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 September 30, 2026

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: 001-09383

WESTAMERICA BANCORPORATION

(Exact Name of Registrant as Specified in Its Charter)

CALIFORNIA	**94-2156203**
(State or Other Jurisdiction of Incorporation or Organization)	(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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	WABC	The Nasdaq Stock Market, LLC

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 every Interactive Data File required to be submitted 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 such files).

Yes ☑ No ☐

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐
Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 30, 2026
Common Stock, No Par Value	23,000,337

TABLE OF CONTENTS

		Page
Forward Looking Statements		3
PART I - FINANCIAL INFORMATION		
Item 1	Financial Statements	4
	Notes to Unaudited Consolidated Financial Statements	9
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	30
Item 3	Quantitative and Qualitative Disclosures about Market Risk	53
Item 4	Controls and Procedures	53
PART II - OTHER INFORMATION		
Item 1	Legal Proceedings	54
Item 1A	Risk Factors	54
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	54
Item 3	Defaults upon Senior Securities	55
Item 4	Mine Safety Disclosures	55
Item 5	Other Information	55
Item 6	Exhibits	55
Signatures		56

FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, future credit quality and performance, the appropriateness of the allowance for credit losses, loan growth or reduction, mitigation of risk in the Company’s loan and debt securities portfolios, income or loss, earnings or loss per share, the payment or nonpayment of dividends, stock repurchases, 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", “estimates”, "intends", "targeted", "projected", “forecast”, "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 the current knowledge and belief of the management (“Management”) of Westamerica Bancorporation (the “Company”) 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 any 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 riots, terrorist threats and attacks on the United States, the actions taken in response, and the uncertain effect of these events on the local, regional and national economies; (6) changes in the interest rate environment and monetary policy; (7) changes in the regulatory environment; (8) competitive pressure in the banking industry; (9) operational risks including a failure or breach in data processing or security systems or those of third party vendors and other service providers, including as a result of cyber attacks or fraud; (10) volatility of interest rate sensitive loans, deposits and investments, particularly the impact of rising interest rates on the Company’s securities portfolio; (11) asset/liability management risks; (12) liquidity risks including the impact of adverse developments in the banking industry; (13) the effect of climate change, natural disasters, including earthquakes, hurricanes, fire, flood, drought, and other disasters, on the uninsured value of the Company’s assets and 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; (14) changes in the securities markets; (15) tariffs and international trade tensions; (16) inflation, (17) the effects of the on-going war in the Middle East; and (18) the outcome of contingencies, such as legal proceedings. However, the reader should not consider the above-mentioned factors to be a complete set of all potential risks or uncertainties.

Forward-looking statements speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statements in this report to reflect circumstances or events that occur after the date forward looking statements are made, except as may be required by law. The reader is directed to Part II – Item 1A “Risk Factors” of this report and other risk factors discussed elsewhere in the Company's annual report on Form 10-K for the year ended December 31, 2025, 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.

PART I - FINANCIAL INFORMATION
Item 1 Financial Statements

WESTAMERICA BANCORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	At September 30, 2026	At December 31, 2025
	(In thousands)	
Assets:		
Cash and due from banks	$322,510	$567,801
Debt securities available for sale	3,595,820	3,468,734
Debt securities held to maturity, net of allowance for credit losses of $1 at September 30, 2026 and December 31, 2025 (Fair value of $760,219 at September 30, 2026 and $812,580 at December 31, 2025)	798,717	819,574
Loans	658,198	726,482
Allowance for credit losses on loans	(10,513)	(11,573)
Loans, net of allowance for credit losses on loans	647,685	714,909
Premises and equipment, net	25,590	25,722
Goodwill	121,673	121,673
Other assets	281,779	241,767
Total Assets	$5,793,774	$5,960,180
Liabilities:		
Noninterest-bearing deposits	$2,166,615	$2,252,490
Interest-bearing deposits	2,649,750	2,587,529
Total deposits	4,816,365	4,840,019
Securities sold under repurchase agreements	139,062	137,298
Other liabilities	48,675	49,354
Total Liabilities	5,004,102	5,026,671
Contingencies (Note 10)		
Shareholders' Equity:		
Common stock and additional paid-in-capital Common stock (no par value), authorized: 150,000 shares issued and outstanding: 23,084 at September 30, 2026 and 24,623 at December 31, 2025	421,670	439,980
Deferred compensation	35	35
Accumulated other comprehensive loss	(202,792)	(91,139)
Retained earnings	570,759	584,633
Total Shareholders' Equity	789,672	933,509
Total Liabilities and Shareholders' Equity	$5,793,774	$5,960,180

See accompanying notes to unaudited consolidated financial statements.

WESTAMERICA BANCORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands, except per share data)			
Interest and Loan Fee Income:				
Loans	$9,512	$10,257	$29,054	$31,449
Equity securities	433	409	1,312	1,239
Debt securities available for sale	36,130	30,358	103,381	94,376
Debt securities held to maturity	8,287	8,370	24,925	25,312
Interest-bearing cash	2,607	7,840	9,864	21,816
Total Interest and Loan Fee Income	56,969	57,234	168,536	174,192
Interest Expense:				
Deposits	3,387	3,453	9,586	9,727
Securities sold under repurchase agreements	232	192	649	503
Total Interest Expense	3,619	3,645	10,235	10,230
Net Interest and Loan Fee Income	53,350	53,589	158,301	163,962
(Reversal of) Provision for Credit Losses	-	-	(300)	(550)
Net Interest and Loan Fee Income After (Reversal of) Provision for Credit Losses	53,350	53,589	158,601	164,512
Noninterest Income:				
Service charges on deposit accounts	3,436	3,317	10,148	10,066
Merchant processing services	3,273	2,860	8,852	8,280
Debit card fees	1,398	1,603	4,184	4,848
Trust fees	1,031	895	2,923	2,661
ATM processing fees	493	483	1,427	1,428
Other service fees	441	448	1,294	1,327
Bank owned life insurance gains	-	-	-	208
Other noninterest income	631	545	1,776	1,969
Total Noninterest Income	10,703	10,151	30,604	30,787
Noninterest Expense:				
Salaries and related benefits	12,394	12,387	37,260	36,816
Occupancy and equipment	5,436	5,253	16,072	15,445
Outsourced data processing services	2,805	2,722	8,374	8,128
Limited partnership operating losses	1,110	915	3,330	2,745
Courier service	828	738	2,327	2,113
Professional fees	710	643	1,832	1,424
Other noninterest expense	2,935	3,142	8,971	9,785
Total Noninterest Expense	26,218	25,800	78,166	76,456
Income Before Income Taxes	37,835	37,940	111,039	118,843
Provision for income taxes	9,683	9,677	28,147	30,477
Net Income	$28,152	$28,263	$82,892	$88,366
Average Common Shares Outstanding	23,084	25,341	23,561	25,953
Average Diluted Common Shares Outstanding	23,123	25,341	23,579	25,953
Per Common Share Data:				
Basic earnings	$1.22	$1.12	$3.52	$3.40
Diluted earnings	1.22	1.12	3.52	3.40
Dividends paid	0.48	0.46	1.42	1.36

See accompanying notes to unaudited consolidated financial statements.

WESTAMERICA BANCORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands)			
Net Income	$28,152	$28,263	$82,892	$88,366
Other Comprehensive (loss) Income:				
Changes in net unrealized losses on debt securities available for sale	(120,961)	23,899	(158,517)	96,812
Deferred tax benefit (expense)	35,761	(7,065)	46,864	(28,621)
Changes in net unrealized losses on debt securities available for sale, net of tax	(85,200)	16,834	(111,653)	68,191
Total Comprehensive (loss) Income	($57,048)	$45,097	($28,761)	$156,557

See accompanying notes to unaudited consolidated financial statements.

WESTAMERICA BANCORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Common Shares Outstanding	Common Stock and Additional Paid-in Capital	Deferred Compensation	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total
	(In thousands except dividend per share)					
Balance, June 30, 2026	23,002	$415,003	$35	($117,592)	$555,702	$853,148
Net income for the period					28,152	28,152
Other comprehensive loss				(85,200)		(85,200)
Exercise of stock options	132	7,375				7,375
Stock based compensation	-	225				225
Stock awarded to employees	1	16				16
Excise tax on net common stock repurchases		(30)				(30)
Retirement of common stock	(51)	(919)			(2,001)	(2,920)
Dividends ($0.48 per share)					(11,094)	(11,094)
Balance, September 30, 2026	23,084	$421,670	$35	($202,792)	$570,759	$789,672
Balance, December 31, 2025	24,623	$439,980	$35	($91,139)	$584,633	$933,509
Net income for the period					82,892	82,892
Other comprehensive loss				(111,653)		(111,653)
Exercise of stock options	255	13,716				13,716
Restricted stock activity	9	476				476
Stock based compensation	-	675				675
Stock awarded to employees	2	71				71
Excise tax on net common stock repurchases		(944)				(944)
Retirement of common stock	(1,805)	(32,304)			(63,135)	(95,439)
Dividends ($1.42 per share)					(33,631)	(33,631)
Balance, September 30, 2026	23,084	$421,670	$35	($202,792)	$570,759	$789,672
Balance, June 30, 2025	25,587	$456,929	$35	($116,747)	$581,566	$921,783
Net income for the period					28,263	28,263
Other comprehensive income				16,834		16,834
Exercise of stock options	8	376				376
Stock based compensation	-	200				200
Stock awarded to employees	-	9				9
Excise tax on net common stock repurchases		(239)				(239)
Retirement of common stock	(488)	(8,710)			(15,169)	(23,879)
Dividends ($0.46 per share)					(11,701)	(11,701)
Balance, September 30, 2025	25,107	$448,565	$35	($99,913)	$582,959	$931,646
Balance, December 31, 2024	26,708	$476,471	$35	($168,104)	$581,555	$889,957
Net income for the period					88,366	88,366
Other comprehensive income				68,191		68,191
Exercise of stock options	8	376				376
Restricted stock activity	12	623				623
Stock based compensation	-	800				800
Stock awarded to employees	1	59				59
Excise tax on net common stock repurchases		(802)				(802)
Retirement of common stock	(1,622)	(28,962)			(51,489)	(80,451)
Dividends ($1.36 per share)					(35,473)	(35,473)
Balance, September 30, 2025	25,107	$448,565	$35	($99,913)	$582,959	$931,646

See accompanying notes to unaudited consolidated financial statements.

WESTAMERICA BANCORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
	2026	**2025**
	(In thousands)	
Operating Activities:		
Net income	$82,892	$88,366
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,865	6,098
Reversal of provision for credit losses	(300)	(550)
Net amortization of deferred loan cost	215	240
Stock option compensation expense	675	800
Bank owned life insurance gains	-	(208)
Income taxes payable	1,209	3,744
Net changes in:		
Interest income receivable	1,420	5,222
Equity securities held for trading	219	90
Other assets	(3,396)	(644)
Net deferred tax asset	3,387	4,212
Interest expense payable	130	138
Other liabilities	616	(12,179)
Net Cash Provided by Operating Activities	88,932	95,329
Investing Activities:		
Net repayments of loans	67,309	75,611
Purchases of debt securities available for sale	(816,604)	(393,826)
Proceeds from maturity/calls of debt securities available for sale	529,404	579,372
Purchases of debt securities held to maturity	(19,328)	-
Proceeds from maturity/calls of debt securities held to maturity	45,246	22,894
Proceeds from bank owned life insurance policies	-	904
Purchases of premises and equipment	(1,980)	(1,620)
Net Cash (Used in) Provided by Investing Activities	(195,953)	283,335
Financing Activities:		
Net change in deposits	(23,654)	(218,671)
Net change in short-term borrowings	1,764	13,329
Exercise of stock options	13,716	376
Retirement of common stock	(95,439)	(80,451)
Excise tax on net common stock repurchases	(1,026)	-
Common stock dividends paid	(33,631)	(35,473)
Net Cash Used in Financing Activities	(138,270)	(320,890)
Net Change In Cash and Due from Banks	(245,291)	57,774
Cash and Due from Banks at Beginning of Period	567,801	601,494
Cash and Due from Banks at End of Period	$322,510	$659,268
Supplemental Cash Flow Disclosures:		
Supplemental disclosure of non cash activities:		
Right-of-use assets acquired in exchange for operating lease liabilities	$3,660	$8,895
Securities purchases pending settlement	-	4,298
Supplemental disclosure of cash flow activities:		
Cash paid for amounts included in operating lease liabilities	4,991	4,899
Interest paid for the period	10,105	10,092
Income tax payments for the period	24,730	22,520

See accompanying notes to unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission and follow general practices within the banking industry. The results of operations reflect interim adjustments, all of which are of a normal recurring nature and which, in the opinion of Management, are necessary for a fair presentation of the results for the interim periods presented. The interim results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results expected for the full year. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes as well as other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Note 2: Accounting Policies

The most significant accounting policies followed by the Company are presented in Note 1 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. These policies, along with the disclosures presented in the other financial statement notes and in this discussion, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, it is reasonably possible conditions could change materially affecting results of operations and financial conditions. Certain risks, uncertainties and other factors, including those discussed in "Risk Factors" in Part I – Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2025 may cause actual future results to differ materially from the results discussed in this report on Form 10-Q.

Management continues to evaluate the impacts of inflation, the Federal Reserve's monetary policy, the impacts of tariffs, international trade tensions, climate changes and the war in the Middle East on the Company's business. The banking industry could experience significant volatility as it did with several regional bank failures in 2023. Industrywide concerns could develop related to liquidity, deposit outflows and unrealized losses on debt securities. These recent events and concerns could adversely affect the Company's ability to effectively fund its operations. Any one or a combination of such risk factors, or other factors, could materially adversely affect the Company's business, financial condition, results of operations and prospects. The extent of the impact on the Company's results of operations, cash flow, liquidity, and financial performance, as well as the Company's ability to execute near- and long-term business strategies and initiatives, will depend on numerous evolving factors and future developments, which are highly uncertain and cannot be reasonably predicted. Furthermore, the effects could have a material impact on the Company's results of operations and heighten many of the risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Application of accounting principles requires the Company to make certain estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions, and judgments. Certain accounting policies inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions and judgments are necessary when assets and liabilities are required to be recorded at fair value, when a decline in the value of an asset not carried on the financial statements at fair value warrants a writedown or valuation reserve to be established, or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. Fair value is generally determined based on an exit price at which an asset or liability could be exchanged in a current transaction, other than in a forced or liquidation sale. The fair values and the information used to record valuation adjustments for certain assets and liabilities are based either on quoted market prices or are provided by other third-party sources, when available. Certain amounts in previous periods have been reclassified to conform to current presentation.

Debt Securities. Debt securities consist of securities of government sponsored entities, states, counties, municipalities, corporations, agency mortgage-backed securities and collateralized loan obligations. Securities transactions are recorded on a trade date basis. The Company classifies its debt securities in one of three categories: trading, available for sale or held to maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Trading securities are recorded at fair value with unrealized gains and losses included in net income. Held to maturity debt securities are those securities which the Company has the ability and intent to hold until maturity. Held to maturity debt securities are recorded at

cost, adjusted for the amortization of premiums or accretion of discounts. Securities not included in trading or held to maturity are classified as available for sale debt securities. Available for sale debt securities are recorded at fair value. Unrealized gains and losses, net of the related tax effect, on available for sale debt securities are included in accumulated other comprehensive income. Accrued interest is recorded within other assets and reversed against interest income if it is not received.

The Company utilizes third-party sources to value its investment securities; securities individually valued using quoted prices in active markets are classified as Level 1 assets in the fair value hierarchy, and securities valued using quoted prices in active markets for similar securities (commonly referred to as "matrix" pricing) are classified as Level 2 assets in the fair value hierarchy. The Company validates the reliability of third-party provided values by comparing individual security pricing for securities between more than one third-party source. When third-party information is not available, valuation adjustments are estimated in good faith by Management and classified as Level 3 in the fair value hierarchy.

The Company follows the guidance issued by the Board of Governors of the Federal Reserve System, "Investing in Securities without Reliance on Nationally Recognized Statistical Rating Agencies" (SR 12-15) and other regulatory guidance when performing investment security pre-purchase analysis or evaluating investment securities for credit loss. Credit ratings issued by recognized rating agencies are considered in the Company's analysis only as a guide to the historical default rate associated with similarly-rated bonds.

To the extent that debt securities in the held-to-maturity portfolio share common risk characteristics, estimated expected credit losses are calculated in a manner like that used for loans held for investment. That is, for pools of such securities with common risk characteristics, the historical lifetime probability of default and severity of loss in the event of default is derived or obtained from external sources and adjusted for the expected effects of reasonable and supportable forecasts over the expected lives of the securities on those historical credit losses. Expected credit loss on each security in the held-to-maturity portfolio that does not share common risk characteristics with any of the pools of debt securities is individually evaluated and a reserve for credit losses is established based on the Company's consideration of the history of credit losses, current conditions and reasonable and supportable forecasts, which may indicate that the expectation that nonpayment of the amortized cost basis is or continues to be zero. Therefore, for those securities, the Company does not record expected credit losses.

Available for sale debt securities in unrealized loss positions are evaluated for credit related loss at least quarterly. For available for sale debt securities, a decline in fair value due to credit loss results in recording an allowance for credit losses to the extent the fair value is less than the amortized cost basis. Declines in fair value that have not been recorded through an allowance for credit losses, such as declines due to changes in market interest rates, are recorded through other comprehensive income, net of applicable taxes. Although these evaluations involve significant judgment, an unrealized loss in the fair value of a debt security is generally considered to not be related to credit when the fair value of the security is below the carrying value primarily due to changes in risk-free interest rates, there has not been significant deterioration in the financial condition of the issuer, and the Company does not intend to sell nor does it believe it will be required to sell the security before the recovery of its cost basis.

If the Company intends to sell a debt security or more likely than not will be required to sell the security before recovery of its amortized cost basis, the debt security is written down to its fair value and the write down is charged against the allowance for credit losses with any incremental loss reported in earnings.

Purchase premiums are amortized to the earliest call date and purchase discounts are amortized to maturity as an adjustment to yield using the effective interest method. Unamortized premiums, unaccreted discounts, and early payment premiums are recognized as a component of gain or loss on sale upon disposition of the related security. Interest and dividend income are recognized when earned. Realized gains and losses from the sale of available for sale debt securities are included in earnings using the specific identification method.

Loans. Loans are stated at the principal amount outstanding, net of unearned discount and unamortized deferred fees and costs. Interest is accrued daily on the outstanding principal balances and included in other assets. Loans which are more than 90 days delinquent with respect to interest or principal, unless they are well secured and in the process of collection, and other loans on which full recovery of principal or interest is in doubt, are placed on nonaccrual status. Interest previously accrued on loans placed on nonaccrual status is charged against interest income. In addition, some loans secured by real estate and commercial loans to borrowers experiencing financial difficulties are placed on nonaccrual status even though the borrowers continue to repay the loans as scheduled. When the ability to fully collect nonaccrual loan principal is in doubt, payments received are applied against the principal balance of the loans on a cost-recovery method until such time as full collection of the remaining recorded balance is expected. Any additional interest payments received after that time are recorded as interest income on a cash basis. Nonaccrual loans are reinstated to accrual status when none of the loan's principal and interest is past due and improvements in credit quality eliminate doubt as to the full collectability of both principal and interest, or the loan otherwise

becomes well secured and in the process of collection. Certain consumer loans or auto receivables are charged off against the allowance for credit losses when they become 120 days past due.

Allowance for Credit Losses. The Company extends loans to commercial and consumer customers primarily in Northern and Central California. These lending activities expose the Company to the risk borrowers will default, causing loan losses. The Company's lending activities are exposed to various qualitative risks. All loan segments are exposed to risks inherent in the economy and market conditions. Significant risk characteristics related to the commercial loan segment include the borrowers' business performance and financial condition, and the value of collateral for secured loans. Significant risk characteristics related to the commercial real estate segment include the borrowers' business performance and the value of properties collateralizing the loans. Significant risk characteristics related to the construction loan segment include the borrowers' performance in successfully developing the real estate into the intended purpose and the value of the property collateralizing the loans. Significant risk characteristics related to the residential real estate segment include the borrowers' financial wherewithal to service the mortgages and the value of the property collateralizing the loans. Significant risk characteristics related to the consumer loan segment include the financial condition of the borrowers and the value of collateral securing the loans.

The preparation of the financial statements requires Management to estimate the amount of expected losses over the expected contractual life of the Company's existing loan portfolio and establish an allowance for credit losses. Loan agreements generally include a maturity date, and the Company considers the contractual life of a loan agreement to extend from the date of origination to the contractual maturity date. In estimating credit losses, Management must exercise significant judgment in evaluating information deemed relevant. The amount of ultimate losses on the loan portfolio can vary from the estimated amounts. Management follows a systematic methodology to estimate loss potential in an effort to reduce the differences between estimated and actual losses.

The allowance for credit losses is established through provisions for credit losses charged to income. Losses on loans are charged to the allowance for credit losses when all or a portion of the recorded amount of a loan is deemed to be uncollectible. Recoveries of loans previously charged off are credited to the allowance when realized. The Company's allowance for credit losses is maintained at a level considered adequate to provide for expected losses based on historical loss rates adjusted for current and expected conditions over a forecast period. These include conditions unique to individual borrowers, as well as overall credit loss experience, the amount of past due, nonperforming and classified loans, recommendations of regulatory authorities, prevailing economic conditions, or credit protection agreements and other factors.

Loans that share common risk characteristics are segregated into pools based on common characteristics, which is primarily determined by loan, borrower, or collateral type. Historical loss rates are determined for each pool. For consumer installment loans, primarily secured by automobiles, historical loss rates are determined using a vintage methodology, which tracks losses based on period of origination. For commercial, construction, and commercial real estate, historical loss rates are determined using an open pool methodology where losses are tracked over time for all loans included in the pool at the historical measurement date. Historical loss rates are adjusted for factors that are not reflected in the historical loss rates that are attributable to national or local economic or industry trends which have occurred but have not yet been recognized in past loan charge-off history, estimated losses based on management's reasonable and supportable expectation of economic trends over a forecast horizon of up to two years, and other factors that impact credit loss expectations that are not reflected in the historical loss rates. Other factors include, but are not limited to, the effectiveness of the Company's loan review system, adequacy of lending Management and staff, loan policies and procedures, problem loan trends, and concentrations of credit. At the end of the two-year forecast period loss rates revert immediately to the historical loss rates. The results of this analysis are applied to the amortized cost of the loans included within each pool.

Loans that do not share risk characteristics with other loans in the pools are evaluated individually. A loan is considered "collateral-dependent" when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. A credit loss reserve for collateral-dependent loans is established at the difference between the amortized cost basis in the loan and the fair value of the underlying collateral adjusted for costs to sell. For other individually evaluated loans that are not collateral dependent, a credit loss reserve is established at the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate. The impact of an expected modification to be made to loans to borrowers experiencing financial difficulty is included in the allowance for credit losses when management determines such modification is likely.

Accrued interest is excluded from the estimation of expected credit loss. Accrued interest is reversed through interest income when amounts are determined to be uncollectible, which generally occurs when the underlying receivable is placed on nonaccrual status or charged off.

Equity Securities. Equity securities consist of marketable equity securities, mutual funds and nonmarketable equity securities. Dividends are recognized in interest income. Unrealized and realized gains and losses are included in noninterest income. Marketable equity securities and mutual funds are recorded at fair value. Certain equity securities are held for trading.

Nonmarketable equity securities include securities that are not publicly traded, such as Visa Class B-1 common stock, and securities acquired to meet regulatory requirements, such as Federal Reserve Bank stock, which are restricted. These restricted securities are accounted for under the cost method. The Company reviews those assets accounted for under the cost method at least quarterly. The Company's review typically includes an analysis of the facts and circumstances of each investment, the expectations for the investment's cash flows and capital needs, the viability of its business model and any exit strategy. When the review indicates that impairment exists the asset value is reduced to fair value. The Company recognizes the estimated loss in noninterest income.

Liability for Off-Balance Sheet Credit Exposures. Off-balance sheet credit exposures relate to letters of credit and unfunded loan commitments for commercial, construction and consumer loans. The Company maintains a separate allowance for credit losses from off-balance sheet credit exposures, which is included within other liabilities on the consolidated statements of financial condition. Increases or reductions to the Company's allowance for credit losses from off-balance sheet credit exposures are recorded in other expenses. Management estimates the amount of expected losses by estimating expected usage exposures that are not unconditionally cancellable by the Company and applying the loss factors used in the allowance for credit loss methodology to estimate the liability for credit losses related to unfunded commitments. No credit loss estimate is reported for off-balance sheet credit exposures that are unconditionally cancellable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement.

Operating Segments. While the chief decision maker monitors the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis. Operating segments are aggregated into one as operating results for all segments are similar. Accordingly, all of the financial service operations are considered by management to be aggregated in one reportable operating segment.

Recently Issued Accounting Standards

FASB ASU 2024-03, *Income Statement - Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, was issued November 4, 2024. The amendments are intended to improve income statement expense disclosure requirement, primarily through enhanced disclosures about certain costs and expenses included in income statement expense captions. The amendments are effective for annual reporting periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of the amendments on the Company's financial statement disclosures upon adoption.

FASB ASU 2025-08, *Financial Instruments – Credit Losses (Topic 326): Purchased Loans*, was issued November 12, 2025. The ASU clarifies the application of the current expected credit loss model ("CECL") to purchased loans, including purchased credit-deteriorated loans, and enhances related disclosure requirements. The amendments are to be applied prospectively and will be effective for annual reporting periods beginning after December 15, 2026 and interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of the amendments on the Company's consolidated financial statements upon adoption.

Note 3: Debt Securities Available for Sale and Held to Maturity

The Company uses its debt securities portfolio to manage interest rate risk, provide liquidity (including the ability to meet regulatory requirements), generate interest and dividend income, and as collateral for public deposits and wholesale funding sources. The Company's debt securities portfolio includes debt securities classified as held to maturity and available for sale. While the Company intends to hold its debt securities to maturity, it may sell debt securities available for sale in response to structural changes in the balance sheet and related interest rate risk and to meet liquidity requirements, among other factors.

Debt securities available for sale are carried at fair value with net unrealized gains (losses) reported on an after-tax basis as a component of accumulated other comprehensive income. Debt securities held to maturity are carried at amortized cost. The following tables provide an analysis of the amortized cost and fair value by major categories of debt securities available for sale and debt securities held to maturity before allowance for credit losses of $1 thousand at September 30, 2026 and December 31, 2025. In accordance with GAAP, unrealized gains and losses on held to maturity securities have not been recognized in the Company's financial statements.

	At September 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Debt securities available for sale:				
Agency residential mortgage-backed securities ("MBS")	$142,279	$1	($13,587)	$128,693
Agency commercial MBS	1,376,181	759	(91,201)	1,285,739
Securities of U.S. Government sponsored entities	308,869	-	(21,232)	287,637
Obligations of states and political subdivisions	30,553	4	(1,580)	28,977
Corporate securities	1,873,245	-	(160,860)	1,712,385
Collateralized loan obligations	152,602	166	(379)	152,389
Total debt securities available for sale	3,883,729	930	(288,839)	3,595,820
Debt securities held to maturity:				
Agency residential MBS	36,289	16	(2,954)	33,351
Agency commercial MBS	19,320	-	(1,142)	18,178
Obligations of states and political subdivisions	12,676	-	(58)	12,618
Corporate securities	730,433	407	(34,768)	696,072
Total debt securities held to maturity	798,718	423	(38,922)	760,219
Total	$4,682,447	$1,353	($327,761)	$4,356,039

	At December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Debt securities available for sale:				
Agency residential MBS	$194,394	$8	($10,056)	$184,346
Agency commercial MBS	709,371	1,600	(3,411)	707,560
Securities of U.S. Government sponsored entities	309,079	72	(6,739)	302,412
Obligations of states and political subdivisions	46,264	1	(543)	45,722
Corporate securities	1,913,553	-	(109,473)	1,804,080
Collateralized loan obligations	425,465	400	(1,251)	424,614
Total debt securities available for sale	3,598,126	2,081	(131,473)	3,468,734
Debt securities held to maturity:				
Agency residential MBS	43,734	26	(2,231)	41,529
Obligations of states and political subdivisions	33,597	10	(36)	33,571
Corporate securities	742,244	3,245	(8,009)	737,480
Total debt securities held to maturity	819,575	3,281	(10,276)	812,580
Total	$4,417,701	$5,362	($141,749)	$4,281,314

[The remainder of this page intentionally left blank]

The amortized cost and fair value of debt securities by contractual maturity are shown in the following tables at the dates indicated:

	At September 30, 2026			
	Debt Securities Available for Sale		Debt Securities Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Maturity in years:				
1 year or less	$156,716	$155,378	$86,381	$86,105
Over 1 to 5 years	1,559,076	1,429,670	380,234	369,827
Over 5 to 10 years	496,875	443,951	276,494	252,758
Subtotal	2,212,667	2,028,999	743,109	708,690
Collateralized loan obligations	152,602	152,389	-	-
Agency residential MBS	142,279	128,693	36,289	33,351
Agency commercial MBS	1,376,181	1,285,739	19,320	18,178
Total	$3,883,729	$3,595,820	$798,718	$760,219

	At December 31, 2025			
	Debt Securities Available for Sale		Debt Securities Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Maturity in years:				
1 year or less	$199,254	$198,573	$33,326	$33,302
Over 1 to 5 years	1,231,338	1,182,101	425,387	428,326
Over 5 to 10 years	838,304	771,540	317,128	309,423
Subtotal	2,268,896	2,152,214	775,841	771,051
Collateralized loan obligations	425,465	424,614	-	-
Agency residential MBS	194,394	184,346	43,734	41,529
Agency commercial MBS	709,371	707,560	-	-
Total	$3,598,126	$3,468,734	$819,575	$812,580

Expected amortizing principal payments of collateralized loan obligations can differ from actual cash flows because the securities can be called and paid-off. Expected maturities of mortgage-related securities can differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties. In addition, such factors as prepayments and interest rates may affect the yield on the carrying value of mortgage-related securities.

An analysis of the gross unrealized losses of the debt securities available for sale portfolio follows:

	Debt Securities Available for Sale								
	At September 30, 2026								
	No. of Investment Positions	Less than 12 months		No. of Investment Positions	12 months or longer		No. of Investment Positions	Total	
		Fair Value	Unrealized Losses		Fair Value	Unrealized Losses		Fair Value	Unrealized Losses
					($ in thousands)				
Agency residential MBS	4	$452	($18)	95	$128,200	($13,569)	99	$128,652	($13,587)
Agency commercial MBS	143	1,099,971	(77,116)	30	160,813	(14,085)	173	1,260,784	(91,201)
Securities of U.S. Government sponsored entities	3	15,310	(184)	18	272,327	(21,048)	21	287,637	(21,232)
Obligations of states and political subdivisions	4	7,257	(306)	17	17,716	(1,274)	21	24,973	(1,580)
Corporate securities	20	149,885	(9,641)	114	1,562,500	(151,219)	134	1,712,385	(160,860)
Collateralized loan obligations	1	3,296	(148)	3	32,269	(231)	4	35,565	(379)
Total	175	$1,276,171	($87,413)	277	$2,173,825	($201,426)	452	$3,449,996	($288,839)

An analysis of gross unrecognized losses of the debt securities held to maturity portfolio follows:

	Debt Securities Held to Maturity								
	At September 30, 2026								
	No. of Investment Positions	Less than 12 months		No. of Investment Positions	12 months or longer		No. of Investment Positions	Total	
		Fair Value	Unrecognized Losses		Fair Value	Unrecognized Losses		Fair Value	Unrecognized Losses
					($ in thousands)				
Agency residential MBS	1	$ -	$ -	50	$32,534	($2,954)	51	$32,534	($2,954)
Agency commercial MBS	2	18,178	(1,142)	-	-	-	2	18,178	(1,142)
Obligations of states and political subdivisions	13	4,580	(38)	3	4,950	(20)	16	9,530	(58)
Corporate securities	28	314,792	(6,772)	23	341,650	(27,996)	51	656,442	(34,768)
Total	44	$337,550	($7,952)	76	$379,134	($30,970)	120	$716,684	($38,922)

Based upon the Company's September 30, 2026 evaluation of debt securities available for sale and held to maturity, the unrealized losses on debt securities were caused by market conditions for these types of securities. Market interest rates are currently higher than the book yield of the securities, generally resulting in lower fair value compared with amortized cost. Evaluation of debt securities available for sale and held to maturity did not indicate lower fair values were caused by credit related indicators of the issuer. The Company continually monitors interest rate changes, risk premium spread changes, credit rating changes for issuers of bonds owned, collateralized loan obligations' collateral levels, and corporate bond issuers' common stock price changes. All collateralized loan obligations, obligations of states and political subdivisions, and corporate securities were investment grade rated at September 30, 2026.

The Company does not intend to sell any debt securities available for sale with a material unrealized loss and has concluded that it is more likely than not that it will not be required to sell the debt securities prior to recovery of the amortized cost basis.

The Company evaluates held to maturity corporate debt securities individually, monitoring each issuer's financial condition, profitability, cash flows and credit rating agency conclusions. The Company has evaluated each issuer's historical financial performance and ability to service debt payments, including throughout and following past recessions. The Company has an expectation that nonpayment of the amortized cost basis continues to be zero.

The fair values of debt securities could decline in the future if market interest rates rise, the general economy deteriorates, inflation increases, credit ratings decline, the issuers' financial condition deteriorates, or the liquidity for debt securities declines. As a result, significant credit losses on debt securities may occur in the future.

As of September 30, 2026 and December 31, 2025, the Company's debt securities pledged had a carrying value of $1,866,282 thousand and $1,952,111 thousand, respectively, primarily to secure public deposits, Federal Reserve Bank borrowings and securities sold under repurchase agreements.

An analysis of the gross unrealized losses of the debt securities available for sale portfolio follows:

	Debt Securities Available for Sale								
	At December 31, 2025								
	No. of Investment Positions	Less than 12 months		No. of Investment Positions	12 months or longer		No. of Investment Positions	Total	
		Fair Value	Unrealized Losses		Fair Value	Unrealized Losses		Fair Value	Unrealized Losses
					($ in thousands)				
Agency residential MBS	2	$10,541	($147)	107	$173,186	($9,909)	109	$183,727	($10,056)
Agency commercial MBS	56	438,102	(3,411)	-	-	-	56	438,102	(3,411)
Securities of U.S. Government sponsored entities	-	-	-	19	284,747	(6,739)	19	284,747	(6,739)
Obligations of states and political subdivisions	2	3,382	(1)	28	37,520	(542)	30	40,902	(543)
Corporate securities	-	-	-	129	1,804,080	(109,473)	129	1,804,080	(109,473)
Collateralized loan obligations	2	22,924	(77)	5	49,693	(1,174)	7	72,617	(1,251)
Total	62	$474,949	($3,636)	288	$2,349,226	($127,837)	350	$2,824,175	($131,473)

An analysis of gross unrecognized losses of the debt securities held to maturity portfolio follows:

	Debt Securities Held to Maturity								
	At December 31, 2025								
	No. of Investment Positions	Less than 12 months		No. of Investment Positions	12 months or longer		No. of Investment Positions	Total	
		Fair Value	Unrecognized Losses		Fair Value	Unrecognized Losses		Fair Value	Unrecognized Losses
					($ in thousands)				
Agency residential MBS	-	$ -	$ -	59	$40,523	($2,231)	59	$40,523	($2,231)
Obligations of states and political subdivisions	-	-	-	17	16,087	(36)	17	16,087	(36)
Corporate securities	-	-	-	23	359,421	(8,009)	23	359,421	(8,009)
Total	-	$ -	$ -	99	$416,031	($10,276)	99	$416,031	($10,276)

The Company evaluates debt securities on a quarterly basis including changes in security ratings issued by rating agencies, changes in the financial condition of the issuer, collateral levels and, for mortgage-backed and asset-backed securities, delinquency and loss information with respect to the underlying collateral, changes in the levels of subordination for the Company's particular position within the repayment structure and remaining credit enhancement as compared to expected credit losses of the security. In addition to monitoring credit rating agency evaluations, Management performs its own evaluations regarding the credit worthiness of the issuer or the securitized assets underlying asset backed securities. Management considers the $1 thousand allowance for credit losses on debt securities held to maturity to be adequate as a reserve against current expected credit losses in the debt securities held to maturity as of September 30, 2026.

The following table presents the activity in the allowance for credit losses for debt securities held to maturity:

	For the Nine Months Ended September 30,	
	2026	2025
	(In thousands)	
Allowance for credit losses:		
Beginning balance	$1	$1
Provision	-	-
Chargeoffs	-	-
Recoveries	-	-
Total ending balance	$1	$1

Agency mortgage-backed securities were assigned no credit loss allowance due to the perceived backing of government sponsored entities. Municipal securities were evaluated for risk of default based on credit rating and remaining term to maturity using Moody's risk of default factors; Moody's loss upon default factors were applied to the assumed defaulted principal amounts to estimate the amount for credit loss allowance. Corporate securities held to maturity were individually evaluated for expected credit loss by evaluating the issuer's financial condition, profitability, cash flows, and credit ratings. At September 30, 2026, no credit loss allowance was assigned to corporate securities held to maturity.

The following table summarizes the amortized cost of debt securities held to maturity at September 30, 2026, aggregated by credit rating:

	Credit Risk Profile by Credit Rating			
	At September 30, 2026			
	AAA/AA/A	BBB+/BBB	Not Rated	Total
	(In thousands)			
Agency residential MBS	$35,881	$ -	$408	$36,289
Agency commercial MBS	19,320	-	-	19,320
Obligations of states and political subdivisions	12,676	-	-	12,676
Corporate securities	589,026	141,407	-	730,433
Total	$656,903	$141,407	$408	$798,718

There were no debt securities held to maturity on nonaccrual status or past due 30 days or more as of September 30, 2026.

The following table provides information about the amount of interest income earned on investment securities which is fully taxable and which is exempt from federal income tax:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands)			
Taxable	$44,389	$38,402	$128,005	$118,529
Tax-exempt from federal income tax	461	735	1,613	2,398
Total interest income from investment securities	$44,850	$39,137	$129,618	$120,927

Note 4: Loans, Allowance for Credit Losses and Other Real Estate Owned

A summary of the major categories of loans outstanding is shown in the following tables at the dates indicated:

	At September 30, 2026	At December 31, 2025
	(In thousands)	
Commercial	$100,722	$117,009
Commercial real estate	462,270	482,230
Residential real estate	5,941	7,186
Consumer installment & other	89,265	120,057
Total	$658,198	$726,482

There were no construction loans outstanding at September 30, 2026 and December 31, 2025.

The following summarizes activity in the allowance for credit losses:

Allowance for Credit Losses
For the Three Months Ended September 30, 2026

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)		
Allowance for credit losses:					
Balance at beginning of period	$3,192	$5,674	$25	$1,899	$10,790
(Reversal) provision	(98)	(40)	(2)	140	-
Chargeoffs	(10)	-	-	(737)	(747)
Recoveries	6	18	-	446	470
Total allowance for credit losses	$3,090	$5,652	$23	$1,748	$10,513

Allowance for Credit Losses
For the Nine Months Ended September 30, 2026

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)		
Allowance for credit losses:					
Balance at beginning of period	$4,048	$6,109	$22	$1,394	$11,573
(Reversal) provision	(938)	(513)	1	1,150	(300)
Chargeoffs	(118)	-	-	(2,275)	(2,393)
Recoveries	98	56	-	1,479	1,633
Total allowance for credit losses	$3,090	$5,652	$23	$1,748	$10,513

The allowance for credit losses for commercial loans decreased in the three and nine months ended September 30, 2026 primarily due to a decrease in estimated future credit losses on declining balances. The allowance for credit losses for consumer installment and other loans decreased in the three months ended September 30, 2026 primarily due to declining balances of indirect auto loans. The allowance for credit losses for consumer installment and other loans increased in the nine months ended September 30, 2026 primarily due to an increase in estimated future credit losses primarily for indirect auto loans. There were no construction loans outstanding at September 30, 2026 or related allowance for credit losses, chargeoffs or recoveries.

Allowance for Credit Losses
For the Three Months Ended September 30, 2025

	Commercial	Commercial Real Estate	Construction	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)			
Allowance for credit losses:						
Balance at beginning of period	$5,549	$6,174	$ -	$24	$2,040	$13,787
Provision (reversal)	123	(295)	-	(6)	178	-
Chargeoffs	(1,559)	-	-	-	(912)	(2,471)
Recoveries	36	13	-	-	494	543
Total allowance for credit losses	$4,149	$5,892	$ -	$18	$1,800	$11,859

Allowance for Credit Losses
For the Nine Months Ended September 30, 2025

	Commercial	Commercial Real Estate	Construction	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)			
Allowance for credit losses:						
Balance at beginning of period	$4,197	$6,034	$247	$22	$4,280	$14,780
Provision (reversal)	1,239	9	(247)	(4)	(1,547)	(550)
Chargeoffs	(1,597)	(191)	-	-	(3,361)	(5,149)
Recoveries	310	40	-	-	2,428	2,778
Total allowance for credit losses	$4,149	$5,892	$ -	$18	$1,800	$11,859

The allowance for credit losses for commercial real estate loans decreased in the three and nine months ended September 30, 2025 primarily due to lower commercial real estate loan balances resulting in a decrease in estimated credit losses over the remaining life of such loans. The allowance for credit losses for consumer installment and other loans decreased in the nine months ended September 30, 2025 primarily due to a decrease in estimated future credit losses based on improved delinquency and net charge-off trends and declining loan balances, primarily indirect auto loans. The chargeoffs for commercial loans increased in the three and nine months ended September 30, 2025 primarily due to a $1,559 thousand chargeoff on an individually evaluated loan.

Westamerica Bank (the "Bank"), the Company's wholly-owned subsidiary bank, provides financial services to primarily small businesses, professionals and consumers. Given the scale of these borrowers, corporate credit rating agencies do not evaluate the borrowers' financial condition. The Bank maintains a Loan Review Department which reports directly to the Audit Committee of the Board of Directors. The Loan Review Department performs independent evaluations of loans and validates management assigned credit risk grades on evaluated loans using grading standards employed by bank regulatory agencies. Loans judged to carry lower-risk attributes are assigned a "pass" grade, with a minimal likelihood of loss. Loans judged to carry higher-risk attributes are referred to as "classified loans," and are further disaggregated, with increasing expectations for loss recognition, as "substandard," "doubtful," and "loss." The Loan Review Department performs continuous evaluations throughout the year. If the Bank becomes aware of deterioration in a borrower's performance or financial condition between Loan Review Department examinations, assigned risk grades are re-evaluated promptly. Credit risk grades assigned by management and validated by the Loan Review Department are subject to review by the Bank's regulatory authorities during regulatory examinations.

The following summarizes the credit risk profile by internally assigned grade:

Credit Risk Profile by Internally Assigned Grade
At September 30, 2026

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)		
Grade:					
Pass	$97,643	$451,584	$5,746	$88,008	$642,981
Substandard	2,749	10,686	195	1,085	14,715
Doubtful	330	-	-	-	330
Loss	-	-	-	172	172
Total	$100,722	$462,270	$5,941	$89,265	$658,198

[The remainder of this page intentionally left blank]

Credit Risk Profile by Internally Assigned Grade At December 31, 2025					
	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)		
Grade:					
Pass	$114,861	$474,140	$6,983	$118,036	$714,020
Substandard	1,053	8,090	203	1,646	10,992
Doubtful	1,095	-	-	57	1,152
Loss	-	-	-	318	318
Total	$117,009	$482,230	$7,186	$120,057	$726,482

The following tables summarize loans by delinquency and nonaccrual status:

Summary of Loans by Delinquency and Nonaccrual Status At September 30, 2026						
	Current and Accruing	30-59 Days Past Due and Accruing	60-89 Days Past Due and Accruing	Past Due 90 Days or More and Accruing	Nonaccrual	Total Loans
			(In thousands)			
Commercial	$100,095	$106	$191	$ -	$330	$100,722
Commercial real estate	459,686	2,584	-	-	-	462,270
Residential real estate	5,941	-	-	-	-	5,941
Consumer installment and other	87,221	1,513	385	146	-	89,265
Total	$652,943	$4,203	$576	$146	$330	$658,198

Summary of Loans by Delinquency and Nonaccrual Status At December 31, 2025						
	Current and Accruing	30-59 Days Past Due and Accruing	60-89 Days Past Due and Accruing	Past Due 90 Days or More and Accruing	Nonaccrual	Total Loans
			(In thousands)			
Commercial	$115,595	$295	$24	$ -	$1,095	$117,009
Commercial real estate	481,664	187	-	-	379	482,230
Residential real estate	7,186	-	-	-	-	7,186
Consumer installment and other	116,657	2,428	632	340	-	120,057
Total	$721,102	$2,910	$656	$340	$1,474	$726,482

At September 30, 2026, no allowance for credit losses was allocated to loans on nonaccrual status. At December 31, 2025, $388 thousand was allocated as allowance for credit losses to one loan with a carrying balance of $388 thousand on nonaccrual status.

There were no commitments to lend additional funds to borrowers whose loans were on nonaccrual status at September 30, 2026 or December 31, 2025.

There were no loan modifications made to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2026 and September 30, 2025.

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. Loans considered collateral dependent are reassessed quarterly. Loans that were considered collateral dependent at September 30, 2026 included the following: six commercial real estate loans totaling $10,198 thousand secured by real property, three commercial loans totaling $2,052 thousand secured by real property and $118 thousand of indirect consumer installment loans secured by personal property. There were no other collateral dependent loans at September 30, 2026. Loans that were considered collateral dependent at December 31, 2025 included the following: five commercial real estate loans totaling $7.0 million secured by real property, one $182 thousand commercial loan secured by real property and $295 thousand of indirect consumer installment loans secured by personal property. There were no other collateral dependent loans at December 31, 2025.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows:

	At September 30, 2026								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2022	2023	2024	2025	2026			
	(In thousands)								
Commercial loans by grade:									
Pass	$19,260	$5,376	$4,711	$14,271	$26,306	$8,605	$78,529	$19,114	$97,643
Substandard	198	-	196	234	772	375	1,775	974	2,749
Doubtful	-	-	-	-	330	-	330	-	330
Loss	-	-	-	-	-	-	-	-	-
Total	$19,458	$5,376	$4,907	$14,505	$27,408	$8,980	$80,634	$20,088	$100,722
Current gross chargeoffs on commercial loans:									
For the three months ended September 30, 2026	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$10	$10
For the nine months ended September 30, 2026	108	-	-	-	-	-	108	10	118

	At December 31, 2025								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2021	2022	2023	2024	2025			
	(In thousands)								
Commercial loans by grade:									
Pass	$20,092	$4,407	$8,072	$6,806	$16,560	$35,914	$91,851	$23,010	$114,861
Substandard	201	-	-	-	-	446	647	406	1,053
Doubtful	-	-	-	-	-	707	707	388	1,095
Loss	-	-	-	-	-	-	-	-	-
Total	$20,293	$4,407	$8,072	$6,806	$16,560	$37,067	$93,205	$23,804	$117,009
Current gross chargeoffs on commercial loans:									
For the year ended December 31, 2025	$ -	$1,559	$ -	$5	$ -	$ -	$1,564	$33	$1,597

During 2025, $1,559 thousand was charged off on an individually evaluated commercial loan originated in 2021.

	At September 30, 2026								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2022	2023	2024	2025	2026			
	(In thousands)								
Commercial real estate loans by grade:									
Pass	$208,645	$44,866	$40,190	$66,031	$55,272	$36,580	$451,584	$ -	$451,584
Substandard	10,686	-	-	-	-	-	10,686	-	10,686
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$219,331	$44,866	$40,190	$66,031	$55,272	$36,580	$462,270	$ -	$462,270
Current gross chargeoffs on commercial real estate loans:									
For the three months ended September 30, 2026	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
For the nine months ended September 30, 2026	-	-	-	-	-	-	-	-	-

	At December 31, 2025								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2021	2022	2023	2024	2025			
	(In thousands)								
Commercial real estate loans by grade:									
Pass	$206,896	$55,247	$46,224	$41,080	$68,136	$56,557	$474,140	$ -	$474,140
Substandard	7,922	-	-	-	-	168	8,090	-	8,090
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$214,818	$55,247	$46,224	$41,080	$68,136	$56,725	$482,230	$ -	$482,230
Current gross chargeoffs on commercial real estate loans:									
For the year ended December 31, 2025	$191	$ -	$ -	$ -	$ -	$ -	$191	$ -	$191

[The remainder of this page intentionally left blank]

	At September 30, 2026								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2022	2023	2024	2025	2026			
	(In thousands)								
Residential real estate loans by grade:									
Pass	$5,746	$ -	$ -	$ -	$ -	$ -	$5,746	$ -	$5,746
Substandard	195	-	-	-	-	-	195	-	195
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$5,941	$ -	$ -	$ -	$ -	$ -	$5,941	$ -	$5,941
Current gross chargeoffs on residential real estate loans:									
For the three months ended September 30, 2026									
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
For the nine months ended September 30, 2026									
	-	-	-	-	-	-	-	-	-

	At December 31, 2025								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2021	2022	2023	2024	2025			
	(In thousands)								
Residential real estate loans by grade:									
Pass	$6,983	$ -	$ -	$ -	$ -	$ -	$6,983	$ -	$6,983
Substandard	203	-	-	-	-	-	203	-	203
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$7,186	$ -	$ -	$ -	$ -	$ -	$7,186	$ -	$7,186
Current gross chargeoffs on residential real estate loans:									
For the year ended December 31, 2025									
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

There were no construction loans outstanding at September 30, 2026 and December 31, 2025. There were no gross chargeoffs on construction loans during the nine months ended September 30, 2026 and the year ended December 31, 2025.

The Company considers the delinquency and nonaccrual status of the consumer loan portfolio and its impact on the allowance for credit losses. The following table presents the amortized cost in consumer installment and other loans based on delinquency and nonaccrual status:

	At September 30, 2026								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2022	2023	2024	2025	2026			
	(In thousands)								
Consumer installment and other loans by delinquency and nonaccrual status:									
Current	$11,102	$18,775	$12,023	$11,935	$10,652	$10,241	$74,728	$12,493	$87,221
30-59 days past due	389	343	201	193	192	195	1,513	-	1,513
60-89 days past due	79	41	41	53	90	41	345	40	385
Past due 90 days or more	23	-	19	56	-	26	124	22	146
Nonaccrual	-	-	-	-	-	-	-	-	-
Total	$11,593	$19,159	$12,284	$12,237	$10,934	$10,503	$76,710	$12,555	$89,265
Current gross chargeoffs on consumer installment and other loans:									
For the three months ended September 30, 2026									
	$110	$78	$71	$20	$48	$385	$712	$25	$737
For the nine months ended September 30, 2026									
	264	445	244	292	417	410	2,072	203	2,275

	At December 31, 2025								
	Term Loans Amortized Cost Basis by Origination Year						Total Term Loans	Line of Credit Amortized Cost Basis	Total
	Prior	2021	2022	2023	2024	2025			
	(In thousands)								
Consumer installment and other loans by delinquency and nonaccrual status:									
Current	$6,006	$17,795	$29,917	$17,712	$16,822	$14,780	$103,032	$13,625	$116,657
30-59 days past due	193	804	799	270	81	120	2,267	161	2,428
60-89 days past due	14	103	164	41	190	44	556	76	632
Past due 90 days or more	1	37	49	69	71	91	318	22	340
Nonaccrual	-	-	-	-	-	-	-	-	-
Total	$6,214	$18,739	$30,929	$18,092	$17,164	$15,035	$106,173	$13,884	$120,057
Current gross chargeoffs on consumer installment and other loans:									
For the year ended December 31, 2025									
	$250	$679	$1,551	$657	$727	$10	$3,874	$226	$4,100

There were no loans held for sale at September 30, 2026 and December 31, 2025.

The Company held no other real estate owned (OREO) at September 30, 2026 and December 31, 2025. At September 30, 2026 and December 31, 2025, there were no consumer mortgage loans outstanding secured by residential real estate properties for which formal foreclosure proceedings were in process.

Note 5: Concentration of Credit Risk

Under the California Financial Code, credit extended to any one person at any one time shall not exceed the following limitations: (a) unsecured credits shall not exceed 15 percent of the sum of the Bank's shareholders' equity, allowance for loan losses, capital notes, and debentures, or (b) secured and unsecured credits in all shall not exceed 25 percent of the sum of the Bank's shareholders' equity, allowance for credit losses, capital notes, and debentures. At September 30, 2026, the Bank did not have credit extended to any one entity exceeding these limits. At September 30, 2026, the Bank had 25 lending relationships each with aggregate amounts of $5 million or more. The Company has significant credit arrangements that are secured by real estate collateral. In addition to real estate loans outstanding as disclosed in Note 4, the Company had loan commitments related to real estate loans of $19,824 thousand and $22,358 thousand at September 30, 2026 and December 31, 2025, respectively. The Company requires collateral on all real estate loans with loan-to-value ratios at origination generally no greater than 75% on commercial real estate loans and no greater than 80% on residential real estate loans. At September 30, 2026, the Bank held corporate bonds of 106 issuing entities that exceeded $5 million for each issuer.

Note 6: Other Assets and Other Liabilities

Other assets consisted of the following:

	At September 30, 2026	At December 31, 2025
	(In thousands)	
Equity securities not held for trading at cost:		
Federal Reserve Bank stock [(1)]	$14,069	$14,069
Other investments	158	158
Total equity securities not held for trading at cost	14,227	14,227
Equity securities held for trading at fair value	247	466
Total equity securities	14,474	14,693
Bank owned life insurance cash surrender value	74,847	71,562
Net deferred tax asset	97,267	53,274
Right-of-use asset	21,410	22,206
Limited partnership investments	26,560	29,891
Interest receivable:		
Debt securities available for sale	26,220	26,276
Debt securities held to maturity	6,387	6,979
Loans	3,116	3,888
Total interest receivable	35,723	37,143
Prepaid assets	4,536	5,843
Other assets	6,962	7,155
Total other assets	$281,779	$241,767

[(1)] A bank applying for membership in the Federal Reserve System is required to subscribe to stock in the Federal Reserve Bank (FRB) in its district in a sum equal to six percent of the bank's paid-up capital stock and surplus. One-half of the amount of the bank's subscription shall be paid to the FRB and the remaining half will be subject to call when deemed necessary by the Board of Governors of the Federal Reserve System.

The Company had marketable equity securities held for trading at fair value of $247 thousand at September 30, 2026 and $466 thousand at December 31, 2025. The Company recognized unrealized losses of $8 thousand and $219 thousand in net income during the three and nine months ended September 30, 2026, respectively. The Company recognized unrealized losses of $90 thousand in net income during the three and nine months ended September 30, 2025. There were no purchases or sales of securities held for trading during the three and nine months ended September 30, 2026 and September 30, 2025.

The Company owns 211 thousand shares of Visa Inc. ("Visa") Class B-1 common stock, which have transfer restrictions and no carrying value. Following the resolution of certain litigation involving Visa, shares of Visa's Class B-1 stock will convert to shares of Visa Class A common stock based on a conversion factor (1.5400 as of September 30, 2026), which is periodically adjusted to reflect Visa's ongoing litigation costs. Given the transfer restrictions and continuing uncertainty regarding the

likelihood, ultimate timing and eventual conversion of Visa Class B-1 common stock for shares of Visa Class A common stock or other marketable classes of Visa common stock, these shares are not considered to have a readily determinable fair value and have no carrying value. Visa Class A common stock trades on the New York Stock Exchange and had a closing price of $359.33 per share on September 30, 2026, the last trading day for the third quarter 2026. The ultimate value of the Company's Visa Class B-1 shares is subject to the extent of Visa's future litigation escrow fundings, the resulting conversion rate to Visa Class A common stock, and current and future transfer restrictions on the Visa Class B-1 common stock. At September 30, 2026, the Company did not record an adjustment to the carrying value of the Visa Class B-1 shares.

The Company invests in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for low-income housing tax credits. At September 30, 2026, these investments totaled $26,560 thousand and $7,616 thousand of this amount represents outstanding equity capital commitments that are included in other liabilities. At December 31, 2025, these investments totaled $29,891 thousand and $10,518 thousand of this amount represents outstanding equity capital commitments that are included in other liabilities. At September 30, 2026, the $7,616 thousand of outstanding equity capital commitments are expected to be paid as follows: $2,631 thousand in the remainder of 2026, $2,990 thousand in 2027, $1,095 thousand in 2028, $396 thousand in 2029, $62 thousand in 2030, and $442 thousand in 2031 or thereafter.

The amounts recognized in net income for these investments include:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands)			
Investment loss included in pre-tax income	$1,110	$915	$3,330	$2,745
Tax credits recognized in provision for income taxes	1,200	975	3,600	2,925

Other liabilities consisted of the following:

	At September 30, 2026	At December 31, 2025
	(In thousands)	
Operating lease liability	$21,410	$22,206
Other liabilities	27,265	27,148
Total other liabilities	$48,675	$49,354

The Company has entered into leases for most branch locations and certain other offices that were classified as operating leases primarily with original terms of five years. Certain lease arrangements contain extension options, which can be exercised at the Company's option, for one or more additional five-year terms. Unexercised extension options are not considered reasonably certain of exercise and have not been included in the lease term used to determine the lease liability or right-of-use asset. The Company did not have any finance leases as of September 30, 2026.

As of September 30, 2026, the Company's lease liability and right-of-use asset were $21,410 thousand. The weighted average remaining life of operating leases and weighted average discount rate used to determine operating lease liabilities were 4.1 years and 3.97%, respectively, at September 30, 2026. The Company did not have any material lease incentives, unamortized initial direct costs, prepaid lease expense, or accrued lease expense as of September 30, 2026.

Total lease costs were $1,742 thousand and $5,170 thousand in the three and nine months ended September 30, 2026, respectively, and were recorded within occupancy and equipment expense. Total lease costs were $1,700 thousand and $5,071 thousand in the three and nine months ended September 30, 2025, respectively, and were recorded within occupancy and equipment expense. The Company did not have any material short-term or variable lease costs or sublease income during the nine months ended September 30, 2026 and September 30, 2025.

[The remainder of this page intentionally left blank]

The following table summarizes the remaining lease payments of operating lease liabilities:

	Minimum future lease payments At September 30, 2026
	(In thousands)
The remainder of 2026	$1,671
2027	6,579
2028	5,808
2029	4,129
2030	2,881
Thereafter	2,229
Total minimum lease payments	23,297
Less: discount	(1,887)
Present value of lease liability	$21,410

Note 7: Goodwill and Identifiable Intangible Assets

The Company has recorded goodwill and other identifiable intangibles associated with purchase business combinations. Goodwill is not amortized, but is evaluated for impairment at least annually. The Company did not recognize impairment during the nine months ended September 30, 2026 and the year ended December 31, 2025, as no triggering events occurred during such periods. Identifiable intangibles are amortized to their estimated residual values over their expected useful lives. Such lives and residual values are also periodically reassessed to determine if any amortization period adjustments are indicated. The Company's identifiable intangible assets were fully amortized in the year ended December 31, 2025.

The carrying values of goodwill were:

	At September 30, 2026	At December 31, 2025
	(In thousands)	
Goodwill	$121,673	$121,673

Note 8: Deposits and Borrowed Funds

The following table provides additional detail regarding deposits.

	Deposits	
	At September 30, 2026	At December 31, 2025
	(In thousands)	
Noninterest-bearing	$2,166,615	$2,252,490
Interest-bearing:		
Transaction	944,441	907,124
Savings	1,645,363	1,613,384
Time deposits less than $100 thousand	37,402	39,845
Time deposits $100 thousand through $250 thousand	16,163	19,708
Time deposits more than $250 thousand	6,381	7,468
Total deposits	$4,816,365	$4,840,019

Demand deposit overdrafts of $490 thousand and $769 thousand were included as loan balances at September 30, 2026 and December 31, 2025, respectively. Interest expense for aggregate time deposits with individual account balances in excess of $100 thousand was $9 thousand and $30 thousand for the three and nine months ended September 30, 2026, respectively, and $12 thousand and $43 thousand for the three and nine months ended September 30, 2025, respectively.

The following table provides additional detail regarding short-term borrowed funds.

	Repurchase Agreements (Sweep) Accounted for as Secured Borrowings	
	Remaining Contractual Maturity of the Agreements Overnight and Continuous	
	At September 30, 2026	At December 31, 2025
Repurchase agreements:	(In thousands)	
Collateral securing borrowings:		
Agency residential MBS	$14,416	$17,799
Corporate securities	389,313	398,465
Total collateral carrying value	$403,729	$416,264
Total short-term borrowed funds	$139,062	$137,298

At September 30, 2026, the Company had access to borrowing from the Federal Reserve up to $767,994 thousand based on the collateral pledged at September 30, 2026. The Company had a $60,000 thousand line of credit with a correspondent bank at September 30, 2026. There were no borrowings from the Federal Reserve Bank or correspondent banks at September 30, 2026.

Note 9: Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Debt securities available for sale are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as other real estate owned, loans individually evaluated for credit loss, certain loans held for investment, debt securities held to maturity, and other assets. These nonrecurring fair value adjustments typically involve the lower-of-cost or fair-value accounting of individual assets.

In accordance with the Fair Value Measurement and Disclosure topic of the FASB Accounting Standards Codification, the Company bases its fair values on the price that would be received to sell an asset or paid to transfer a liability in the principal market or most advantageous market for an asset or liability in an orderly transaction between market participants on the measurement date under current market conditions. A fair value measurement reflects all of the assumptions that market participants would use in pricing the asset or liability, including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, and the risk of nonperformance.

The Company groups its assets and liabilities measured at fair value into a three-level hierarchy, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. When the valuation assumptions used to measure the fair value of the asset or liability are categorized within different levels of the fair value hierarchy, the asset or liability is categorized in its entirety within the lowest level of the hierarchy. These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active exchange markets, such as the New York Stock Exchange. Level 1 includes U.S. Treasury and equity securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based upon 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 in the market. Level 2 includes mutual funds, federal agency securities, mortgage-backed securities, corporate securities, commercial paper, collateralized loan obligations, municipal bonds and securities of U.S. government entities and U.S. government sponsored entities.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company’s estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The Company relies on independent vendor pricing services to measure fair value for equity securities, debt securities available for sale and debt securities held to maturity. The Company employs three pricing services. To validate the pricing of these vendors, the Company compares vendors’ pricing for each of the securities for consistency; significant pricing differences, if

any, are evaluated using all available independent quotes with the quote most closely reflecting the market generally used as the fair value estimate. In addition, the Company evaluates debt securities for credit losses on a quarterly basis. As with any valuation technique used to estimate fair value, changes in underlying assumptions used could significantly affect the results of current and future values. Accordingly, these fair value estimates may not be realized in an actual sale of the securities.

The Company regularly reviews the valuation techniques and assumptions used by its vendors and determines which valuation techniques are utilized based on observable market inputs for the type of securities being measured. The Company uses the information to determine the placement in the fair value hierarchy as level 1, 2 or 3.

Assets Recorded at Fair Value on a Recurring Basis

The tables below present assets measured at fair value on a recurring basis on the dates indicated.

	At September 30, 2026			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) [1]
	(In thousands)			
Debt securities available for sale:				
Agency residential MBS	$128,693	$ -	$128,693	$ -
Agency commercial MBS	1,285,739	-	1,285,739	-
Securities of U.S. Government sponsored entities	287,637	-	287,637	-
Obligations of states and political subdivisions	28,977	-	28,977	-
Corporate securities	1,712,385	-	1,712,385	-
Collateralized loan obligations	152,389	-	152,389	-
Total debt securities available for sale	3,595,820	-	3,595,820	-
Equity securities held for trading	247	247	-	-
Total securities measured at fair value	$3,596,067	$247	$3,595,820	$ -

[1] There were no transfers into or out of level 3 during the nine months ended September 30, 2026.

	At December 31, 2025			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) [1]
	(In thousands)			
Debt securities available for sale:				
Agency residential MBS	$184,346	$ -	$184,346	$ -
Agency commercial MBS	707,560	-	707,560	-
Securities of U.S. Government sponsored entities	302,412	-	302,412	-
Obligations of states and political subdivisions	45,722	-	45,722	-
Corporate securities	1,804,080	-	1,804,080	-
Collateralized loan obligations	424,614	-	424,614	-
Total debt securities available for sale	3,468,734	-	3,468,734	-
Equity securities held for trading	466	466	-	-
Total securities measured at fair value	$3,469,200	$466	$3,468,734	$ -

[1] There were no transfers into or out of level 3 during the year ended December 31, 2025.

Assets Recorded at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower-of-cost or fair-value accounting of individual assets. For assets measured at fair value on a nonrecurring basis that were recorded in the balance sheet at September

30, 2026 and December 31, 2025, the following tables provide the level of valuation assumptions used to determine each adjustment and the carrying value of the related assets at period end.

	At September 30, 2026				For the Nine Months Ended September 30, 2026
	Carrying Value	Level 1	Level 2	Level 3	Total Losses
			(In thousands)		
Loans:					
Commercial	$330	$ -	$ -	$330	$93
Total assets measured at fair value on a nonrecurring basis	$330	$ -	$ -	$330	$93

	At December 31, 2025				For the Year Ended December 31, 2025
	Carrying Value	Level 1	Level 2	Level 3	Total Losses
			(In thousands)		
Loans:					
Commercial	$707	$ -	$ -	$707	$ -
Total assets measured at fair value on a nonrecurring basis	$707	$ -	$ -	$707	$ -

Level 3 – Valuation is based upon present value of expected future cash flows, independent market prices or estimated liquidation values of loan collateral, generally. The unobservable inputs and qualitative information about the inputs are not presented as the inputs were not developed by the Company.

Disclosures about Fair Value of Financial Instruments

The tables below are a summary of fair value estimates for financial instruments and the level of the fair value hierarchy within which the fair value measurements are categorized, excluding financial instruments recorded at fair value on a recurring basis. The values assigned do not necessarily represent amounts which ultimately may be realized for assets or paid to settle liabilities. In addition, these values do not give effect to adjustments to fair value which may occur when financial instruments are sold or settled in larger quantities. The carrying amounts in the following tables are recorded in the balance sheet under the indicated captions.

The Company has not included assets and liabilities that are not financial instruments such as goodwill, long-term relationships with deposit, merchant processing and trust customers, other purchased intangibles, premises and equipment, deferred taxes, and other assets and liabilities. The total estimated fair values do not represent, and should not be construed to represent, the underlying value of the Company.

	At September 30, 2026				
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(In thousands)		
Financial Assets:					
Cash and due from banks	$322,510	$322,510	$322,510	$ -	$ -
Debt securities held to maturity	798,717	760,219	-	760,219	-
Loans	647,685	637,890	-	-	637,890
Financial Liabilities:					
Deposits	$4,816,365	$4,813,935	$ -	$4,756,419	$57,516
Securities sold under repurchase agreements	139,062	139,062	-	139,062	-

[The remainder of this page intentionally left blank]

	At December 31, 2025				
	Carrying Amount	Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets:			(In thousands)		
Cash and due from banks	$567,801	$567,801	$567,801	$ -	$ -
Debt securities held to maturity	819,574	812,580	-	812,580	-
Loans	714,909	716,439	-	-	716,439
Financial Liabilities:					
Deposits	$4,840,019	$4,836,933	$ -	$4,772,998	$63,935
Securities sold under repurchase agreements	137,298	137,298	-	137,298	-

The majority of the Company's standby letters of credit and other commitments to extend credit carry current market interest rates if converted to loans. No premium or discount was ascribed to these commitments because virtually all funding would be at current market rates.

Note 10: Commitments and Contingent Liabilities

Loan commitments are agreements to lend to a customer provided there is no violation of any condition established in the agreement. Certain agreements provide the Company the right to cancel or reduce its obligations to lend to customers. The portions that are equity based and not unconditionally cancellable by the Company aggregated $19,824 thousand at September 30, 2026 and $22,358 thousand at December 31, 2025. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future funding requirements. Loan commitments are subject to the Company's normal credit policies and collateral requirements. Unfunded loan commitments were $147,752 thousand at September 30, 2026 and $162,625 thousand at December 31, 2025. Standby letters of credit commit the Company to make payments on behalf of customers when certain specified future events occur. Standby letters of credit are primarily issued to support customers' short-term financing requirements and must meet the Company's normal credit policies and collateral requirements. Financial and performance standby letters of credit outstanding totaled $631 thousand at September 30, 2026 and $562 thousand at December 31, 2025. The Company had no commitments for commercial and similar letters of credit at September 30, 2026 or at December 31, 2025. The Company had $1,025 thousand in outstanding full recourse guarantees to a third party credit card company at September 30, 2026 and December 31, 2025. The Company had a $201 thousand reserve for certain unfunded loan commitments at September 30, 2026 and December 31, 2025, respectively. The reserve for unfunded commitments is included in other liabilities.

Due to the nature of its business, the Company is subject to various threatened or filed legal cases. Based on the advice of legal counsel, the Company does not expect such cases will have a material, adverse effect on its financial position or results of operations. Legal liabilities are accrued when obligations become probable and the amount can be reasonably estimated.

[The remainder of this page intentionally left blank]

Note 11: Earnings Per Common Share

The table below shows earnings per common share and diluted earnings per common share. Basic earnings per common share are computed by dividing net income by the average number of common shares outstanding during the period. Diluted earnings per common share are computed by dividing net income by the average number of common shares outstanding during the period plus the impact of common stock equivalents.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands, except per share data)			
Net income applicable to common equity (numerator)	$28,152	$28,263	$82,892	$88,366
Basic earnings per common share				
Weighted average number of common shares outstanding - basic (denominator)	23,084	25,341	23,561	25,953
Basic earnings per common share	$1.22	$1.12	$3.52	$3.40
Diluted earnings per common share				
Weighted average number of common shares outstanding - basic	23,084	25,341	23,561	25,953
Add common stock equivalents for options	39	-	18	-
Weighted average number of common shares outstanding - diluted (denominator)	23,123	25,341	23,579	25,953
Diluted earnings per common share	$1.22	$1.12	$3.52	$3.40

For the three and nine months ended September 30, 2026, options to purchase 207 thousand and 738 thousand shares of common stock, respectively, were outstanding but not included in the computation of diluted earnings per common share because the option exercise price exceeded the fair value of the stock such that their inclusion would have had an anti-dilutive effect.

For the three and nine months ended September 30, 2025, options to purchase 1,226 thousand and 1,253 thousand shares of common stock, respectively, were outstanding but not included in the computation of diluted earnings per common share because the option exercise price exceeded the fair value of the stock such that their inclusion would have had an anti-dilutive effect.

Note 12: Operating Segments

The Company's reportable segment is determined by the Chief Financial Officer, who is the designated chief decision maker, based upon information provided about the Company's products and services offered, primarily banking operations. Loans, investments, and deposits provide revenues in the banking operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operations. While the chief decision-maker monitors the revenue streams of the various products and services, operations are managed, and financial performance is evaluated on a Company-wide basis as reflected in the consolidated financial statements contained in this report. The consolidated net income is used to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation.

[The remainder of this page intentionally left blank]

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

WESTAMERICA BANCORPORATION
FINANCIAL SUMMARY

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands, except per share data)			
Net Interest and Loan Fee Income (FTE)[1]	$53,522	$53,846	$158,886	$164,798
(Reversal of) Provision for Credit Losses	-	-	(300)	(550)
Noninterest Income	10,703	10,151	30,604	30,787
Noninterest Expense	26,218	25,800	78,166	76,456
Income Before Income Taxes (FTE)[1]	38,007	38,197	111,624	119,679
Income Tax Provision (FTE)[1]	9,855	9,934	28,732	31,313
Net Income	$28,152	$28,263	$82,892	$88,366
Average Common Shares Outstanding	23,084	25,341	23,561	25,953
Average Diluted Common Shares Outstanding	23,123	25,341	23,579	25,953
Common Shares Outstanding at Period End	23,084	25,107		
Per Common Share:				
Basic Earnings	$1.22	$1.12	$3.52	$3.40
Diluted Earnings	1.22	1.12	3.52	3.40
Book Value	34.21	37.11		
Financial Ratios:				
Return on Assets	1.86%	1.86%	1.85%	1.94%
Return on Common Equity	11.47%	10.92%	11.26%	11.36%
Net Interest Margin (FTE)[1]	3.81%	3.80%	3.78%	3.85%
Net Loan Losses to Average Loans	(0.17)%	(1.03)%	(0.15)%	(0.41)%
Efficiency Ratio[2]	40.8%	40.3%	41.3%	39.1%
Average Balances:				
Assets	$5,992,606	$6,018,937	$5,998,309	$6,082,169
Loans	661,291	744,046	684,095	765,231
Debt Securities	4,641,400	4,160,656	4,551,054	4,253,882
Deposits	4,813,780	4,806,568	4,810,612	4,868,418
Shareholders' Equity	973,799	1,026,618	984,642	1,039,802
Period End Balances:				
Assets	$5,793,774	$5,914,438		
Loans	658,198	741,579		
Debt Securities	4,394,538	4,131,830		
Deposits	4,816,365	4,793,179		
Shareholders' Equity	789,672	931,646		
Capital Ratios at Period End:				
Total Risk Based Capital	24.29%	23.30%		
Tangible Equity to Tangible Assets	11.78%	13.98%		
Dividends Paid Per Common Share	$0.48	$0.46	$1.42	$1.36
Common Dividend Payout Ratio	39%	41%	40%	40%

The above financial summary has been derived from the Company's unaudited consolidated financial statements. This information should be read in conjunction with those statements, notes and the other information included elsewhere herein. Percentages under the heading "Financial Ratios" are annualized with the exception of the efficiency ratio.

[1] Yields on securities and certain loans have been adjusted upward to a "fully taxable equivalent" ("FTE") basis in order to reflect the effect of income which is exempt from federal income taxation at the current statutory tax rate.

[2] The efficiency ratio is defined as noninterest expense divided by total revenue (net interest income on an FTE basis and noninterest income).

Financial Overview

Westamerica Bancorporation and subsidiaries (collectively, the "Company") reported net income of $28.2 million or $1.22 diluted earnings per common share ("EPS") in the three months ended September 30, 2026 compared with net income of $28.3 million or $1.12 EPS in the three months ended September 30, 2025. The Company reported net income of $82.9 million or $3.52 EPS for the nine months ended September 30, 2026, including a $300 thousand reversal of provision for credit losses compared with $88.4 million or $3.40 EPS for the nine months ended September 30, 2025, including a $550 thousand reversal of provision for credit losses and a $208 thousand bank owned life insurance gain.

The Federal Open Market Committee of the Federal Reserve Board ("FOMC") raised the target federal funds rate by 0.25 percent to the range of 3.75 to 4.00 percent in September 2026. The FOMC press release in September 2026 stated, "Economic activity is expanding at a solid pace. While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth is strong, and capital investment is robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Inflation remains elevated. Today's policy action will support a timelier return to the Committee's 2 percent goal. The Committee will deliver price stability." The interest rate paid on reserve balances at the Federal Reserve Bank increased to 3.90 percent in September 2026. The Bank maintains reserve balances at the Federal Reserve Bank; the amount that earns interest is identified as "interest-bearing cash".

Management continues to evaluate the impacts of inflation, the Federal Reserve's monetary policy, the impacts of the war in the Middle East, tariffs, international trade tensions, and climate changes on the Company's business. Any one or a combination of such risk factors, or other factors, could materially adversely affect the Company's business, financial condition, results of operations and prospects. The extent of the impact on the Company's results of operations, cash flow, liquidity, and financial performance, as well as the Company's ability to execute near- and long-term business strategies and initiatives, will depend on numerous evolving factors and future developments, which are highly uncertain and cannot be reasonably predicted.

The Company presents its net interest margin and net interest income on a fully taxable equivalent ("FTE") basis using the current statutory federal tax rate. Management believes the FTE basis is valuable to the reader because the Company's loan and investment securities portfolios contain municipal loans and securities that are federally tax exempt. The Company's tax exempt loans and securities composition may not be similar to that of other banks, therefore in order to reflect the impact of the federally tax exempt loans and securities on the net interest margin and net interest income for comparability with other banks, the Company presents its net interest margin and net interest income on an FTE basis.

The Company's significant accounting policies (see Note 1 "Summary of Significant Accounting Policies" to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 and Note 2 "Accounting Policies" to the unaudited consolidated financial statements in this Form 10-Q) are fundamental to understanding the Company's results of operations and financial condition.

[The remainder of this page intentionally left blank]

Net Income

Following is a summary of the components of net income for the periods indicated:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands, except per share data)			
Net interest and loan fee income	$53,350	$53,589	$158,301	$163,962
FTE	172	257	585	836
Net interest and loan fee income (FTE)	53,522	53,846	158,886	164,798
(Reversal of) provision for credit losses	-	-	(300)	(550)
Noninterest income	10,703	10,151	30,604	30,787
Noninterest expense	26,218	25,800	78,166	76,456
Income before taxes (FTE)	38,007	38,197	111,624	119,679
Income tax provision (FTE)	9,855	9,934	28,732	31,313
Net income	$28,152	$28,263	$82,892	$88,366
Average diluted common shares	23,123	25,341	23,579	25,953
Diluted earnings per common share	$1.22	$1.12	$3.52	$3.40
Average total assets	$5,992,606	$6,018,937	$5,998,309	$6,082,169
Net income to average total assets (annualized)	1.86%	1.86%	1.85%	1.94%
Net income to average common shareholders' equity (annualized)	11.47%	10.92%	11.26%	11.36%

Net income for the three months ended September 30, 2026 decreased $111 thousand compared with the three months ended September 30, 2025 primarily due to lower net interest and loan fee income (FTE) and higher noninterest expense, partially offset by higher noninterest income and lower tax provision (FTE). Net interest and loan fee income (FTE) decreased $324 thousand in the three months ended September 30, 2026 compared with the three months ended September 30, 2025 primarily due to lower average balances of loans and interest-bearing cash and lower yield on interest-bearing cash, partially offset by higher average balances of investment securities and higher yield on loans and investment securities. Based on the results of its current expected credit losses ("CECL") model and Management's estimate of credit losses over the remaining life of its loans, the Company provided no provision for credit losses in the three months ended September 30, 2026 and in the three months ended September 30, 2025. Noninterest income for the three months ended September 30, 2026 increased compared with the three months ended September 30, 2025. Merchant processing services, trust fee income and service charges on deposit accounts were higher in the three months ended September 30, 2026, partially offset by lower debit card fee income. Noninterest expense for the three months ended September 30, 2026 increased compared with the three months ended September 30, 2025 primarily due to increases in occupancy and equipment and estimated limited partnership operating losses. The tax rate (FTE) was 25.9% for the three months ended September 30, 2026 and 26.0% for the three months ended September 30, 2025.

Net income for the nine months ended September 30, 2026 decreased $5.5 million compared with the nine months ended September 30, 2025 primarily due to lower net interest and loan fee income (FTE), lower noninterest income and higher noninterest expense, partially offset by lower tax provision (FTE). Net interest and loan fee income (FTE) decreased $5.9 million in the nine months ended September 30, 2026 compared with the nine months ended September 30, 2025 primarily due to lower average balances of loans, interest-bearing cash, and lower yield on interest-bearing cash, partially offset by higher average balances of investment securities and higher yield on loans. Based on the results of its CECL model and Management's estimate of credit losses over the remaining life of its loans, the Company recorded a $300 thousand reversal of provision for credit losses in the nine months ended September 30, 2026, which was included in the three months ended March 31, 2026. The Company recorded a $550 thousand reversal of provision for credit losses in the nine months ended September 30, 2025, which was included in the three months ended March 31, 2025. Noninterest income for the nine months ended September 30, 2026 declined compared to the same period in 2025, primarily due to reduced debit card fee revenue, the recognition of unrealized losses on securities, and gains from bank-owned life insurance recorded in 2025. These impacts were partially offset by increased merchant processing services and trust fee income. Noninterest expense for the nine months ended September 30, 2026 increased compared with the nine months ended September 30, 2025 primarily due to higher salaries and related benefits, occupancy and equipment, outsourced data processing services, professional fees, estimated limited partnership operating losses and courier service expense, partially offset by lower other noninterest expense. The tax rate (FTE) was 25.7% for the nine months ended September 30, 2026 and 26.2% for the nine months ended September 30, 2025.

Net Interest and Loan Fee Income (FTE)

The Company's primary source of revenue is net interest income, or the difference between interest income earned on loans and investment securities and interest expense paid on interest-bearing deposits and other borrowings.

The following summarizes the components of the Company's net interest margin (FTE) for the periods indicated.

	For the Three Months		For the Nine Months	
	Ended September 30,			
	2026	2025	2026	2025
	($ in thousands)			
Interest and loan fee income	$56,969	$57,234	$168,536	$174,192
FTE adjustment	172	257	585	836
Interest expense	3,619	3,645	10,235	10,230
Net interest and loan fee income (FTE)	$53,522	$53,846	$158,886	$164,798
Average earning assets	$5,593,967	$5,621,797	$5,605,113	$5,689,058
Net interest margin (FTE) (annualized)	3.81%	3.80%	3.78%	3.85%

Net interest and loan fee income (FTE) decreased $324 thousand in the three months ended September 30, 2026 compared with the three months ended September 30, 2025 primarily due to lower average balances of loans (down $83 million) and interest-bearing cash (down $426 million) and lower yield on interest-bearing cash (down 0.68%), partially offset by higher average balances of investment securities (up $481 million), higher yield on loans (up 0.23%) and investment securities (up 0.11%).

Net interest and loan fee income (FTE) decreased $5.9 million in the nine months ended September 30, 2026 compared with the nine months ended September 30, 2025 primarily due to lower average balances of loans (down $81 million), interest-bearing cash (down $300 million), and lower yield on interest-bearing cash (down 0.73%), partially offset by higher average balances of investment securities (up $297 million) and higher yield on loans (up 0.18%).

The annualized yield on earning assets (FTE) was 4.07% and 4.02% in the three and nine months ended September 30, 2026, respectively, compared with 4.06% and 4.09% in the three and nine months ended September 30, 2025, respectively. The annualized net interest margin (FTE) was 3.81% and 3.78% in the three and nine months ended September 30, 2026, respectively, compared with 3.80% and 3.85% in the three and nine months ended September 30, 2025, respectively.

The Company’s annualized funding costs were 0.26% in the three months ended September 30, 2026 and September 30, 2025, and 0.24% in the nine months ended September 30, 2026 and September 30, 2025. Noninterest bearing deposits represented 45% and 46% of average deposits in the nine months ended September 30, 2026 and September 30, 2025, respectively. Average balances of checking and saving deposits accounted for 99% of average total deposits in the nine months ended September 30, 2026 and 98% in the nine months ended September 30, 2025.

Net Interest Margin (FTE)

The following summarizes the components of the Company's net interest margin (FTE) for the periods indicated.

	For the Three Months		For the Nine Months	
	Ended September 30,			
	2026	2025	2026	2025
Yield on earning assets (FTE)	4.07%	4.06%	4.02%	4.09%
Rate paid on interest-bearing liabilities	0.52%	0.53%	0.49%	0.50%
Net interest spread (FTE)	3.55%	3.53%	3.53%	3.59%
Impact of noninterest-bearing demand deposits	0.26%	0.27%	0.25%	0.26%
Net interest margin (FTE)	3.81%	3.80%	3.78%	3.85%

The Company’s yield on earning assets is primarily affected by collateralized loan obligations (CLOs), agency mortgage backed securities and interest-bearing cash. The volume of higher-yielding CLOs declined due to calls and principal paydowns. Newly purchased investment securities have lower yields compared with CLOs. The CLOs have interest coupons that change once

every three months by the amount of change in the three-month SOFR base rate. The interest-bearing cash yield changes by the amount of change in the overnight federal funds rate on the effective date declared by the FOMC. The target rate for the federal funds decreased 0.75% in September through December 2025 until the FOMC increased it by 0.25% in September 2026.

The Company's yield on earning assets during the three months ended September 30, 2026 increased compared with the three months ended September 30, 2025. The average balance and yield of CLOs for the three months ended September 30, 2026 was $179 million yielding 5.66% compared with $659 million yielding 6.24% for the three months ended September 30, 2025. The average balance and yield of agency mortgage backed securities for the three months ended September 30, 2026 was $1,469 million yielding 4.90% compared with $433 million yielding 3.89% for the three months ended September 30, 2025. The average balance of interest-bearing cash for the three months ended September 30, 2026 was $277 million yielding 3.69% compared with $703 million yielding 4.37% for the three months ended September 30, 2025.

The Company's yield on earning assets during the nine months ended September 30, 2026 decreased compared with the nine months ended September 30, 2025. The average balance and yield of CLOs for the nine months ended September 30, 2026 was $258 million yielding 5.64% compared with $788 million yielding 6.25% for the nine months ended September 30, 2025. The average balance and yield of agency mortgage backed securities for the nine months ended September 30, 2026 was $1,272 million yielding 4.78% compared with $356 million yielding 3.45% for the nine months ended September 30, 2025. The average balance of interest-bearing cash for the nine months ended September 30, 2026 was $355 million yielding 3.66% compared with $656 million yielding 4.39% for the nine months ended September 30, 2025. The Company has other earning assets with variable yields such as commercial loans and lines of credit, consumer lines of credit and adjustable rate residential real estate loans, which are included in "other taxable loans" in the following "Summary of Average Balances, Yields/Rates and Interest Differential."

[The remainder of this page intentionally left blank]

Summary of Average Balances, Yields/Rates and Interest Differential

The following tables present information regarding the consolidated average assets, liabilities and shareholders' equity, the amounts of interest income earned from average interest earning assets and the resulting yields, and the amounts of interest expense incurred on average interest-bearing liabilities and the resulting rates. Average loan balances include nonperforming loans. Interest income includes the reversal of previously accrued interest on loans placed on nonaccrual status during the period, proceeds from loans on nonaccrual status only to the extent cash payments have been received and applied as interest income, and accretion of purchased loan discounts. Yields, rates and interest margins are annualized. Yields on tax-exempt securities and loans have been adjusted upward to reflect the effect of income exempt from federal income taxation at the federal statutory tax rate of 21 percent.

Distribution of Assets, Liabilities & Shareholders' Equity and Yields, Rates & Interest Margin

	For the Three Months Ended September 30, 2026		
	Average Balance	Interest Income/ Expense	Yields/ Rates
		($ in thousands)	
Assets			
Investment securities:			
Taxable	$4,606,841	$44,389	3.85%
Tax-exempt [1]	49,036	582	4.75%
Total investments [1]	4,655,877	44,971	3.86%
Loans:			
Taxable	637,794	9,313	5.79%
Tax-exempt [1]	23,497	250	4.25%
Total loans [1]	661,291	9,563	5.74%
Total interest-bearing cash	276,799	2,607	3.69%
Total interest-earning assets [1]	5,593,967	57,141	4.07%
Other assets	398,639		
Total assets	$5,992,606		
Liabilities and shareholders' equity			
Noninterest-bearing demand	$2,170,613	$-	- %
Savings and interest-bearing transaction	2,581,215	3,347	0.51%
Time less than $100,000	41,424	31	0.30%
Time $100,000 or more	20,528	9	0.17%
Total interest-bearing deposits	2,643,167	3,387	0.51%
Securities sold under repurchase agreements	143,289	232	0.64%
Total interest-bearing liabilities	2,786,456	3,619	0.52%
Other liabilities	61,738		
Shareholders' equity	973,799		
Total liabilities and shareholders' equity	$5,992,606		
Net interest spread [1] [2]			3.55%
Net interest and fee income and interest margin [1] [3]		$53,522	3.81%

[1] Amounts calculated on an FTE basis using the current statutory federal tax rate.

[2] Net interest spread represents the average yield earned on interest-earning assets less the average rate incurred on interest-bearing liabilities.

[3] Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets. The net interest margin is greater than the net interest spread due to the benefit of noninterest-bearing demand deposits.

Distribution of Assets, Liabilities & Shareholders' Equity and Yields, Rates & Interest Margin

	For the Three Months Ended September 30, 2025		
	Average Balance	Interest Income/ Expense	Yields/ Rates
		($ in thousands)	
Assets			
Investment securities:			
Taxable	$4,078,003	$38,402	3.77%
Tax-exempt [1]	97,227	928	3.82%
Total investments [1]	4,175,230	39,330	3.75%
Loans:			
Taxable	714,101	10,012	5.56%
Tax-exempt [1]	29,945	309	4.13%
Total loans [1]	744,046	10,321	5.51%
Total interest-bearing cash	702,521	7,840	4.37%
Total interest-earning assets [1]	5,621,797	57,491	4.06%
Other assets	397,140		
Total assets	$6,018,937		
Liabilities and shareholders' equity			
Noninterest-bearing demand	$2,201,644	$-	- %
Savings and interest-bearing transaction	2,531,763	3,406	0.53%
Time less than $100,000	47,490	35	0.29%
Time $100,000 or more	25,671	12	0.19%
Total interest-bearing deposits	2,604,924	3,453	0.53%
Securities sold under repurchase agreements	119,586	192	0.64%
Total interest-bearing liabilities	2,724,510	3,645	0.53%
Other liabilities	66,165		
Shareholders' equity	1,026,618		
Total liabilities and shareholders' equity	$6,018,937		
Net interest spread [1] [2]			3.53%
Net interest and fee income and interest margin [1] [3]		$53,846	3.80%

[1] Amounts calculated on an FTE basis using the current statutory federal tax rate.

[2] Net interest spread represents the average yield earned on interest-earning assets less the average rate incurred on interest-bearing liabilities.

[3] Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets. The net interest margin is greater than the net interest spread due to the benefit of noninterest-bearing demand deposits.

[The remainder of this page intentionally left blank]

Distribution of Assets, Liabilities & Shareholders' Equity and Yields, Rates & Interest Margin

	For the Nine Months Ended September 30, 2026		
	Average Balance	Interest Income/ Expense	Yields/ Rates
		($ in thousands)	
Assets			
Investment securities:			
Taxable	$4,502,795	$128,005	3.79%
Tax-exempt [1]	62,766	2,034	4.32%
Total investments [1]	4,565,561	130,039	3.79%
Loans:			
Taxable	659,052	28,426	5.77%
Tax-exempt [1]	25,043	792	4.23%
Total loans [1]	684,095	29,218	5.71%
Total interest-bearing cash	355,457	9,864	3.66%
Total interest-earning assets [1]	5,605,113	169,121	4.02%
Other assets	393,196		
Total assets	$5,998,309		
Liabilities and shareholders' equity			
Noninterest-bearing demand	$2,181,895	$-	- %
Savings and interest-bearing transaction	2,564,014	9,463	0.49%
Time less than $100,000	42,514	93	0.29%
Time $100,000 or more	22,189	30	0.18%
Total interest-bearing deposits	2,628,717	9,586	0.49%
Securities sold under repurchase agreements	140,338	649	0.62%
Total interest-bearing liabilities	2,769,055	10,235	0.49%
Other liabilities	62,717		
Shareholders' equity	984,642		
Total liabilities and shareholders' equity	$5,998,309		
Net interest spread [1] [2]			3.53%
Net interest and fee income and interest margin [1] [3]		$158,886	3.78%

[1] Amounts calculated on an FTE basis using the current statutory federal tax rate.

[2] Net interest spread represents the average yield earned on interest-earning assets less the average rate incurred on interest-bearing liabilities.

[3] Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets. The net interest margin is greater than the net interest spread due to the benefit of noninterest-bearing demand deposits.

[The remainder of this page intentionally left blank]

Distribution of Assets, Liabilities & Shareholders' Equity and Yields, Rates & Interest Margin

	For the Nine Months Ended September 30, 2025		
	Average Balance	Interest Income/ Expense	Yields/ Rates
		($ in thousands)	
Assets			
Investment securities:			
Taxable	$4,162,787	$118,529	3.80%
Tax-exempt [1]	105,439	3,027	3.83%
Total investments [1]	4,268,226	121,556	3.78%
Loans:			
Taxable	732,922	30,656	5.59%
Tax-exempt [1]	32,309	1,000	4.13%
Total loans [1]	765,231	31,656	5.53%
Total interest-bearing cash	655,601	21,816	4.39%
Total interest-earning assets [1]	5,689,058	175,028	4.09%
Other assets	393,111		
Total assets	$6,082,169		
Liabilities and shareholders' equity			
Noninterest-bearing demand	$2,246,259	$-	- %
Savings and interest-bearing transaction	2,545,359	9,574	0.50%
Time less than $100,000	49,335	110	0.30%
Time $100,000 or more	27,465	43	0.21%
Total interest-bearing deposits	2,622,159	9,727	0.50%
Securities sold under repurchase agreements	107,045	503	0.63%
Total interest-bearing liabilities	2,729,204	10,230	0.50%
Other liabilities	66,904		
Shareholders' equity	1,039,802		
Total liabilities and shareholders' equity	$6,082,169		
Net interest spread [1] [2]			3.59%
Net interest and fee income and interest margin [1] [3]		$164,798	3.85%

[1] Amounts calculated on an FTE basis using the current statutory federal tax rate.

[2] Net interest spread represents the average yield earned on interest-earning assets less the average rate incurred on interest-bearing liabilities.

[3] Net interest margin is computed by calculating the difference between interest income and expense, divided by the average balance of interest-earning assets. The net interest margin is greater than the net interest spread due to the benefit of noninterest-bearing demand deposits.

[The remainder of this page intentionally left blank]

Summary of Changes in Interest Income and Expense due to Changes in Average Asset & Liability Balances and Yields Earned & Rates Paid

The following tables set forth a summary of the changes in interest income and interest expense due to changes in average assets and liability balances (volume) and changes in average interest yields/rates for the periods indicated. Changes not solely attributable to volume or yields/rates have been allocated in proportion to the respective volume and yield/rate components.

Summary of Changes in Interest Income and Expense

	For the Three Months Ended September 30, 2026 Compared with For the Three Months Ended September 30, 2025		
	Volume	Yield/Rate	Total
	(In thousands)		
Increase (decrease) in interest and loan fee income:			
Investment securities:			
Taxable	$4,980	$1,007	$5,987
Tax-exempt [(1)]	(460)	114	(346)
Total investments [(1)]	4,520	1,121	5,641
Loans:			
Taxable	(1,069)	370	(699)
Tax-exempt [(1)]	(66)	7	(59)
Total loans [(1)]	(1,135)	377	(758)
Total interest-bearing cash	(4,751)	(482)	(5,233)
Total (decrease) increase in interest and loan fee income [(1)]	(1,366)	1,016	(350)
Increase (decrease) in interest expense:			
Deposits:			
Savings and interest-bearing transaction	66	(125)	(59)
Time less than $100,000	(4)	-	(4)
Time $100,000 or more	(2)	(1)	(3)
Total interest-bearing deposits	60	(126)	(66)
Securities sold under repurchase agreements	40	-	40
Total increase (decrease) in interest expense	100	(126)	(26)
(Decrease) increase in net interest and loan fee income [(1)]	($1,466)	$1,142	($324)

[(1)] Amounts calculated on an FTE basis using the current statutory federal tax rate.

[The remainder of this page intentionally left blank]

Summary of Changes in Interest Income and Expense

	For the Nine Months Ended September 30, 2026 Compared with For the Nine Months Ended September 30, 2025		
	Volume	Yield/Rate	Total
	(In thousands)		
Increase (decrease) in interest and loan fee income:			
Investment securities:			
Taxable	$9,681	($205)	$9,476
Tax-exempt [(1)]	(1,225)	232	(993)
Total investments [(1)]	8,456	27	8,483
Loans:			
Taxable	(3,090)	860	(2,230)
Tax-exempt [(1)]	(227)	19	(208)
Total loans [(1)]	(3,317)	879	(2,438)
Total interest-bearing cash	(9,982)	(1,970)	(11,952)
Total decrease in interest and loan fee income [(1)]	(4,843)	(1,064)	(5,907)
Increase (decrease) in interest expense:			
Deposits:			
Savings and interest-bearing transaction	70	(181)	(111)
Time less than $100,000	(15)	(2)	(17)
Time $100,000 or more	(8)	(5)	(13)
Total interest-bearing deposits	47	(188)	(141)
Securities sold under repurchase agreements	170	(24)	146
Total increase (decrease) in interest expense	217	(212)	5
Decrease in net interest and loan fee income [(1)]	($5,060)	($852)	($5,912)

[(1)] Amounts calculated on an FTE basis using the current statutory federal tax rate.

Provision for Credit Losses

The Company manages credit risk by enforcing conservative underwriting and administration procedures and aggressively pursuing collection efforts with debtors experiencing financial difficulties. The provision for credit losses reflects Management's assessment of credit risk in the loan portfolio and debt securities held to maturity portfolio during each of the periods presented.

Based on Management’s estimate of credit losses over the remaining life of its loans and debt securities held to maturity, the Company provided no provision for credit losses in the three and nine months ended September 30, 2026 and September 30, 2025. The nine months ended September 30, 2026 and September 30, 2025 included a $300 thousand reversal of provision for credit losses recorded in the three months ended March 31, 2026 and a $550 thousand reversal recorded in the three months ended March 31, 2025, respectively. For further information regarding credit risk, net credit losses, and the allowance for credit losses, see the “Loan Portfolio Credit Risk” and “Allowance for Credit Losses” sections of this Report.

[The remainder of this page intentionally left blank]

Noninterest Income

The following table summarizes the components of noninterest income for the periods indicated.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands)			
Service charges on deposit accounts	$3,436	$3,317	$10,148	$10,066
Merchant processing services	3,273	2,860	8,852	8,280
Debit card fees	1,398	1,603	4,184	4,848
Trust fees	1,031	895	2,923	2,661
ATM processing fees	493	483	1,427	1,428
Other service fees	441	448	1,294	1,327
Bank owned life insurance gains	-	-	-	208
Unrealized losses on equity securities	(8)	(90)	(219)	(90)
Other noninterest income	639	635	1,995	2,059
Total	$10,703	$10,151	$30,604	$30,787

Noninterest income for the three months ended September 30, 2026 increased compared with the three months ended September 30, 2025. Merchant processing services, trust fee income and service charges on deposit accounts were higher in the three months ended September 30, 2026, partially offset by lower debit card fee income.

Noninterest income for the nine months ended September 30, 2026 declined compared to the same period in 2025, primarily due to reduced debit card fee revenue, the recognition of unrealized losses on securities, and gains from bank-owned life insurance recorded in 2025. These impacts were partially offset by increased merchant processing services and trust fee income.

Noninterest Expense

The following table summarizes the components of noninterest expense for the periods indicated.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	(In thousands)			
Salaries and related benefits	$12,394	$12,387	$37,260	$36,816
Occupancy and equipment	5,436	5,253	16,072	15,445
Outsourced data processing services	2,805	2,722	8,374	8,128
Limited partnership operating losses	1,110	915	3,330	2,745
Courier service	828	738	2,327	2,113
Professional fees	710	643	1,832	1,424
Other noninterest expense	2,935	3,142	8,971	9,785
Total	$26,218	$25,800	$78,166	$76,456

Noninterest expense for the three months ended September 30, 2026 increased compared with the three months ended September 30, 2025 primarily due to increases in occupancy and equipment and estimated limited partnership operating losses.

Noninterest expense for the nine months ended September 30, 2026 increased compared with the nine months ended September 30, 2025 primarily due to higher salaries and related benefits, occupancy and equipment, outsourced data processing services, professional fees, estimated limited partnership operating losses and courier service expense, partially offset by lower other noninterest expense.

Provision for Income Tax

The Company's income tax provision (FTE) was $9.9 million and $28.7 million for the three and nine months ended September 30, 2026, respectively compared with $9.9 million and $31.3 million for the three and nine months ended September 30, 2025, respectively. The effective tax rates (FTE) were 25.9% and 25.7%, for the three and nine months ended September 30, 2026, respectively, compared with 26.0% and 26.2%, for the three and nine months ended September 30, 2025, respectively.

Investment Securities Portfolio

The Company maintains an investment securities portfolio consisting of securities issued by U.S. Government sponsored entities, state and political subdivisions, corporations and banks. The Company had marketable equity securities held for trading at fair value of $247 thousand at September 30, 2026 and $466 thousand at December 31, 2025. The Company had no marketable equity securities not held for trading at September 30, 2026 and December 31, 2025.

Management manages the investment debt securities portfolio in response to anticipated changes in interest rates, and changes in deposit and loan volumes. The carrying value of the Company's investment debt securities portfolio was $4.4 billion at September 30, 2026 and $4.3 billion at December 31, 2025. The following table lists debt securities in the Company's portfolio by type as of the dates indicated. Debt securities held to maturity are listed at amortized cost before related reserve for expected credit losses of $1 thousand at September 30, 2026 and December 31, 2025. Debt securities available for sale are listed at fair value.

	At September 30, 2026		At December 31, 2025	
	Carrying Value	As a percent of total investment securities	Carrying Value	As a percent of total investment securities
	($ in thousands)			
Securities of U.S. Government sponsored entities	$287,637	7%	$302,412	7%
Agency residential mortgage-backed securities ("MBS")	164,982	4%	228,080	5%
Agency commercial MBS	1,305,059	30%	707,560	16%
Obligations of states and political subdivisions	41,653	1%	79,319	2%
Corporate securities	2,442,818	55%	2,546,324	60%
Collateralized loan obligations	152,389	3%	424,614	10%
Total	$4,394,538	100%	$4,288,309	100%
Debt securities available for sale	$3,595,820		$3,468,734	
Debt securities held to maturity	798,718		819,575	
Total	$4,394,538		$4,288,309	

Management continually evaluates the Company's investment debt securities portfolio in response to established asset/liability management objectives, changing market conditions that could affect profitability, liquidity, and the level of interest rate risk to which the Company is exposed. These evaluations may cause Management to change the level of funds the Company deploys into investment securities and change the composition of the Company's investment securities portfolio.

At September 30, 2026, substantially all of the Company's investment debt securities were investment grade as rated by one or more major rating agencies. In addition to monitoring credit rating agency evaluations, Management performs its own evaluations regarding the credit worthiness of the issuer or the securitized assets underlying asset-backed securities. The Company's procedures for evaluating investments in debt securities are in accordance with guidance issued by the Board of Governors of the Federal Reserve System, "Investing in Securities without Reliance on Nationally Recognized Statistical Rating Agencies" (SR 12-15) and other regulatory guidance.

[The remainder of this page intentionally left blank]

The Company had corporate securities as shown below at the dates indicated:

	Corporate securities			
	At September 30, 2026		At December 31, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Debt securities available for sale	$1,873,245	$1,712,385	$1,913,553	$1,804,080
Debt securities held to maturity	730,433	696,072	742,244	737,480
Total corporate securities	$2,603,678	$2,408,457	$2,655,797	$2,541,560

The following table summarizes total corporate securities by credit rating:

	At September 30, 2026		At December 31, 2025	
	Fair value	As a percent of total corporate securities	Fair value	As a percent of total corporate securities
	($ in thousands)			
AA-	$83,358	3%	$77,304	3%
A+	259,675	11%	272,496	11%
A	479,870	20%	423,726	17%
A-	713,956	30%	801,466	31%
BBB+	573,133	24%	624,557	25%
BBB	260,522	11%	342,011	13%
BBB-	37,943	1%	-	- %
Total corporate securities	$2,408,457	100%	$2,541,560	100%

The following table summarizes total corporate securities by the industry sector in which the issuing companies operate:

	At September 30, 2026		At December 31, 2025	
	Fair value	As a percent of total corporate securities	Fair value	As a percent of total corporate securities
	($ in thousands)			
Financial	$1,430,678	59%	$1,448,196	57%
Utilities	280,325	12%	288,995	11%
Industrial	203,623	9%	214,154	8%
Consumer, Non-cyclical	159,178	7%	174,853	7%
Communications	127,168	5%	130,355	5%
Basic Materials	70,833	3%	102,612	4%
Energy	70,135	3%	71,815	3%
Technology	33,851	1%	63,158	3%
Consumer, Cyclical	32,666	1%	47,422	2%
Total corporate securities	$2,408,457	100%	$2,541,560	100%

[The remainder of this page intentionally left blank]

The following table summarizes total corporate securities by the location of the issuers' headquarters; all the corporate securities are denominated in United States dollars:

	At September 30, 2026		At December 31, 2025	
	Fair value	As a percent of total corporate securities	Fair value	As a percent of total corporate securities
	($ in thousands)			
United States of America	$1,728,214	72%	$1,815,106	71%
Canada	202,358	8%	203,940	8%
Japan	152,194	6%	159,249	6%
United Kingdom	99,925	4%	112,636	4%
France	78,446	3%	80,668	3%
Switzerland	47,951	2%	76,127	3%
Netherlands	35,997	2%	37,660	2%
Australia	24,669	1%	25,305	1%
Germany	22,269	1%	13,658	1%
Belgium	16,434	1%	17,211	1%
Total corporate securities	$2,408,457	100%	$2,541,560	100%

The following table summarizes the above corporate securities with issuer's headquarters located outside of the United States of America by the industry sector in which the issuing companies operate; all the corporate securities are denominated in United States dollars:

	At September 30, 2026		At December 31, 2025	
	Fair value	As a percent of total foreign corporate securities	Fair value	As a percent of total foreign corporate securities
	($ in thousands)			
Financial	$583,671	86%	$626,661	86%
Energy	32,596	5%	33,540	5%
Basic Materials	24,669	4%	25,305	4%
Consumer, Non-cyclical	16,434	2%	17,211	2%
Consumer, Cyclical	13,041	2%	13,658	2%
Utilities	9,832	1%	10,079	1%
Total foreign corporate securities	$680,243	100%	$726,454	100%

The Company's $152 million (fair value) in collateralized loan obligations at September 30, 2026, consist of investments in 18 issues that are within the senior tranches of their respective fund securitization structures. The following table summarizes total collateralized loan obligations by credit rating:

	At September 30, 2026	
	Amortized Cost	Fair Value
	(In thousands)	
AAA	$50,102	$49,899
AA	102,500	102,490
Total	$152,602	$152,389

[The remainder of this page intentionally left blank]

The Company's $425 million (fair value) in collateralized loan obligations at December 31, 2025, consist of investments in 41 issues that are within the senior tranches of their respective fund securitization structures. The following table summarizes total collateralized loan obligations by credit rating:

	At December 31, 2025	
	Amortized Cost	Fair Value
	(In thousands)	
AAA	$156,335	$155,881
AA+/AA	269,130	268,733
Total	$425,465	$424,614

See Note 3 "Debt Securities Available for Sale and Held to Maturity" to the unaudited consolidated financial statements in this Form 10-Q for additional information related to the investment securities.

Loan Portfolio Credit Risk

The Company extends loans to commercial and consumer customers which expose the Company to the risk that the borrowers will default, causing loss. The Company's lending activities are exposed to various qualitative risks. All loan segments are exposed to risks inherent in the economy and market conditions. Significant risk characteristics related to the commercial loan segment include the borrowers' business performance and financial condition, and the value of collateral for secured loans. Significant risk characteristics related to the commercial real estate segment include the borrowers' business performance and the value of properties collateralizing the loans. Significant risk characteristics related to the construction loan segment include the borrowers' performance in successfully developing the real estate into the intended purpose and the value of the property collateralizing the loans. Significant risk characteristics related to the residential real estate segment include the borrowers' financial wherewithal to service the mortgages and the value of the property collateralizing the loans. Significant risk characteristics related to the consumer loan segment include the financial condition of the borrowers and the value of collateral securing the loans.

The Company closely monitors the markets in which it conducts its lending operations and follows a strategy to control exposure to loans with high credit risk. The Bank's organizational structure separates the functions of business development and loan underwriting; Management believes this segregation of duties avoids inherent conflicts of combining business development and loan approval functions. In measuring and managing credit risk, the Company adheres to the following practices:

- The Bank maintains a Loan Review Department which reports directly to the audit committee of the Board of Directors. The Loan Review Department performs independent evaluations of loans to challenge the credit risk grades assigned by Management, using grading standards employed by bank regulatory agencies. Those loans judged to carry higher risk attributes are referred to as "classified loans." Classified loans receive elevated Management attention in order to maximize collection.

- The Bank maintains two loan administration offices whose sole responsibility is to manage and collect classified loans.

Classified loans with higher levels of credit risk are further designated as "nonaccrual loans." Management places classified loans on nonaccrual status when full collection of contractual interest and principal payments is in doubt. Uncollected interest previously accrued on loans placed on nonaccrual status is reversed as a charge against interest income. The Company does not accrue interest income on loans following placement on nonaccrual status. Interest payments received on nonaccrual loans are applied to reduce the carrying amount of the loan unless the carrying amount is well secured by loan collateral. "Nonperforming assets" include nonaccrual loans, loans 90 or more days past due and still accruing, and repossessed loan collateral (commonly referred to as "Other Real Estate Owned").

[The remainder of this page intentionally left blank]

Nonperforming Loans

	At September 30, 2026	At December 31, 2025
	(In thousands)	
Nonperforming nonaccrual loans	$ -	$768
Performing nonaccrual loans	330	706
Total nonaccrual loans	330	1,474
Accruing loans 90 or more days past due	146	340
Total nonperforming loans	$476	$1,814

Management believes the overall credit quality of the loan portfolio is reasonably stable; however, classified and nonperforming assets could fluctuate from period to period. The performance of any individual loan can be affected by external factors such as the interest rate environment, economic conditions, pandemics, and collateral values or factors particular to the borrower. No assurance can be given that additional increases in nonaccrual and delinquent loans will not occur in the future.

Allowance for Credit Losses

The following table summarizes allowance for credit losses at the dates indicated:

	At September 30, 2026	At December 31, 2025
	(In thousands)	
Allowance for credit losses on loans	$10,513	$11,573
Allowance for credit losses on held to maturity debt securities	1	1
Total allowance for credit losses	$10,514	$11,574
Allowance for unfunded credit commitments	$201	$201

Allowance for Credit Losses on Debt Securities Held to Maturity

Management segmented debt securities held to maturity, selected methods to estimate losses for each segment, and measured a loss estimate. Agency mortgage-backed securities were assigned no credit loss allowance due to the perceived backing of government sponsored entities. Corporate securities held to maturity were individually evaluated for expected credit loss by evaluating the issuer's financial condition, profitability, cash flows, and credit ratings. The Company has evaluated each issuer's historical financial performance and ability to service debt payments throughout and following the 2008-2009 recession. The Company has an expectation that nonpayment of the amortized cost basis continues to be zero. At September 30, 2026, no credit loss allowance was assigned to corporate securities held to maturity based on evaluation of each individual issuer's historical financial performance throughout full business cycles. Municipal securities were evaluated for risk of default based on credit rating and remaining term to maturity using Moody's risk of default factors; Moody's loss upon default factors were applied to the assumed defaulted principal amounts to estimate the amount for credit loss allowance. Allowance for credit losses related to debt securities held to maturity was $1 thousand related to municipal securities at September 30, 2026 and December 31, 2025, reflecting the expected credit losses on debt securities held to maturity.

Allowance for Credit Losses on Loans

The Company's allowance for credit losses on loans represents Management's estimate of forecasted credit losses in the loan portfolio based on the current expected credit loss model. In evaluating credit risk for loans, Management measures the loss potential of the carrying value of loans. As described above, payments received on nonaccrual loans may be applied against the principal balance of the loans until such time as full collection of the remaining recorded balance is expected.

The preparation of the financial statements requires Management to estimate the amount of expected losses over the expected contractual life of the Bank's existing loan portfolio and establish an allowance for credit losses. Loan agreements generally include a maturity date, and the Company considers the contractual life of a loan agreement to extend from the date of origination to the contractual maturity date. In estimating credit losses, Management must exercise significant judgment in evaluating information deemed relevant. The amount of ultimate losses on the loan portfolio can vary from the estimated

amounts. Management follows a systematic methodology to estimate loss potential in an effort to reduce the differences between estimated and actual losses.

The allowance for credit losses is established through provisions for credit losses charged to income. Losses on loans are charged to the allowance for credit losses when all or a portion of the recorded amount of a loan is deemed to be uncollectible. Recoveries of loans previously charged off are credited to the allowance when realized. The Company's allowance for credit losses is maintained at a level considered adequate to provide for expected losses based on historical loss rates adjusted for current and expected conditions over a forecast period. These include conditions unique to individual borrowers, as well as overall credit loss experience, the amount of past due, nonperforming and classified loans, recommendations of regulatory authorities, prevailing economic conditions, or credit protection agreements and other factors.

Loans that share common risk characteristics are segregated into pools based on common characteristics, which is primarily determined by loan, borrower, or collateral type. Historical loss rates are determined for each pool. For consumer installment loans, primarily secured by automobiles, historical loss rates are determined using a vintage methodology, which tracks losses based on period of origination. For commercial, construction, and commercial real estate, historical loss rates are determined using an open pool methodology where losses are tracked over time for all loans included in the pool at the historical measurement date. Historical loss rates are adjusted for factors that are not reflected in the historical loss rates that are attributable to national or local economic or industry trends which have occurred but have not yet been recognized in past loan charge-off history, estimated losses based on management's reasonable and supportable expectation of economic trends over a forecast horizon of up to two years, and other factors that impact credit loss expectations that are not reflected in the historical loss rates. Other factors include, but are not limited to, the effectiveness of the Company's loan review system, adequacy of lending Management and staff, loan policies and procedures, problem loan trends, and concentrations of credit. At the end of the two-year forecast period loss rates revert immediately to the historical loss rates. The results of this analysis are applied to the amortized cost of the loans included within each pool.

Loans that do not share risk characteristics with other loans in the pools are evaluated individually. A loan is considered 'collateral-dependent' when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. A credit loss reserve for collateral-dependent loans is established at the difference between the amortized cost basis in the loan and the fair value of the underlying collateral adjusted for costs to sell. For other individually evaluated loans that are not collateral dependent, a credit loss reserve is established at the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate. The impact of an expected modification to be made to loans to borrowers experiencing financial difficulty is included in the allowance for credit losses when management determines such modification is likely.

Accrued interest is recorded in other assets and is excluded from the estimation of expected credit loss. Accrued interest is reversed through interest income when amounts are determined to be uncollectible, which generally occurs when the underlying receivable is placed on nonaccrual status or charged off.

[The remainder of this page intentionally left blank]

The following table summarizes the allowance for credit losses, chargeoffs and recoveries for the periods indicated.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
	($ in thousands)			
Analysis of the allowance for credit losses				
Balance, beginning of period	$10,790	$13,787	$11,573	$14,780
(Reversal of) provision for credit losses	-	-	(300)	(550)
Loans charged off				
Commercial	(10)	(1,559)	(118)	(1,597)
Commercial real estate	-	-	-	(191)
Consumer installment and other	(737)	(912)	(2,275)	(3,361)
Total chargeoffs	(747)	(2,471)	(2,393)	(5,149)
Recoveries of loans previously charged off				
Commercial	6	36	98	310
Commercial real estate	18	13	56	40
Consumer installment and other	446	494	1,479	2,428
Total recoveries	470	543	1,633	2,778
Net loan losses	(277)	(1,928)	(760)	(2,371)
Balance, end of period	$10,513	$11,859	$10,513	$11,859
Net loan losses as a percentage of average total loans (annualized)	(0.17)%	(1.03)%	(0.15)%	(0.41)%

The Company's allowance for credit losses on loans is maintained at a level considered adequate to provide for expected losses based on historical loss rates adjusted for current and expected conditions over a forecast period. These include conditions unique to individual borrowers, as well as overall loan loss experience, the amount of past due, nonperforming and classified loans, recommendations of regulatory authorities, prevailing and forecasted economic conditions, or credit protection agreements and other factors. Loans that share common risk characteristics are segregated into pools based on common characteristics, which are primarily determined by loan, borrower, or collateral type. Historical loss rates are determined for each pool. Loans that do not share risk characteristics with other loans in the pools are evaluated individually. See Note 2 “Accounting Policies” to the unaudited consolidated financial statements in this Form 10-Q for additional information.

Allowance for Credit Losses
For the Three Months Ended September 30, 2026

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)		
Allowance for credit losses:					
Balance at beginning of period	$3,192	$5,674	$25	$1,899	$10,790
(Reversal) provision	(98)	(40)	(2)	140	-
Chargeoffs	(10)	-	-	(737)	(747)
Recoveries	6	18	-	446	470
Total allowance for credit losses	$3,090	$5,652	$23	$1,748	$10,513

Allowance for Credit Losses
For the Nine Months Ended September 30, 2026

	Commercial	Commercial Real Estate	Residential Real Estate	Consumer Installment and Other	Total
			(In thousands)		
Allowance for credit losses:					
Balance at beginning of period	$4,048	$6,109	$22	$1,394	$11,573
(Reversal) provision	(938)	(513)	1	1,150	(300)
Chargeoffs	(118)	-	-	(2,275)	(2,393)
Recoveries	98	56	-	1,479	1,633
Total allowance for credit losses	$3,090	$5,652	$23	$1,748	$10,513

Management considers the $10.5 million allowance for credit losses on loans to be adequate as a reserve against current expected credit losses in the loan portfolio as of September 30, 2026.

See Note 4 “Loans, Allowance for Credit Losses and Other Real Estate Owned” to the unaudited consolidated financial statements in this Form 10-Q for additional information related to the loan portfolio, loan portfolio credit risk and allowance for credit losses on loans.

Climate-Related Financial Risk

Climate change presents risk to the Company, our critical vendors and our customers. Our risk management practices incorporate the challenges brought about by climate change. The operations conducted in our centralized facilities and branch locations can be disrupted by acute physical risks such as flooding and windstorms, and by chronic physical risks such as rising sea levels, sustained higher temperatures, drought, and increased wildfires. Over the intermediate and longer-term, the Company can be subject to transition risks such as market demand, and policy and law changes.

None of the Company's physical locations are located near sea level, and only a limited number of branches are located in flood zones. The Company and its critical vendors maintain property and casualty insurance, and maintain and regularly test disaster recovery plans, which include redundant operational locations and power sources. The Company's operations do not use a significant amount of water in producing its products and services.

The Company monitors the climate risks of its loan customers. Borrowers with real estate loan collateral located in flood zones must carry flood insurance under the loans' terms. At September 30, 2026, the Company had $15 million in loans to agricultural borrowers; Management continuously monitors these customers' access to adequate water sources as well as their ability to sustain low crop yields and volatile commodity prices without encountering financial hardship. The Company makes automobile loans; changes in consumer demand, or governmental laws or policies, regarding gasoline, electric and hybrid vehicles are not considered to be material risks to the Company's automobile lending practices. The Company considers climate risk in its underwriting of corporate bonds, and avoids purchasing bonds of issuers, which, in Management's judgement, have elevated climate risk.

While the Company follows risk management practices related to climate risk, the Company may experience financial losses due to climate risk despite these precautions.

Asset/Liability and Market Risk Management

Asset/liability management involves the evaluation, monitoring and management of interest rate risk, market risk, liquidity and funding. The fundamental objective of the Company's management of assets and liabilities is to maximize its economic value while maintaining adequate liquidity and a conservative level of interest rate risk.

Interest Rate Risk

Interest rate risk is a significant market risk affecting the Company. Many factors affect the Company's exposure to interest rates, such as general economic and financial conditions, customer preferences, historical pricing relationships, and re-pricing characteristics of financial instruments. Financial instruments may mature or re-price at different times. Financial instruments may re-price at the same time but by different amounts. Short-term and long-term market interest rates may change by different amounts. The timing and amount of cash flows of various financial instruments may change as interest rates change. In addition, the changing levels of interest rates may have an impact on bond portfolio volumes, accumulated other comprehensive (loss) income, loan demand and demand for various deposit products.

The Company's earnings are affected not only by general economic conditions, but also by the monetary and fiscal policies of the United States government and its agencies, particularly the FOMC. The monetary policies of the FOMC can influence the overall demand for loans and growth of deposits and the level of interest rates earned on loans and investment securities and paid for deposits and other borrowings. The nature and impact of future changes in monetary policies are generally not predictable.

Management attempts to manage interest rate risk while enhancing the net interest margin and net interest income. At times, depending on expected increases or decreases in market interest rates, the relationship between long and short-term interest rates, market conditions and competitive factors, Management may adjust the Company's interest rate risk position. The Company's results of operations and net portfolio values remain subject to changes in interest rates and to fluctuations in the difference between long, intermediate, and short-term interest rates.

Management monitors the Company's interest rate risk using a licensed third party simulation model, which is periodically assessed using supervisory guidance issued by the Board of Governors of the Federal Reserve System, SR 11-7 "Guidance on Model Risk Management." Management measures its exposure to interest rate risk using a dynamic composition simulation and static simulation. Within the dynamic composition simulation, Management makes assumptions regarding the expected change in the volume of financial instruments given the assumed change in market interest rates. Within the static simulation,

cash flows are assumed redeployed into like financial instruments at prevailing rates and yields. Both simulations are used to measure expected changes in net interest income assuming various levels of change in market interest rates.

The Company's asset and liability position was generally "asset sensitive" at September 30, 2026, based on the interest rate assumptions applied to the simulation model. An "asset sensitive" position results in a larger change in interest income than in interest expense resulting from application of assumed interest rate changes. However, in the dynamic simulation, an assumed decline in interest rates is expected to result in improved deposit balances funding higher earning asset levels. Further, in the dynamic simulation, no change in interest rates is expected to result in a decline in net interest income as asset yields remain stable and deposit costs rise as the Bank negotiates deposit rates with customers in the current environment.

At September 30, 2026, Management's most recent measurements of estimated changes in net interest income were:

	Dynamic Simulation [1]	Static Simulation [2]
Change in Interest Rates	First Year Change in Net Interest Income	
+ 2.0%	+ 1.1%	+ 5.7%
+ 1.0%	+ 0.7%	+ 2.9%
0.0%	- 0.1%	0.0%
- 1.0%	- 1.6%	- 3.5%
- 2.0%	- 3.8%	- 6.6%

[1] Balance sheet composition changes; Assumed change in interest rates over 1 year

[2] Balance sheet composition unchanged; Assumed immediate change in interest rates

Simulation estimates depend on, and will change with, the size and mix of the actual and projected composition of financial instruments at the time of each simulation. Assumptions made in the simulation may not materialize and unanticipated events and circumstances may occur. In addition, the simulation does not take into account any future actions Management may undertake to mitigate the impact of interest rate changes, loan prepayment estimates and spread relationships, which may change regularly.

The Company does not currently engage in trading activities or use derivative instruments to manage interest rate risk, even though such activities may be permitted with the approval of the Company's Board of Directors.

Market Risk - Equity Markets

Equity price risk can affect the Company. Preferred or common stock holdings, as permitted by banking regulations, can fluctuate in value. Changes in value of preferred or common stock holdings are recognized in the Company's income statement.

Fluctuations in the Company's common stock price can impact the Company's financial results in several ways. First, the Company has at times repurchased and retired its common stock; the market price paid to retire the Company's common stock affects the level of the Company's shareholders' equity, cash flows and shares outstanding. Second, the Company's common stock price impacts the number of dilutive equivalent shares used to compute diluted earnings per share. Third, fluctuations in the Company's common stock price can motivate holders of options to purchase Company common stock through the exercise of such options thereby increasing the number of shares outstanding and potentially adding volatility to the book tax provision. Finally, the amount of compensation expense and tax deductions associated with share based compensation fluctuates with changes in and the volatility of the Company's common stock price.

Market Risk - Other

Market values of loan collateral can directly impact the level of loan chargeoffs and the provision for credit losses. The financial condition and liquidity of debtors issuing bonds and debtors whose mortgages or other obligations are securitized can directly impact the credit quality of the Company's investment securities portfolio requiring the Company to establish or increase reserves for expected credit losses. Other types of market risk, such as foreign currency exchange risk, are not significant in the normal course of the Company's business activities.

[The remainder of this page intentionally left blank]

Liquidity and Funding

The objective of liquidity management is to manage cash flow and liquidity reserves so that they are adequate to fund the Bank's operations and meet obligations and other commitments on a timely basis and at a reasonable cost. The Bank achieves this objective through the selection of asset and liability maturity mixes that it believes best meet its needs. The Bank's liquidity position is enhanced by its ability to raise additional funds as needed by borrowing from correspondent banks or in the wholesale markets, or by selling debt securities available for sale.

In recent years, the Bank's deposit base has provided the majority of the Bank's funding requirements. This low-cost source of funds, along with shareholders' equity, provided 97% of funding for average total assets for the nine months ended September 30, 2026 and the year ended December 31, 2025. The Bank's funding from customer deposits is in part reliant on the confidence clients have in the Bank. The Bank places a very high priority in maintaining this confidence through conservative credit risk and capital management practices and by maintaining an appropriate level of liquidity.

Total deposits were $4,816 million at September 30, 2026 and $4,840 million at December 31, 2025. Total time deposits were $60 million at September 30, 2026 and $67 million at December 31, 2025. The Company has no foreign time deposits. FDIC deposit insurance is $250,000 per depositor, for each account ownership category. At September 30, 2026, estimated federally uninsured total deposits and time deposits were $2,455 million and $3 million, respectively.

The following table shows the time remaining to maturity of the Company's estimated amounts of uninsured time deposits with a balance greater than $250,000 per depositor per category:

	At September 30, 2026
	(In thousands)
Three months or less	$3,142
Over three through six months	8
Over six through twelve months	146
Over twelve months	85
Total	$3,381

Liquidity is further provided by assets such as balances held at the Federal Reserve Bank, and principal and interest payments from debt securities and loans. At September 30, 2026, the Company had $322,510 thousand in cash balances. During the twelve months ending September 30, 2027, the Company expects to receive $359,000 thousand in principal payments from its debt securities. If additional operational liquidity is required, the Company can pledge debt securities as collateral for borrowing purposes. At September 30, 2026, the Company had access to borrowing from the Federal Reserve Bank up to $767,994 thousand based on collateral pledged at September 30, 2026. Additionally, the Company had access to a $60,000 thousand line of credit with a correspondent bank at September 30, 2026.

Liquidity risk can result from the mismatching of asset and liability cash flows, or from disruptions in the financial markets. The Bank performs liquidity stress tests on a periodic basis to evaluate the sustainability of its liquidity. Under the stress testing, the Bank assumes outflows of funds increase beyond expected levels. Measurement of such heightened outflows considers the composition of the Bank's deposit base, including any concentration of deposits, non-deposit funding such as short-term borrowings, and unfunded lending commitments. The composition of the Bank's deposits is considered including the broad industry and geographic diversification in the Bank's market area. The Bank evaluates its stock of highly liquid assets to meet the assumed higher levels of outflows. Highly liquid assets include cash and amounts due from other banks from daily transaction settlements, reduced by branch cash needs and any Federal Reserve Bank reserve requirements, and investment securities based on regulatory guidelines. Based on the results of the most recent liquidity stress test, Management is satisfied with the liquidity condition of the Bank. However, no assurance can be given the Bank will not experience a period of reduced liquidity.

Management continually monitors the Bank's cash levels. Loan demand from credit worthy borrowers will be dictated by economic and competitive conditions. The Bank aggressively solicits non-interest bearing demand deposits and money market checking deposits, which are the least sensitive to changes in interest rates. The growth of these deposit balances is subject to heightened competition, the success of the Bank's sales efforts, delivery of superior customer service, new regulations and market conditions. The Bank does not aggressively solicit higher-costing time deposits. Changes in interest rates, most notably rising or elevated interest rates, or increased consumer spending, could impact deposit volumes. Depending on economic conditions, interest rate levels, liquidity management and a variety of other conditions, any deposit growth may be used to fund loans or purchase investment securities. However, due to possible volatility in economic conditions, competition and political

uncertainty, loan demand and levels of customer deposits are not certain. Shareholder dividends are expected to continue subject to the Board's discretion and continuing evaluation of capital levels, earnings, asset quality and other factors.

Westamerica Bancorporation ("Parent Company") is a separate entity apart from the Bank and must provide for its own liquidity. In addition to its operating expenses, the Parent Company is responsible for the payment of dividends declared for its shareholders, and interest and principal on any outstanding debt. The Parent Company had no debt at September 30, 2026. Substantially all of the Parent Company's revenues are obtained from subsidiary dividends and service fees.

The Bank's dividends paid to the Parent Company and Parent Company cash balances provided adequate cash for the Parent Company to pay shareholder dividends of $34 million for the nine months ended September 30, 2026 and $47 million for the year ended December 31, 2025 and retire common stock in the amounts of $95 million in the nine months ended September 30, 2026 and $104 million in the year ended December 31, 2025. Payment of dividends to the Parent Company by the Bank is limited under California and Federal laws. The Company believes these regulatory dividend restrictions will not impact the Parent Company's ability to meet its ongoing cash obligations. The Parent Company's cash balance was $231 million at September 30, 2026 and $268 million at December 31, 2025.

Capital Resources

The Company has historically generated high levels of earnings, which provide a means of accumulating capital. The Company's net income as a percentage of average shareholders' equity ("return on equity" or "ROE") was 11.3% (annualized) for the nine months ended September 30, 2026 and 11.2% for the year ended December 31, 2025. The Company also raises capital as employees exercise stock options. The Company raised $14 million through the exercise of stock options in the nine months ended September 30, 2026 and $376 thousand in the year ended December 31, 2025.

The Company paid cash dividends on its common stock totaling $34 million in the nine months ended September 30, 2026 and $47 million in the year ended December 31, 2025, which represent dividends per common share of $1.42 and $1.82, respectively. The Company's earnings have historically exceeded dividends paid to shareholders. The amount of earnings in excess of dividends provides the Company resources to finance growth and maintain appropriate levels of shareholders' equity. In the absence of profitable growth opportunities, the Company has at times repurchased and retired its common stock as another means to return capital to shareholders. The Company retired approximately 2 million shares valued at $95 million in the nine months ended September 30, 2026 and 2 million shares valued at $104 million in the year ended December 31, 2025.

The Company's primary capital resource is shareholders' equity, which was $790 million at September 30, 2026 compared with $934 million at December 31, 2025. The $144 million reduction in shareholders' equity from December 31, 2026 to September 30, 2026 was primarily attributable to higher unrealized losses on debt securities available for sale. The Company's ratio of equity to total assets was 13.63% at September 30, 2026 and 15.66% at December 31, 2025.

The Company performs capital stress tests on a periodic basis to evaluate the sustainability of its capital. Under the stress testing, the Company assumes various scenarios such as deteriorating economic and operating conditions, and unanticipated asset devaluations. The Company measures the impact of these scenarios on its earnings and capital. Based on the results of the most recent stress tests, Management is satisfied with the capital condition of the Bank and the Company. However, no assurance can be given the Bank or Company will not experience a period of reduced earnings or a reduction in capital from unanticipated events and circumstances.

[The remainder of this page intentionally left blank]

Capital to Risk-Adjusted Assets

The capital ratios for the Company and the Bank under current regulatory capital standards are presented in the tables below, on the dates indicated. For Common Equity Tier I Capital, Tier 1 Capital and Total Capital, the minimum percentage required for regulatory capital adequacy purposes include a 2.5% "capital conservation buffer."

	At September 30, 2026		Required for Capital Adequacy Purposes	To Be Well-capitalized Under Prompt Corrective Action Regulations (Bank)
	Company	Bank		
Common Equity Tier I Capital	23.99%	16.63%	7.00%	6.50%
Tier I Capital	23.99%	16.63%	8.50%	8.00%
Total Capital	24.29%	17.09%	10.50%	10.00%
Leverage Ratio	14.84%	10.23%	4.00%	5.00%

	At December 31, 2025		Required for Capital Adequacy Purposes	To Be Well-capitalized Under Prompt Corrective Action Regulations (Bank)
	Company	Bank		
Common Equity Tier I Capital	23.59%	15.70%	7.00%	6.50%
Tier I Capital	23.59%	15.70%	8.50%	8.00%
Total Capital	23.89%	16.17%	10.50%	10.00%
Leverage Ratio	15.22%	10.09%	4.00%	5.00%

The Company and the Bank routinely project capital levels by analyzing forecasted earnings, credit quality, shareholder dividends, asset volumes, share repurchase activity, stock option exercise proceeds, and other factors. Based on current capital projections, the Bank expects to maintain regulatory capital levels in excess of the minimum required to be considered well-capitalized under the prompt corrective action framework. The Company expects to continue paying quarterly dividends to shareholders. No assurance can be given that changes in capital management plans will not occur.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company does not currently engage in trading activities or use derivative instruments to control interest rate risk, even though such activities may be permitted with the approval of the Company's Board of Directors.

Credit risk and interest rate risk are the most significant market risks affecting the Company, and equity price risk can also affect the Company's financial results. These risks are described in the preceding sections regarding "Loan Portfolio Credit Risk," and "Asset/Liability and Market Risk Management." Other types of market risk, such as foreign currency exchange risk and commodity price risk, are not significant in the normal course of the Company's business activities.

Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, people (including human errors or misconduct), or adverse external events, including the risk of loss resulting from breaches in data security. Operational risk can also include the risk of loss due to failures by third parties with which the Company does business.

Item 4. Controls and Procedures

The Company's principal executive officer and principal financial officer have evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, as of September 30, 2026.

Based upon their evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that material information required to be disclosed by the Company

in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported as and when required and that such information is communicated to the Company's management, including the principal executive officer and the principal financial officer, to allow for timely decisions regarding required disclosures. The evaluation did not identify any change in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2026 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Due to the nature of its business, the Company is subject to various threatened or filed legal cases. Neither the Company nor any of its subsidiaries is a party to any material pending legal proceeding, nor is their property the subject of any material pending legal proceeding, other than ordinary routine legal proceedings arising in the ordinary course of the Company's business. Based on the advice of legal counsel, the Company does not expect such cases will have a material, adverse effect on its business, financial position or results of operations. Legal liabilities are accrued when obligations become probable and the amount can be reasonably estimated.

Item 1A. Risk Factors

The Company's Annual Report on Form 10-K for the year ended December 31, 2025 includes detailed disclosure about the risks faced by the Company's business. There have been no material changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None
(b) None
(c) Issuer Purchases of Equity Securities

The table below sets forth the information with respect to purchases made by or on behalf of Westamerica Bancorporation or any "affiliated purchaser", as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of common stock during the three months ended September 30, 2026.

	2026			
Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
	(In thousands, except price paid)			
July 1 through July 31	-	$ -	-	2,148
August 1 through August 31	26	57.93	26	2,122
September 1 through September 30	25	57.91	25	2,097
Total	51	$57.92	51	2,097

The Company may repurchase shares of its common stock in the open market from time to time to optimize the Company's use of equity capital and enhance shareholder value and with the intention of lessening the dilutive impact of issuing new shares under stock option plans, and other ongoing requirements.

The Company repurchased 51 thousand shares of its common stock during the three months ended September 30, 2026 pursuant to a program approved by the Board of Directors on December 18, 2025 authorizing the purchase of up to 2,000 thousand shares of its common stock from time to time prior to December 31, 2026.

On April 24, 2026, the Company announced that its Board of Directors approved an increase in the repurchase plan authorization by 2,000 thousand additional shares of its common stock to be purchased through December 31, 2026.

Item 3. Defaults upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2026, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit No.	**Description of Exhibit**
Exhibit 3(a)	Restated Articles of Incorporation (composite copy), incorporated by reference to Exhibit 3(a) to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, filed with the Securities and Exchange Commission on March 30, 1998. https://www.sec.gov/Archives/edgar/data/311094/0000311094-98-000004.txt
Exhibit 3(b)	By-laws, as amended (composite copy), incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed with the Securities and Exchange Commission on April 28, 2023. https://www.sec.gov/Archives/edgar/data/311094/000117184323002689/exh_31.htm
Exhibit 3(c)	Certificate of Determination of Fixed Rate Cumulative Perpetual Preferred Stock, Series A of Westamerica Bancorporation dated February 10, 2009, incorporated by reference to Exhibit 99.1 to the Registrant's Form 8-K, filed with the Securities and Exchange Commission on February 13, 2009. https://www.sec.gov/Archives/edgar/data/311094/000095013409002844/f51541exv99w1.htm
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 pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH	Inline XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	Inline XBRL Taxonomy Extension Definitions Linkbase Document
Exhibit 101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104.	The Cover page of Westamerica Bancorporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted in Inline XBRL (contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTAMERICA BANCORPORATION
(Registrant)

/s/ Anela Jonas
Anela Jonas
Senior Vice President and Chief Financial Officer
(Principal Financial and Chief Accounting Officer)

Date: November 6, 2026

EXHIBIT 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David L. Payne certify that:

1. I have reviewed this report on Form 10-Q of Westamerica Bancorporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David L. Payne
David L. Payne
Chairman, President and Chief Executive Officer

Date: November 6, 2026

EXHIBIT 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anela Jonas certify that:

1. I have reviewed this report on Form 10-Q of Westamerica Bancorporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Anela Jonas
Anela Jonas
Senior Vice President and Chief Financial Officer

Date: November 6, 2026

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Westamerica Bancorporation (the Company) on Form 10-Q for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David L. Payne, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David L. Payne
David L. Payne
Chairman, President and Chief Executive Officer

Date: November 6, 2026

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Westamerica Bancorporation (the Company) on Form 10-Q for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anela Jonas, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Anela Jonas
Anela Jonas
Senior Vice President and Chief Financial Officer

Date: November 6, 2026