

## TRANSACTION PROFILE: REDWOOD/WESTAMERICA

*Different state and different buyer, but the same results – our client receives record pricing levels.* Hovde is pleased to announce our second transaction in California this year. For your reference, we have attached a Hovde Financial transaction alert regarding the announced signing of a definitive agreement to merge Santa Rosa, California-based Redwood Empire Bancorp and its wholly-owned subsidiary National Bank of the Redwoods into Westamerica Bancorporation (San Rafael, CA). At June 30, 2004, Redwood had approximately \$515 million in assets and operates seven branches in three Northern California counties (Sonoma County – 5 branches / \$355.9 million in deposits, Mendocino County – 1 branch / \$56.9 million and Lake County – 1 branch / \$53.9 million). Historically, Redwood has been one of the most profitable community banks in California (LTM ROAA: 1.35% and ROAE: 25.24%).

Redwood shareholders will receive approximately \$148.0 million in consideration (60% stock, 40% cash) or \$28.74 per share (\$17.25 in stock / \$11.49 in cash), which equates to 536.2% of Redwood's tangible book value, 523.4% of book value, 21.2x trailing-four-quarters earnings and a 31.6% core deposit premium. This acquisition represents the highest price-to-book and tangible book multiples received by a community bank in California, continuing Hovde's record setting trend. With this transaction, Hovde has handled six of the ten highest priced transactions in the country, from a price-to-tangible book value multiple perspective, since January 1, 2003. This transaction is Westamerica's first deal since 2002 and approximately doubles their deposit base in the attractive Sonoma County markets. Westamerica is one of the top performing banks in the country, consistently achieving an ROE of approximately 30%. The transaction is expected to close late in the fourth quarter of 2004 or in the first quarter of 2005.

### About Hovde Financial LLC

Hovde Financial LLC is a nationwide investment bank focused exclusively on the financial services industry, specializing in providing a variety of investment banking and financial advisory services to community banks and thrifts. Founded in 1987, the firm has been a financial advisor in 200 merger and acquisition transactions for an aggregate deal value of over \$14 billion. In addition, Hovde has advised on approximately \$5.5 billion in branch transactions. Client-driven and results-oriented, the firm's experienced principals and bankers are committed to providing superior, value-added advice.

## TRANSACTION PROFILE

HOVDE FINANCIAL LLC IS PLEASED TO ANNOUNCE

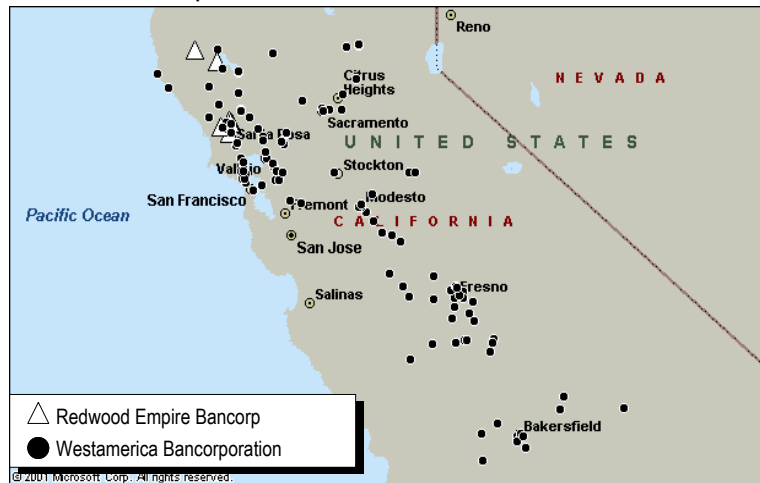
**Redwood Empire Bancorp - Santa Rosa, CA**  
*has agreed to merge with*  
**Westamerica Bancorporation - San Rafael, CA**

*Hovde Financial both initiated this transaction and served as exclusive financial advisor to Redwood Empire Bancorp*

### Overview of the Deal

- Westamerica Bancorporation ("WABC") will pay a total of \$147,959,445 or \$28.74 (approximately \$17.25 in stock and \$11.49 in cash) per share for each common share of Redwood Empire Bancorp ("REBC") in a 60% stock – 40% cash transaction.
- Based on the total deal value of \$148.0 million or \$28.74 per share, this price represents approximately 21.2x Redwood Empire Bancorp's trailing twelve months earnings and 5.4x tangible book value.
- The exchange ratio for the stock portion of the consideration will 'float' based on WABC's Average Closing Price, as long as that price is within an agreed upon band.

### Pro Forma Branch Map



### Transaction Pricing

Aggregate Deal Price (\$million)	\$148.0
Aggregate Price per Share	\$28.74
Announced Date	8/25/2004
Anticipated Closing Date	Q4 2004 or Q1 2005
Form of Consideration	60% Stock, 40% Cash
Consideration Structure	Fixed Price
Price-to-Tangible Book Value	536.2%
Price-to-Book Value	523.4%
Price-to-12 Months Trailing Earnings	21.2x
Price-to-YTD Earnings Annualized	20.9x
Premium-to-Core Deposits	31.6%
Price-to-Total Assets	28.7%

### Pro Forma - Market Share - Sonoma County

Rank	Institution	Branch Count	Deposits in Market (\$000)	Market Share (%)
1	Bank of America Corp.	12	994,931	12.81
2	Exchange Bank of Santa Rosa	19	973,589	12.54
3	Wells Fargo & Co.	24	886,089	11.41
4	Washington Mutual Inc.	13	779,826	10.04
5	Luther Burbank Corp.	1	742,213	9.56
<b>6</b>	<b>Westamerica Bancorp. Pro Forma</b>	<b>15</b>	<b>717,670</b>	<b>9.24</b>
7	Northern Empire Bancshares	7	615,469	7.93
8	Golden West Financial	4	596,263	7.68
9	BNP Paribas Group	11	373,642	4.81
	Westamerica Bancorp.	9	361,756	4.66
	Redwood Empire Bancorp	6	355,914	4.58
10	Greater Bay Bancorp	4	236,552	3.05
11	Citigroup Inc.	7	232,033	2.99
12	Summit State Bank	4	179,443	2.31
13	Sonoma Valley Bancorp	2	170,661	2.2
14	U.S. Bancorp	8	136,860	1.76
15	American River Bankshares	4	63,892	0.82
16	Downey Financial Corp.	2	38,429	0.49
17	Unitrin Inc.	1	12,513	0.16
18	Bank of Marin	1	10,556	0.14
19	UnionBanCal Corp.	1	4,453	0.06
20	First Republic Bank	1	732	0.01

### Buyer and Seller Financial Information (as of 6/30/04)

	<i>Westamerica</i>	<i>Redwood</i>
Headquarters	San Rafael, CA	Santa Rosa, CA
Ticker	WABC	REBC
States of Operation	CA(88)	CA(7)
Total Branches	88	7
Total Assets (\$000)	4,611,811	515,421
Total Deposits (\$000)	3,505,429	453,043
Core Deposits (\$000)	3,153,255	380,375
Total Equity (\$000)	329,795	28,268
Tangible Equity (\$000)	307,761	27,594
LTM Net Income (\$000)	97,338	6,991
LTM ROAA (%)	2.19	1.35
LTM ROAE (%)	30.10	25.24
Efficiency Ratio (%)	40.72	60.48
Non-Interest Income /AA (%)	0.98	1.31
Non-Current Loans / Loans	0.17	0.36
NCOs / Average Loans	0.11	0.13