Plan. As of December 31, 2008 and 2007, there were no benefits payable to participants that had elected to withdraw from the Plan but had not yet been paid.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the Westamerica Bancorporation common stock 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.

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.

Administrative Expenses

The Company provides bookkeeping and other administrative services for the Plan at no charge. The Company pays the Plan's annual account maintenance fees for participants actively employed by the Company and other administrative expenses.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Fair value is the price that

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would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for additional discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments includes net unrealized market appreciation (depreciation) of investments and net realized gains and losses on the sale of investments during the period.

Management fees and operating expenses charged to the Plan for investments in shares of registered investment companies (mutual funds) are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments. Trustee fees for Westamerica Bancorporation Common Stock are charged to the Westamerica Common Stock Fund.

Risks and Uncertainties

The Plan utilizes various investment instruments, including the common stock of the Company and mutual funds. Investment securities, in general, are exposed to various risks, such as interest rate, credit, currency and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Concentrations of Investments

Included in investments at December 31, 2008 and 2007 are shares of the Westamerica Common Stock Fund amounting to \$24,331,790 and \$22,441,634, respectively. The Westamerica Common Stock Fund represents 55% and 44% of total investments of the Plan at December 31, 2008 and 2007, respectively. A significant decline in the market value of the Company's stock would have a materially adverse effect on the Plan's net assets available for benefits.

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2. SUMMARY OF ACCOUNTING POLICIES (Continued)

Redemption Fees

The Vanguard Total International Stock Index Fund charges a 2% fee (\$20 per \$1,000 invested) on shares redeemed within two months of purchase. The fee is paid directly to the Vanguard Total International Stock Index Fund and, therefore, is not considered a load. These redemption fees are charged at the participant account level, and are not included in administrative expenses of the Plan.

Payment of Benefits

Benefits are recorded when paid.

Reclassifications

Certain amounts shown in the prior year have been reclassified to conform to the

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current year presentation.

New Accounting Pronouncements

Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly, provides additional guidance for estimating fair value in accordance with SFAS No. 157 when the volume and level of activity for the asset or liability have decreased significantly. FSP FAS 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. The provisions of FSP FAS 157-4 are required to be adopted by the Plan for the year ending December 31, 2009. The Plan will adopt FSP FAS 157-4 on June 30, 2009, and does not expect the adoption to have any significant effect on the Plan's financial statements.

Subsequent Events

In May 2009, the FASB issued FASB Statement No. 165 (SFAS No. 165), Subsequent Events. SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, SFAS No. 165 defines, (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The provisions of SFAS No. 165 are required to be adopted by the Plan for the year ending December 31, 2009. Management does not expect the adoption of SFAS No. 165 to have a significant impact on the Plan's financial position or results of operations.

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3. INVESTMENTS

The following table presents investments at fair value that represent 5% or more of the Plan's net assets as of December 31, 2008 or 2007:

| | 2008 | 2007 |
|--|--------------|--------------|
| | ----- | ----- |
| Westamerica Common Stock Fund | \$24,331,790 | \$22,441,634 |
| Westamerica Prime Money Market Fund | 4,756,924 | 4,611,582 |
| Vanguard 500 Index Fund | 3,089,637 | 5,361,129 |
| Vanguard Target Retirement 2015 Fund | 2,685,330 | 3,692,573 |
| Vanguard Morgan Growth Fund* | 1,649,278 | 3,185,682 |
| Vanguard Total International Stock Index Fund* | 1,525,282 | 3,154,834 |
| Other Investments | 6,553,502 | 8,516,906 |
| | ----- | ----- |
| | \$44,591,743 | \$50,964,340 |
| | ===== | ===== |

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* In 2008, these investments fell below 5% of the Plan's net assets but are included for comparative purposes.

The Plan's investments, including investments bought, sold, and held during the year, depreciated in value by \$4,092,949 and \$2,615,407 during 2008 and 2007, respectively, and appreciated in value by \$262,793 during 2006, as follows:

| | 2008 | 2007 | 2006 |
|-------------------------------|----------------|----------------|---------------|
| | ----- | ----- | ----- |
| Westamerica Common Stock Fund | \$ 3,266,908 | \$(3,345,183) | \$(1,609,963) |
| Mutual funds | (7,359,857) | 729,776 | 1,872,756 |
| | ----- | ----- | ----- |
| | \$ (4,092,949) | \$ (2,615,407) | \$ 262,793 |
| | ===== | ===== | ===== |

4. INVESTMENT IN WESTAMERICA BANCORPORATION COMMON STOCK

The Plan's investments at December 31, 2008 and 2007 in Westamerica Bancorporation common stock are as follows:

| | 2008 | 2007 |
|------------------|---------------|---------------|
| | ----- | ----- |
| Number of shares | 475,695 | 503,740 |
| Cost | \$ 14,426,158 | \$ 14,468,521 |
| Fair value | \$ 24,331,790 | \$ 22,441,634 |
| | ===== | ===== |

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5. FAIR VALUE MEASUREMENTS UNDER SFAS 157

On January 1, 2008, the Plan adopted FASB Statement No. 157 (SFAS No. 157), Fair Value Measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurement. Upon adoption of SFAS No. 157, there was no cumulative effect adjustment to beginning net assets available for benefits and no impact on the financial statements.

In October 2008, the FASB issued FASB Staff Position (FSP) Financial Accounting Standard No. 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active. The FSP was effective immediately and clarifies the application of FASB Statement No. 157, Fair Value Measurements in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the

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market for that financial asset is not active.

Fair Value Hierarchy

In accordance with SFAS No. 157, the Plan groups its assets and liabilities measured at fair value within three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. Valuations within these levels are based upon:

Level 1 - Quoted market prices for identical instruments traded in active exchange markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Plan's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Plan's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

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5. FAIR VALUE MEASUREMENTS UNDER SFAS 157 (Continued)

Assets Recorded at Fair Value

There were no changes in the valuation techniques used during 2008. The following table presents information about the Plan's assets and liabilities measured at fair value on a recurring basis as of December 31, 2008:

Recurring Basis

The Plan is required or permitted to record the following assets at fair value on a recurring basis under other accounting pronouncements:

| Description | Fair Value | Level 1 | Level 2 | Level 3 |
|-------------------|--------------|--------------|--------------|--------------|
| Common stock | | | | |
| Of Plan Sponsor | \$24,331,790 | \$24,331,790 | | |
| Mutual funds | 19,104,495 | | \$19,104,495 | |
| Participant loans | 1,155,458 | | | \$ 1,155,458 |
| | \$44,591,743 | \$24,331,790 | \$19,104,495 | \$ 1,155,458 |

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Fair value of the common stock of the Plan Sponsor is based on the closing quoted market price reported on the active market on which the individual securities are traded. Such securities are actively traded throughout each day on the NASDAQ Global Select Market.

Mutual funds are valued using the Net Asset Value (NAV) provided by the trustee of the fund. The NAV is computed by dividing the value of the underlying assets, minus liabilities, allocated to each share class by the number of fund shares outstanding for that class. Mutual fund NAVs are calculated once each business day as of the close of regular market trading. The NAV is a quoted price in a market that is not active.

Participant loans are valued at their outstanding balances, which approximate fair value.

The following table sets forth a summary of changes in the fair value of the Plan's recurring assets valued under Level 3 for the year ended December 31, 2008.

| | Participant Loans ----- |
|------------------------------|-------------------------------|
| Balance, January 1, 2008 | \$ 967,041 |
| Advances and repayments, net | 188,417 ----- |
| Balance, December 31, 2008 | \$1,155,458 ===== |

The Plan did not have any assets or liabilities measured at fair value on a non-recurring basis at December 31, 2008.

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6. FEDERAL INCOME 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's management and the Plan's ERISA counsel believe that the Plan currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and the Plan continues to be tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

7. RELATED PARTY TRANSACTIONS

Plan investments include shares of mutual funds, including the Westamerica

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Common Stock Fund which invests in the common stock of the Company, 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. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. Fees paid by the Plan for trustee services in connection with the Westamerica Common Stock Fund for the years ended December 31, 2008, 2007 and 2006 amounted to \$40,615, \$40,648 and \$45,837, respectively.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2008 to Form 5500:

| | |
|--|---------------|
| Net assets available for benefits per the financial statements | \$ 44,591,743 |
| Less: Deemed distributions of participant loans | (6,848) |
| | ----- |
| Net assets available for benefits per Form 5500 | \$ 44,584,895 |
| | ===== |

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2007 to Form 5500:

| | |
|--|---------------|
| Net assets available for benefits per the financial statements | \$ 50,964,340 |
| Less: Deemed distributions of participant loans | (6,848) |
| | ----- |
| Net assets available for benefits per Form 5500 | \$ 50,957,492 |
| | ===== |

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SUPPLEMENTAL SCHEDULES

WESTAMERICA BANCORPORATION
EMPLOYER IDENTIFICATION NUMBER: 94-2156203
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2008

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| (a) | (b) Identity of Issuer, Borrower, Lessor or Similar Party | (c) Description of Investment Including Maturity Date, Rate of Interest, Collate Par or Maturity Value | (d) Cost | (e) Current Value |
|-----|--|--|---------------|-------------------------|
| * | Westamerica Common Stock Fund | Common Stock 475,695 shares | \$ 14,426,158 | \$ 24,331,790 |
| * | Vanguard Prime Money Market Fund | Mutual Fund 4,756,924 shares | 4,756,924 | 4,756,924 |
| * | Vanguard 500 Index Fund | Mutual Fund 37,184 shares | 4,218,225 | 3,089,637 |
| * | Vanguard Target Retirement 2015 Fund | Mutual Fund 381,186 shares | 3,321,566 | 2,685,330 |
| * | Vanguard Morgan Growth Fund | Mutual Fund 145,954 shares | 2,532,919 | 1,649,278 |
| * | Vanguard Total International Stock Index Fund | Mutual Fund 141,361 shares | 2,014,285 | 1,525,282 |
| * | Vanguard Total Bond Market Index Fund | Mutual Fund 143,410 shares | 1,440,491 | 1,459,917 |
| * | Vanguard Windsor II Fund | Mutual Fund 55,467 shares | 1,663,803 | 1,059,969 |
| * | Vanguard Target Retirement 2025 Fund | Mutual Fund 100,280 shares | 1,222,625 | 929,600 |
| * | Vanguard Extended Market Index Fund | Mutual Fund 18,586 shares | 635,332 | 446,259 |
| * | Vanguard Target Retirement 2035 Fund | Mutual Fund 41,093 shares | 521,051 | 380,110 |
| * | Vanguard Target Retirement 2005 Fund | Mutual Fund 24,118 shares | 268,622 | 233,699 |
| * | Vanguard Target Retirement 2045 Fund | Mutual Fund 21,384 shares | 276,801 | 204,649 |

(Continued)

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WESTAMERICA BANCORPORATION
TAX DEFERRED SAVINGS/RETIREMENT PLAN (ESOP)

EMPLOYER IDENTIFICATION NUMBER: 94-2156203
PLAN NUMBER: 002

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(Continued)

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December 31, 2008

| (a) | (b) Identity of Issuer, Borrower, Lessor or Similar Party | (c) Description of Investment Including Maturity Date, Rate of Interest, Collate Par or Maturity Value | (d) Cost | (e) Current Value |
|-----|--|--|---------------|-------------------------|
| * | Vanguard Explorer Fund | Mutual Fund 4,773 shares | 342,462 | 201,090 |
| * | Vanguard Target Retirement 2020 Fund | Mutual Fund 8,804 shares | 181,655 | 145,878 |
| * | Vanguard Short Term Federal Fund | Mutual Fund 12,985 shares | 135,585 | 141,152 |
| * | Vanguard Target Retirement Income Fund | Mutual Fund 14,438 shares | 153,709 | 137,449 |
| * | Vanguard Target Retirement 2050 Fund | Mutual Fund 1,346 shares | 26,190 | 20,435 |
| * | Vanguard Target Retirement 2030 Fund | Mutual Fund 1,254 shares | 22,652 | 19,494 |
| * | Vanguard Target Retirement 2010 Fund | Mutual Fund 814 shares | 17,367 | 14,327 |
| * | Vanguard Target Retirement 2040 Fund | Mutual Fund 265 shares | 5,086 | 4,016 |
| | Participant loans | Interest rates ranging from 5.00% to 9.75% | 1,155,458 | 1,155,458 |
| | | | \$ 39,338,966 | \$ 44,591,743 |

* 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, 2008

| (a) | (b) | (c) | (d) | (e) Historical | (f) Current of As |
|-----|-----|-----|-----|-------------------|-------------------------|
|-----|-----|-----|-----|-------------------|-------------------------|

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| Identity of Party Involved | Description of Asset | Purchase Price | Selling Price | Cost of Asset | Transaction Date |
|----------------------------|----------------------|----------------|---------------|---------------|------------------|
|----------------------------|----------------------|----------------|---------------|---------------|------------------|

Category (1)

Purchases -
Series of Transactions

| | | | | | |
|----------------------------|----------------------|-------------|--|--|-------------|
| Vanguard | Prime Money Mkt Fund | \$1,902,954 | | | \$1,902,954 |
| Westamerica Bancorporation | Common Stock | 2,455,009 | | | 2,455,009 |

Sales -
Series of Transactions

| | | | | | |
|----------------------------|----------------------|--|-------------|-------------|-----------|
| Vanguard | Prime Money Mkt Fund | | \$1,762,784 | \$1,762,784 | 1,762,784 |
| Westamerica Bancorporation | Common Stock | | 3,381,761 | 2,497,372 | 3,831,761 |

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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 25, 2009

By: /s/ John "Robert" Thorson

John "Robert" Thorson
Senior Vice President
And Member, Pension Management Committee

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Exhibit Index

| Exhibit Number | Description |
|----------------|--|
| 23 | Consent of Independent Registered Public Accounting Firm |
| 99 | Certification pursuant to 18 U.S.C. Section 1350 |