

WESTAMERICA BANCORPORATION

Form 424B5

November 19, 2004

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**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-119783**

**Prospectus of
WESTAMERICA BANCORPORATION
1108 Fifth Avenue
San Rafael, CA 94901**

**Proxy Statement of
REDWOOD EMPIRE BANCORP
111 Santa Rosa Avenue
Santa Rosa, California 95404**

Westamerica Bancorporation and Redwood Empire Bancorp have agreed that Westamerica will acquire Redwood Empire in a merger. If the merger is completed, each share of Redwood Empire common stock will be exchanged for a combination of Westamerica common stock and cash. Cash will also be paid in lieu of issuing fractional shares.

If the merger is completed, each share of Redwood Empire common stock will be exchanged for \$28.74, consisting of \$11.49 in cash and \$17.25 in shares of Westamerica common stock; however, the exact value of the merger consideration will not be known until the close of the merger. The value of the stock portion will increase if the average closing price of Westamerica common stock over the measurement period ending three business days before completion of the merger is greater than \$55.6050 and will decrease if the average closing price during that period is less than \$45.4950. Westamerica common stock is traded on the Nasdaq National Market under the symbol WABC.

The merger consideration may also be reduced by up to \$0.30 per share if regulatory agencies require Westamerica to divest deposits in Lake County as a condition of approving the merger. This reduction would be allocated proportionately between the cash and stock portions of the merger consideration.

As calculated on August 25, 2004, the day the merger agreement was signed, Redwood Empire shareholders would have received merger consideration valued at \$28.74, consisting of 0.3388 shares of Westamerica common stock and \$11.49 in cash for each share of Redwood Empire common stock. As calculated on November 10, 2004, Redwood Empire shareholders would have received \$30.14, consisting of 0.3102 shares of Westamerica common stock and \$11.49 in cash for each share of Redwood Empire common stock. In each case, the merger consideration would be subject to reduction if Westamerica is required to divest deposits.

The merger requires the approval of the majority of the voting power of the Redwood Empire common shares outstanding on November 10, 2004. This document constitutes the proxy statement of Redwood Empire in connection with the solicitation of proxies to be voted on the merger at a special meeting of shareholders. The special meeting will be held at 5:30 p.m. on Tuesday, December 14, 2004, at Redwood Empire, 111 Santa Rosa Avenue, Santa Rosa, California 95404.

This document also constitutes the prospectus of Westamerica. This document covers a maximum of 2,094,450 shares of Westamerica common stock that may be issued to Redwood Empire shareholders in the merger. The specific details of the merger agreement are more fully discussed under the heading **The Merger** in this document, and in the merger agreement which is attached as Annex A to this document.

You should also review and consider the matters described under the heading **Risk factors on page 16 in determining whether to approve the merger.**

Neither this transaction nor the securities of Westamerica Bancorporation have been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense.

The shares of Westamerica Bancorporation common stock offered by the accompanying document are not savings accounts, deposits or other obligations of Westamerica Bancorporation or Redwood Empire Bancorp or any subsidiary of any of the parties and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. The shares are subject to investment risk.

In deciding how to vote on the merger, you should rely only on the information contained or incorporated by reference in this proxy statement/ prospectus. Neither Westamerica Bancorporation nor Redwood Empire Bancorp has authorized any person to provide you with any information that is different from what is contained in this proxy statement/ prospectus. You should not assume that the information contained in this proxy statement/ prospectus is accurate as of any date other than the date of this document, and neither the mailing to you of this document nor the issuance to you of shares of Westamerica Bancorporation common stock will create any implication to the contrary. This document does not constitute an offer to sell or a solicitation of any offer to buy any securities, or the

solicitation of a proxy in any jurisdiction in which, or to any person to whom, it is unlawful.

The date of this document is November 10, 2004 and it is first being mailed to shareholders of Redwood Empire Bancorp on or about November 19, 2004.

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about Westamerica Bancorporation and Redwood Empire Bancorp that is not included in or delivered with this document. That information is available without charge, excluding all exhibits unless specifically incorporated by reference in this document, by requesting them in writing or by telephone from:

**Westamerica Bancorporation,
Kris Irvine, Assistant Corporate Secretary,
4550 Mangels Boulevard,
Fairfield, California 94585
(707) 863-6826**

**Redwood Empire Bancorp
Marta Idica, Corporate Secretary
111 Santa Rosa Avenue
Santa Rosa, California 95404-4905
(707) 573-4800**

If you would like to request documents, please do so by December 7, 2004, to receive them before the meeting.

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REDWOOD EMPIRE BANCORP

**111 Santa Rosa Avenue
Santa Rosa, California 95404
(707) 573-4800**

Notice of Special Meeting of Shareholders of Redwood Empire Bancorp

Time	5:30 p.m. on December 14, 2004
Place	Redwood Empire Bancorp 111 Santa Rosa Avenue Santa Rosa, California 95404
Items of business	(1) To approve the Agreement and Plan of Reorganization (the merger agreement) dated as of August 25, 2004, among Redwood Empire Bancorp, National Bank of the Redwoods, Westamerica Bancorporation and Westamerica Bank and the transactions contemplated by the merger agreement; and (2) To consider such other business as may properly come before the meeting.
Record date	You are entitled to vote if you were a shareholder at the close of business on November 10, 2004.
Voting by proxy	Please submit a proxy by mail as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. For specific instructions, please refer to the Questions and Answers beginning on page 1 of this proxy statement and the instructions on the proxy card.

In connection with the proposed merger, shareholders will be given the opportunity to exercise dissenters' rights in accordance with certain procedures specified in the California General Corporation Law, Sections 1300-1304, which sections are attached hereto as Annex C and incorporated in this proxy statement/prospectus by reference. These rights will be made available if demands are made for payment with respect to 5% or more of the outstanding shares of Redwood Empire Bancorp common stock. If dissenters' rights are made available and if shareholders follow all of the procedures required by law, shareholders may receive cash in the amount equal to the fair market value, as determined by Redwood Empire Bancorp, or, if required, by a court of law, of their shares of Redwood Empire Bancorp common stock as of August 25, 2004, the business day immediately preceding the announcement of the merger. For additional details about dissenters' rights, please refer to The Merger Dissenters' rights of appraisal and Annex C in the accompanying proxy statement/prospectus.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ MARTA J. IDICA

Marta J. Idica, *Corporate Secretary*

It is very important that every shareholder vote. Approval of the merger requires the affirmative vote of the holders of a majority of the shares of common stock of Redwood Empire Bancorp issued and outstanding on the record date. Whether or not you plan to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card in the enclosed envelope. No postage is required if mailed in the United States. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card. The proxy may be revoked at any time prior to its exercise.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will happen to Redwood Empire Bancorp and National Bank of the Redwoods in this merger?

A: Redwood Empire Bancorp will merge with Westamerica Bancorporation, with Westamerica Bancorporation as the surviving corporation. Promptly after that National Bank of the Redwoods will merge with Westamerica Bank. The resulting bank will continue under the name Westamerica Bank as a wholly owned subsidiary of Westamerica Bancorporation. The existing branches of National Bank of the Redwoods will *either* become or be consolidated with branches of Westamerica Bank.

Q: How do I vote?

A: Simply indicate on your proxy card how you want to vote and then sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the Redwood Empire Bancorp special meeting.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will not vote your shares for you unless you provide instructions to your broker on how to vote. It is important therefore that you follow the directions provided by your broker regarding how to instruct your broker to vote your shares. If you fail to instruct your broker how to vote your shares, the effect will be the same as a vote against the merger.

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. If your shares are held in your name you may do this in one of three ways. First, you may send a written notice stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. If you choose either of these two methods, Redwood Empire Bancorp must receive your notice of revocation or your new proxy card to Redwood Empire Bancorp at the address at the top of the Notice of Special Meeting prior to the vote at the special meeting. Third, you may revoke your proxy before it is exercised by attending the special meeting and electing to vote in person. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote or to vote at the Redwood Empire Bancorp special meeting.

Q: Should I send in my certificates now?

A: No. After the merger is completed, we will send you written instructions for exchanging your stock certificates.

Q: When do you expect this merger to be completed?

A: We are working toward completing this merger as quickly as possible. We currently expect, subject to receiving required regulatory approvals, to complete this merger in the fourth quarter of 2004 or the first quarter of 2005.

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This summary, together with the Questions and Answers on the preceding pages, highlights important selected information from this proxy statement/prospectus. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document and the other information available to you. We have included page references in parentheses to direct you to a more complete description of the topics presented in this summary.

Redwood Empire Bancorp shareholders will receive \$28.74, consisting of \$11.49 in cash and \$17.25 in shares of Westamerica Bancorporation common stock in the merger, but this amount is subject to possible adjustment (page 45)

If the merger is completed, each share of Redwood Empire Bancorp common stock will be converted into the right to receive merger consideration of \$28.74, consisting of \$11.49 in cash and \$17.25 in shares of Westamerica Bancorporation common stock, valued at its average closing price for the 20 trading days ending three business days before the effective date of the merger. The merger consideration may be reduced by up to \$0.30 per share, allocated proportionately between cash and stock, if bank regulators require Westamerica Bancorporation or Redwood Empire Bancorp to divest deposits in Lake County as a condition of approving the merger. For example, based on an assumed Westamerica average closing price of \$55.25, the average closing price for the 20 trading days ended October 11, 2004, and a resulting exchange ratio of 0.3122, if you held 100 shares of Redwood Empire Bancorp common stock, you would have the right to receive \$1,149 in cash and 31.22 shares of Westamerica Bancorporation common stock in the merger, assuming no adjustments. You will receive cash instead of fractional shares. Therefore, you would only receive 31 shares of Westamerica Bancorporation common stock. You would also receive a check in an amount equal to 0.22 of a share multiplied by an average closing price of the Westamerica Bancorporation common stock on account of your fractional share, or \$12.16 based on an average closing price of \$55.25.

The following table shows the effect on the exchange ratio and the value of the merger consideration of changes in the average closing price of Westamerica Bancorporation common stock (rounded to the nearest cent):

Westamerica Average Closing Price is	Exchange Ratio	Value of Stock Portion Based on Average Closing Price	Value of Merger Consideration Based on Average Closing Price
\$40.4400	0.3792	\$ 15.33	\$26.82
42.9675	0.3792	16.29	27.78
45.4950	0.3792	17.25	28.74
48.0225	0.3592	17.25	28.74
50.5500	0.3412	17.25	28.74
53.0775	0.3250	17.25	28.74
55.6050	0.3102	17.25	28.74
58.1325	0.3102	18.03	29.52
60.6600	0.3102	18.82	30.31

The merger may be terminated by the board of directors of Redwood Empire Bancorp if Westamerica's average closing price is less than \$40.44. The merger may be terminated by the board of directors of Westamerica Bancorporation if Westamerica Bancorporation's average closing price is greater than \$60.66.

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The merger consideration will be reduced if Westamerica Bancorporation is required to divest deposits in Lake County as a condition of any governmental approval of the merger. Any reduction will be allocated proportionately between the stock portion and the cash portion. Based on deposit levels at June 30, 2004, following completion of the merger Westamerica would hold approximately 30% to 35% of deposits in the Lake County market, depending on the exact market definition that is used. Under tests used by the FRB and the Department of Justice to measure effects on competition, this percentage of deposits in relation to the number of remaining depository institutions and their relative market shares in the market would exceed levels permitted by the FRB and the Department of Justice. This fact alone might be sufficient to cause regulators to require a divestiture of deposits as a condition of approval of the merger. In its application for regulatory approvals, Westamerica is presenting mitigating factors to show that the merger will not have an adverse effect on competition for banking services in the Lake County market. These factors include the small population of the county and the size and financial strength of the other institutions doing business in the county. No assurance can be given that the regulatory agencies will agree that these factors are adequate to mitigate the adverse effect on competition implied by the pro forma combined level of deposits.

The following table shows the effect of deposit divestitures on the value of the merger consideration, assuming no adjustment on account of a change in Westamerica's average closing price.

If the volume of deposits that Westamerica is required to divest in Lake County is:	Adjusted Merger Consideration Per Share				
	Initial Value	Up to \$10 Million	Over \$10 Million to \$20 Million	Over \$20 Million to \$30 Million	Over \$30 Million
Stock portion	\$ 17.25	\$ 17.19	\$ 17.16	\$ 17.10	\$ 17.07
Cash portion	11.49	11.45	11.43	11.39	11.37
Merger consideration	28.74	28.64	28.59	28.49	28.44

The following table shows the effect on the exchange ratio and the value of the merger consideration of changes in the average closing price of Westamerica Bancorporation common stock, assuming a required divestiture of more than \$30 million in deposits in Lake County:

Westamerica Average Closing Price is	Exchange Ratio	Value of Stock Portion Based on Average Closing Price	Value of Merger Consideration Based on Average Closing Price
\$40.4400	0.3752	\$ 15.17	\$ 26.54
42.9675	0.3752	16.12	27.49
45.4950	0.3752	17.07	28.44
48.0225	0.3555	17.07	28.44
50.5500	0.3377	17.07	28.44
53.0775	0.3216	17.07	28.44
55.6050	0.3070	17.07	28.44
58.1325	0.3070	17.85	29.22
60.6600	0.3070	18.62	29.99

If Westamerica Bancorporation is required to divest at least \$10 million but not more than \$30 million in deposits, the reductions in the exchange ratio, value of the stock portion and the total merger consideration would be proportionately less. For additional detail on the effect of these possible adjustments, see "The merger agreement - Conversion of Redwood Empire Bancorp common stock" on page 45.

Comparative Market Price Data

Westamerica Bancorporation's common stock is traded on the Nasdaq National Market under the symbol WABC. Redwood Empire Bancorp common stock is traded on the Nasdaq National Market under the symbol REBC.

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The following table presents historical per share market values for Westamerica Bancorporation common stock and Redwood Empire Bancorp common stock and the equivalent pro forma market values on August 25, 2004, which was the last trading day prior to public announcement of the merger and on November 10, 2004. The historical values represent the last sale prices on or before the dates indicated. The equivalent pro forma market value of Redwood Empire Bancorp common stock is obtained by multiplying the historical market price of Westamerica Bancorporation common stock by the applicable exchange ratio. The equivalent pro forma market value per share of Redwood Empire Bancorp common stock assumes an average closing price equivalent to the market price for Westamerica Bancorporation common stock shown in the table and an assumed exchange ratio of 0.3122 on August 25 and 0.3102 on November 10 and no adjustments on account of a possible divestiture of deposits. The actual merger consideration will vary.

The values shown for Westamerica Bancorporation common stock may be higher or lower than the average closing price of Westamerica Bancorporation common stock as that term is defined in the merger agreement for purposes of determining the exchange ratio and the actual market value of Westamerica Bancorporation common stock at the time of completion of the merger, so the market value of Westamerica Bancorporation common stock you receive and therefore the total per share merger consideration you receive upon completion of the merger may be greater or less than the amounts shown.

	Historical Market Price		Redwood Empire Bancorp Equivalent Pro Forma Market Value	
	Westamerica Bancorporation	Redwood Empire Bancorp	Stock Portion	Stock and Cash Portions
August 25, 2004	\$ 54.06	\$ 25.99	\$ 17.25	\$ 28.74
November 10, 2004	60.11	29.58	18.65	30.14

Once Redwood Empire Bancorp is acquired by Westamerica Bancorporation, there will be no further public market for Redwood Empire Bancorp's common stock. Westamerica Bancorporation common stock will continue to be traded on the Nasdaq National Market.

The merger is intended to be a tax-free transaction in which Redwood Empire Bancorp shareholders will not recognize gain or loss on the stock portion of the merger consideration (page 39)

The merger is intended to be a tax-free reorganization so that no gain or loss will be recognized by either Westamerica Bancorporation or Redwood Empire Bancorp or their respective shareholders for federal income tax purposes on the stock portion of the merger consideration. Redwood Empire Bancorp shareholders may recognize gain but not loss on the receipt of the cash portion of the merger consideration.

Redwood Empire Bancorp's board recommends shareholder approval (pages 19, 23)

Redwood Empire Bancorp's board of directors believes that the merger is in the best interests of Redwood Empire and its shareholders and has unanimously approved the merger. Redwood Empire Bancorp's board unanimously recommends that you vote FOR approval of the merger.

Vote Required (page 19)

Approval of the merger by Redwood Empire Bancorp shareholders requires the affirmative vote of the holders of a majority of the outstanding shares. The directors and executive officers of Redwood Empire Bancorp and their affiliates together held approximately 1.2% of Redwood Empire's outstanding common stock as of the record date. You should be aware that Redwood Empire Bancorp shareholders holding approximately 50.6% of the outstanding shares have agreed to vote in favor of the merger and have given Westamerica Bancorporation irrevocable proxies to vote their shares in favor of the merger and that directors of Redwood Empire, who in the aggregate own approximately 1.2% of the outstanding shares, have also agreed to vote their shares in favor of the merger. Therefore shareholder approval of the merger is effectively assured.

The merger does not require the approval of the shareholders of Westamerica Bancorporation.

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Financial advisor has given an opinion that consideration is fair to Redwood Empire Bancorp shareholders (page 25)

In deciding to approve the merger, the Redwood Empire Bancorp board of directors considered the opinion of its financial advisor, Hovde Financial LLC, dated as of August 13, 2004, about the fairness of the merger to Redwood Empire Bancorp shareholders from a financial point of view. This opinion is attached as Annex B to this proxy statement/ prospectus. We encourage you to read it carefully. Under an agreement with Redwood Empire Bancorp, Hovde Financial LLC will receive a fee of approximately \$1,530,000, subject to adjustment depending on the actual value of the merger consideration as of closing, when the merger closes.

Dissenters' rights of appraisal (page 40 and Annex C)

You will be given the opportunity to exercise dissenters' rights in accordance with certain procedures specified under California law, provided that demands are made for payment with respect to 5% or more of the outstanding shares of Redwood Empire Bancorp common stock. This means that shareholders who vote against the merger may make a written demand to Redwood Empire Bancorp for payment in cash of the fair market value of their shares. Redwood Empire Bancorp must receive the demand no later than the date of the special meeting. To exercise dissenters' rights, you must vote shares against the merger; it is not sufficient to abstain from voting. The Redwood Empire Bancorp board of directors has determined that the fair market value of one share of Redwood Empire Bancorp common stock for this purpose is \$25.99. That amount represents the last reported sale price for Redwood Empire Bancorp common stock on August 25, 2004, the business day before the public announcement of the merger. You may disagree with the Redwood Empire Bancorp board of directors' determination of the fair market value. The procedure for exercising your dissenters' rights is summarized under the heading "The Merger - Dissenters' rights of appraisal." The relevant provisions of California law on dissenters' rights are attached to this document as Annex C.

Benefits to certain officers and directors in the merger (page 36)

In considering the recommendation of the board of directors of Redwood Empire Bancorp to approve the merger, you should be aware that certain executive officers and directors of Redwood Empire Bancorp have certain interests in, and will receive benefits as a consequence of, the merger that are different from the benefits to Redwood Empire Bancorp shareholders generally. These interests include:

vesting of all outstanding stock options, which, based on anticipated holdings as of December 1, 2004 and merger consideration of \$28.74, would result in an estimated aggregate benefit to executive officers and directors of approximately \$508,150; and

potential severance benefits available to executive officers and directors under various severance policies, change in control agreements and salary continuation agreements, which could result in cash severance payments to executive officers and directors, assuming all were terminated immediately following the merger, of approximately \$1,670,055 in the aggregate.

Shareholders of Westamerica Bancorporation and Redwood Empire Bancorp have different rights (page 70)

The rights of holders of Westamerica Bancorporation common stock are different in some respects from the rights of holders of Redwood Empire Bancorp common stock. You should consider these differences when voting on the merger.

Information regarding Westamerica Bancorporation and Redwood Empire Bancorp (pages 21, 57 and 67)

Westamerica Bancorporation
4550 Mangels Boulevard
Fairfield, CA 94585-1200
(415) 257-8000
www.westamerica.com

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Westamerica Bancorporation is a bank holding company registered under the Bank Holding Company Act of 1956. Westamerica Bancorporation was incorporated under the laws of the State of California as Independent Bankshares Corporation on February 11, 1972. It is the parent of Westamerica Bank and Community Banker Services Corporation. Westamerica Bancorporation has 88 branches throughout northern and central California. Westamerica Bancorporation as of June 30, 2003, was the 14th largest bank and 18th largest depository institution, measured by deposits, in California. At June 30, 2004 it had total assets of \$4.6 billion, deposits of approximately \$3.5 billion and shareholders' equity of \$329.8 million.

Redwood Empire Bancorp
111 Santa Rosa Avenue
Santa Rosa, CA 95404
(707) 573-4800

Redwood Empire Bancorp is a bank holding company registered under the Bank Holding Company Act of 1956. It was originally incorporated in 1988 for the purpose of becoming the holding company of National Bank of the Redwoods, a national banking association founded in 1985. Redwood Empire Bancorp conducts a general commercial banking business through its main office in Santa Rosa, California, five retail branches located in Sonoma County, California, one retail branch located in Mendocino County, California, and one retail branch located in Lake County, California. At June 30, 2004, Redwood Empire Bancorp had assets of approximately \$515.4 million, deposits of approximately \$453.0 million and shareholders' equity of approximately \$28.3 million.

Special shareholders meeting to be held on December 14, 2004 (page 18)

We will hold the special meeting of shareholders of Redwood Empire Bancorp at 5:30 p.m., on Tuesday, December 14, 2004, at Redwood Empire Bancorp, 111 Santa Rosa Avenue, Santa Rosa, California 95404. At the special meeting, you will be asked to approve the merger and to consider such other business as may properly come before the meeting.

Record date set at November 10, 2004; vote required for approval of merger (page 19)

You can vote at the special meeting if you owned Redwood Empire Bancorp common stock at the close of business on November 10, 2004. Holders of a majority of the outstanding shares of Redwood Empire Bancorp common stock must vote to approve the merger in order for the merger to occur.

Conditions that must be satisfied for the merger to occur (page 53)

We will not complete the merger unless a number of conditions are met. These include:

approval of the merger by Redwood Empire Bancorp shareholders,

receipt of all required regulatory approvals;

absence of material adverse changes in the parties, unless waived; and

satisfaction by Redwood Empire Bancorp of certain financial conditions relating to its levels of performing loans, noninterest-bearing deposits and shareholders' equity, unless waived by Westamerica Bancorporation.

Regulatory approvals we must obtain for the merger to occur (page 35)

The merger requires the prior approval of the Board of Governors of the Federal Reserve System (the FRB) under the Bank Merger Act and of the California Department of Financial Institutions under the California Financial Code. The FRB may require Westamerica Bancorporation or Redwood Empire Bancorp to divest deposits in Lake County as a condition to its approval. If such divestiture is required, the merger consideration could be reduced by up to \$0.30 per share.

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Westamerica Bancorporation to use purchase accounting treatment (page 39)

Westamerica Bancorporation will account for the merger as a purchase. Under the purchase accounting method, Westamerica Bancorporation will revalue on its books the assets and liabilities of Redwood Empire Bancorp at their fair market values, and the amount by which the aggregate merger consideration exceeds the net fair values of the assets of Redwood Empire Bancorp will be recorded as intangibles such as goodwill or core deposit intangible.

Termination of the merger (page 55)

The merger may be terminated before completion as follows:

by the mutual consent of Redwood Empire Bancorp and Westamerica Bancorporation;

by either party if the conditions to its obligations have not been met by May 25, 2005;

by either party if the shareholders of Redwood Empire Bancorp fail to approve the merger at the special meeting;

by either party if the other fails to comply materially with its obligations under the merger agreement and fails to cure within 60 days;

by either party if any necessary governmental approval has been denied;

by Westamerica Bancorporation if Redwood Empire Bancorp materially breaches its obligation not to solicit or encourage a different transaction for the acquisition of Redwood Empire Bancorp, and, in the event of such termination, Redwood Empire Bancorp will be liable to Westamerica Bancorporation for a break-up fee of \$4,500,000;

by Westamerica Bancorporation if the board of directors of Redwood Empire Bancorp fails to recommend adoption of the merger at the special meeting, and, in the event of such termination, Redwood Empire Bancorp will be liable to Westamerica Bancorporation for a break-up fee of \$4,500,000;

by Redwood Empire Bancorp if its board of directors authorizes it to enter into a superior transaction for the acquisition of Redwood Empire Bancorp, and, in the event of such termination, Redwood Empire Bancorp will be liable to Westamerica Bancorporation for a break-up fee of \$4,500,000;

by either party if Westamerica Bancorporation solicits or encourages an acquisition of Westamerica Bancorporation that would materially interfere with its obligations under the merger agreement, and, in the event of such termination, Westamerica Bancorporation will be liable to Redwood Empire Bancorp for a break-up fee of \$4,500,000;

by Westamerica Bancorporation if the Westamerica average closing price is greater than \$60.66; and

by Redwood Empire Bancorp if the Westamerica average closing price is less than \$40.44.

Table of Contents**Selected Financial Information About Westamerica Bancorporation**

The following table presents selected supplemental historical financial information for Westamerica Bancorporation for each of the five years in the period ended December 31, 2003, and the six-month periods ended June 30, 2004 and 2003. This information has been derived from and should be read in conjunction with the supplemental consolidated financial statements of Westamerica Bancorporation, including the notes to such financial statements, which are incorporated by reference elsewhere in this document.

	At and for the Six Months Ended June 30,		At and for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(In thousands, except per share data)						
Interest income	\$ 107,682	\$ 113,724	\$ 223,493	\$ 237,633	\$ 257,056	\$ 269,516	\$ 257,656
Interest expense	10,111	15,146	27,197	39,182	68,887	88,614	78,456
Net interest income	97,571	98,578	196,296	198,451	188,169	180,902	179,200
Provision for loan losses	1,500	1,800	3,300	3,600	3,600	3,675	4,780
Noninterest income:							
Securities gains (impairment)	2,183	293	2,443	(4,278)			
Loss on extinguishment of debt	(2,204)	0	(2,166)				
Deposit services charges and other	22,547	21,118	42,639	40,829	42,655	41,130	40,174
Total noninterest income	22,526	21,411	42,916	36,551	42,655	41,130	40,174
Noninterest expense	49,982	51,011	101,703	103,323	102,651	100,198	100,133
Income before income taxes	68,615	67,178	134,209	128,079	124,573	118,159	114,461
Provision for income taxes	19,657	20,495	39,146	40,941	40,294	38,380	38,373
Net income	\$ 48,958	\$ 46,683	\$ 95,063	\$ 87,138	\$ 84,279	\$ 79,779	\$ 76,088
Earnings per share:							
Basic	\$ 1.53	1.41	\$ 2.89	\$ 2.59	\$ 2.39	\$ 2.19	\$ 1.97
Diluted	1.51	1.39	2.85	2.55	2.36	2.16	1.94
Per share:							
Dividends paid	\$ 0.54	\$ 0.48	\$ 1.00	\$ 0.90	\$ 0.82	\$ 0.74	\$ 0.66
Book value at period end	10.38	10.85	10.54	10.22	9.19	9.32	8.10
Average common shares outstanding	31,906	33,054	32,849	33,686	35,213	36,410	38,588
Average diluted common shares outstanding	32,502	33,528	33,369	34,225	35,748	36,936	39,194
Shares outstanding at period end	31,784	32,937	32,287	33,411	34,220	36,251	37,125
At Period End:							
Loans, net	\$2,265,306	\$2,352,730	\$2,269,420	\$2,440,411	\$2,432,371	\$2,429,880	\$2,269,272
Investments	1,985,320	1,839,572	1,949,288	1,386,833	1,158,139	1,149,310	1,219,491

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Total assets	4,611,811	4,564,692	4,576,385	4,224,867	3,927,967	4,031,381	3,893,187
Total deposits	3,505,429	3,453,631	3,463,991	3,294,065	3,234,635	3,236,744	3,065,344
Short-term borrowed funds	712,553	393,287	590,646	349,736	271,911	386,942	462,345
Federal Home Loan Bank advances		170,000	105,000	170,000	40,000		
Debt financing and notes payable	21,429	21,393	24,643	24,607	27,821	31,036	41,500
Intangible assets	22,162	22,762	22,433	23,176	19,013	20,376	10,200
Shareholders equity	329,795	357,311	340,371	341,499	314,359	337,747	300,592

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	At and for the Six Months Ended June 30,		At and for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(In thousands, except per share data)							
Financial Ratios:							
For the Period:							
Return on assets	2.20%	2.21%	2.19%	2.17%	2.18%	2.06%	1.99%
Return on equity	30.82%	29.44%	29.38%	28.70%	27.17%	25.78%	23.31%
Net interest margin*	5.24%	5.51%	5.39%	5.76%	5.71%	5.48%	5.46%
Net loan losses to average loans	0.13%	0.16%	0.15%	0.14%	0.15%	0.17%	0.20%
Noninterest expense to total revenue*	38.0%	39.3%	39.1%	41.0%	41.7%	42.5%	43.2%
At Period End:							
Equity to assets	7.15%	7.83%	7.44%	8.08%	8.00%	8.38%	7.72%
Total capital to risk-adjusted assets	11.78%	11.32%	11.39%	10.97%	10.63%	11.61%	11.75%
Allowance for loan losses to loans	2.33%	2.25%	2.32%	2.17%	2.10%	2.11%	2.22%

* Fully taxable equivalent

Table of Contents**Selected Financial Information About Redwood Empire Bancorp**

The following table presents selected supplemental historical financial information for Redwood Empire Bancorp for each of the five years in the period ended December 31, 2003, and the six-month periods ended June 30, 2004 and 2003. This information has been derived from and should be read in conjunction with the supplemental consolidated financial statements of Redwood Empire Bancorp including the notes to such financial statements, which are incorporated by reference elsewhere in this document.

	At or for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999(2)
(In thousands, except per share data)							
Statements of Operations:							
Total interest income	\$ 14,194	\$ 15,150	\$ 30,134	\$ 30,536	\$ 33,555	\$ 35,163	\$ 30,633
Net interest income	11,039	11,208	22,766	20,866	20,104	20,844	19,687
Provision for loan losses						150	750
Noninterest income	3,607	3,278	6,833	7,615	6,599	6,106	5,197
Income from continuing operations	3,539	4,197	7,649	7,961	7,307	6,466	4,599
Loss from discontinued operations							(437)
Net income	3,539	4,197	7,649	7,961	7,307	6,466	4,162
Balance Sheets:							
Total assets	\$ 515,421	\$ 525,874	\$ 528,900	\$ 513,181	\$ 448,742	\$ 453,439	\$ 423,046
Total loans	424,086	415,063	414,521	365,076	351,649	315,101	314,445
Allowance for loan losses	7,039	7,492	7,162	7,400	7,580	7,674	7,931
Total deposits	453,043	466,635	454,782	453,093	397,412	405,333	369,509
Subordinated debentures	20,000	10,000	20,000	10,000	10,000		
Shareholders equity	28,268	30,276	27,680	28,807	26,687	35,459	37,444
Performance and Financial Ratios(3):							
Return on average assets from continuing operations(3)	1.37%	1.64%	1.48%	1.62%	1.63%	1.47%	1.13%
Return on average common equity from continuing operations(3)	25.52%	29.31%	27.25%	28.98%	26.41%	17.75%	11.70%
Common dividend payout ratio	58.72%	40.39%	44.34%	35.08%	18.09%	25.29%	19.51%
Average equity to average assets from continuing operations	5.39%	5.59%	5.43%	5.58%	6.17%	8.30%	9.66%
Leverage ratio	6.82%	7.26%	6.47%	6.59%	7.46%	7.72%	8.66%
Tier 1 risk-based capital ratio	8.03%	9.13%	7.93%	8.69%	9.52%	9.99%	11.74%
Total risk-based capital ratio	11.86%	10.51%	11.94%	10.36%	11.16%	11.25%	13.01%
Net interest margin from continuing operations(3)	4.58%	4.62%	4.66%	4.49%	4.78%	5.08%	5.30%
Noninterest expense from continuing operations to net interest income and other noninterest income from continuing operations	59.75%	55.14%	55.41%	56.20%	54.12%	59.18%	66.07%
Average earning assets to average total assets from continuing operations	93.65%	94.68%	94.44%	94.34%	93.72%	93.50%	91.20%
Nonperforming assets to total assets	0.30%	0.59%	0.24%	0.54%	0.71%	0.43%	1.52%

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Net loan charge-offs to average loans(3)	-0.06%	0.05%	0.06%	0.05%	0.03%	0.12%	0.29%
Allowance for loan losses to total loans	1.66%	1.81%	1.73%	2.03%	2.16%	2.44%	2.52%
Allowance for loan losses to nonperforming loans	448%	241%	566%	265%	239%	638%	194%

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	At or for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999(2)
(In thousands, except per share data)							
Share Data(1):							
Common shares outstanding (000)	4,948	5,115	4,951	5,108	5,295	6,431	7,266
Book value per common share	\$ 5.71	\$ 5.92	\$ 5.59	\$ 5.64	\$ 5.04	\$ 5.51	\$ 5.15
Basic earnings per common share:							
Income from continuing operations	0.72	0.83	1.52	1.53	1.32	.94	.61
Loss from discontinued operations							(.06)
Net income available for common stock shareholders	0.72	0.83	1.52	1.53	1.32	.94	.55
Weighted average shares outstanding (000)	4,946	5,081	5,026	5,211	5,555	6,866	7,569
Diluted earnings per common share:							
Income from continuing operations	\$ 0.69	\$ 0.80	\$ 1.48	\$ 1.47	\$ 1.27	\$ 0.92	\$ 0.59
Loss from discontinued operations							(.06)
Net income available for common stock shareholders	0.69	0.80	1.48	1.47	1.27	0.92	0.54
Weighted average shares outstanding (000)	5,093	5,239	5,184	5,400	5,738	6,996	7,776
Cash dividends per common share	\$ 0.42	\$ 0.33	\$.67	\$.53	\$.25	\$.25	\$.11

- (1) Restated for 2001 and 2003 3 for 2 stock splits.
- (2) Amounts previously reported as an extraordinary loss for the year ended December 31, 1999 have been reclassified to other expense in order to comply with FASB Statement No. 145. The related ratios and per share data have been restated to give effect to this reclassification.
- (3) Ratios for the six months ended June 30, 2004 and 2003 are annualized.

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Selected Consolidated Unaudited Pro Forma Financial Information

The following table shows information about our financial condition and results of operations, including per share data and financial ratios, after giving effect to the merger. This information is called pro forma financial information in this document. The table sets forth the information as if the merger had become effective on June 30, 2004, with respect to financial condition data, and on January 1, 2003, with respect to results of operations data. This pro forma financial information assumes that the merger is accounted for using the purchase method of accounting and represents a current estimate based on available information of the combined company's results of operations. See Accounting Treatment on page 39. The pro forma information is based on an assumed Westamerica average closing price of \$55.25, the average closing price for the 20 trading days ended October 11, 2004, and a corresponding exchange ratio of 0.3122. The pro forma financial information includes adjustments to record the assets and liabilities of Redwood Empire Bancorp at their estimated fair values and is subject to further adjustment as additional information becomes available and as additional analyses are performed. The pro forma financial statements do not currently include costs that will be incurred by Westamerica Bancorporation after completion of the merger to combine the operations of Westamerica Bancorporation and Redwood Empire Bancorp. This table should be read in conjunction with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of Westamerica Bancorporation and Redwood Empire Bancorp incorporated by reference in this document and the more detailed pro forma financial information, including the notes thereto, appearing elsewhere in this document. See Where You Can Find Additional Information on page 81 and Unaudited Pro Forma Condensed Combined Financial Information on page 74.

The pro forma financial information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies, asset dispositions and share repurchases, among other factors, that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods.

Table of Contents**Selected Consolidated Unaudited Pro Forma Financial Information****June 30, 2004**

	Westamerica Bancorporation	Redwood Empire Bancorp	DR(CR) Adjustments	Pro Forma Combined
For the Period:				
Interest income	\$ 107,682	\$ 14,194	\$ 0	\$ 121,876
Interest expense	10,111	3,155	0	13,266
Net interest income	97,571	11,039		108,610
Provision for loan losses	1,500	0		1,500
Noninterest income	22,526	3,607		26,133
Noninterest expense	49,982	8,751	1,057	59,790
Income before income taxes	68,615	5,895		73,453
Provision for income taxes	19,657	2,356	(444)	21,569
Net income	\$ 48,958	\$ 3,539	\$ (613)	\$ 51,884
Earnings per share:				
Basic	\$ 1.53	\$ 0.72		\$ 1.55
Diluted	1.51	0.69		1.52
Dividends paid per share	0.54	0.42	0.00	0.54
Average common shares outstanding	31,906	4,946	(3,401)	33,451
Average diluted common shares outstanding	32,502	5,093	(3,438)	34,157
At Period-End				
Loans, net	\$2,265,306	\$417,052	\$ 0	\$2,682,358
Investments	1,985,320	53,523	0	2,038,843
Total assets	4,611,811	515,421	66,974	5,194,206
Total deposits	3,505,429	453,043	0	3,958,472
Short-term borrowed funds	712,553	1,939	0	714,492
Federal Home Loan Bank advances	0	0	0	0
Debt financing and notes payable	21,429	20,000	0	41,429
Intangible assets	22,162	1,669	131,550	155,381
Shareholders equity	329,795	28,268	(63,174)	421,237
Shares outstanding	31,784	4,948	(3,403)	33,329
Book value per share	\$ 10.38	\$ 5.71		\$ 12.64
Financial Ratios:				
For the period:				
Return on assets	2.20%	1.37%		2.07%
Return on equity	30.82%	25.52%		25.41%
Net interest margin*	5.24%	4.58%		5.18%
Net loan losses to average loans	0.13%	(0.06)%		0.10%
Efficiency ratio*	38.04%	59.75%		40.94%
At period-end:				
Equity to assets	7.15%	5.48%		8.11%
Total capital to risk-adjusted assets	11.83%	11.86%		9.53%
Allowance for loan losses to loans	2.33%	1.66%		2.22%

* Fully taxable equivalent

Table of Contents**Selected Consolidated Unaudited Pro Forma Financial Information**

December 31, 2003

	Westamerica Bancorporation	Redwood Empire Bancorp	DR(CR) Adjustments	Pro Forma Combined
For the Period:				
Interest income	\$ 223,493	\$ 30,134	\$ 0	\$ 253,627
Interest expense	27,197	7,368	0	34,565
Net interest income	196,296	22,766		219,062
Provision for loan losses	3,300	0	0	3,300
Noninterest income	42,916	6,833	0	49,749
Noninterest expense	101,703	16,400	2,114	120,217
Income before income taxes	134,209	13,199		145,294
Provision for income taxes	39146	5,550	(888)	43,808
Net income	\$ 95,063	\$ 7,649	\$ (1,226)	\$ 101,487
Earnings per share:				
Basic	\$ 2.89	\$ 1.52		\$ 2.95
Diluted	2.85	1.48		2.90
Dividends paid per share	1.00	0.67	0.00	1.00
Average common shares outstanding	32,849	5,026	(3,481)	34,394
Average diluted common shares outstanding	33,369	5,184	(3,529)	35,024
At Period-End				
Loans, net	\$2,269,420	\$407,551	\$ 0	\$2,676,971
Investments	1,949,288	75,795	0	2,025,083
Total assets	4,576,385	528,900	67,562	5,172,847
Total deposits	3,463,991	454,782	0	3,918,773
Short-term borrowed funds	590,646	2,765	0	593,411
Federal Home Loan Bank advances	105,000	13,500	0	118,500
Debt financing and notes payable	24,643	20,000	0	44,643
Intangible assets	22,433	1,827	132,138	156,398
Shareholders equity	340,371	27,680	(63,762)	431,813
Shares outstanding	32,287	4,951	(3,406)	33,832
Book value per share	\$ 10.54	\$ 5.59		\$ 12.76
Financial Ratios:				
For the period:				
Return on assets	2.19%	1.48%		2.06%
Return on equity	29.38%	27.25%		24.43%
Net interest margin*	5.39%	4.66%		5.31%
Net loan losses to average loans	0.15%	0.06%		0.14%
Efficiency ratio*	39.07%	55.41%		41.47%
At period-end:				
Equity to assets	7.44%	5.23%		8.35%
Total capital to risk-adjusted assets	11.39%	11.94%		9.84%
Allowance for loan losses to loans	2.32%	1.73%		2.23%

* Fully taxable equivalent

Table of Contents**Comparative Per Common Share Data**

The following table sets forth for Westamerica Bancorporation common stock and Redwood Empire Bancorp common stock certain historical, pro forma and pro forma-equivalent per share financial information. The pro forma and pro forma-equivalent per share information gives effect to the merger as if the merger had been effective on the dates presented, in the case of the book value data, and as if the merger had become effective on January 1, 2003, in the case of the income and dividends paid data. The pro forma data in the tables assume that the merger is accounted for using the purchase method of accounting and represents a current estimate based on available information of the combined company's results of operations. See Accounting Treatment on page 39. The pro forma financial adjustments record the assets and liabilities of Redwood Empire Bancorp at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed.

The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies, asset dispositions and share repurchases, among other factors, that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods. Upon completion of the merger, the operating results of Redwood Empire Bancorp will be reflected in the consolidated financial statements of Westamerica Bancorporation on a prospective basis.

We have summarized the historical per share information for Westamerica Bancorporation and Redwood Empire Bancorp and additional information as if the companies had been combined for the period shown (pro forma) calculated based on an assumed exchange ratio of 0.3122 of a share of Westamerica Bancorporation common stock per share of Redwood Empire Bancorp common stock.

Redwood Empire Bancorp equivalent pro forma share amounts are calculated by multiplying the pro forma book value per share and net income per share and Westamerica Bancorporation's historical per share dividends by the assumed exchange ratio so that the per share amounts equate to the respective stock values for one share of Redwood Empire Bancorp common stock, excluding the \$11.49 per share (subject to adjustment) of cash that will be part of the merger consideration. You should not rely on the pro forma information as being indicative of the historical results that we would have had or the future results that will occur after the merger. The equivalent pro forma data reflects the purchase method of accounting and does not reflect potential cost savings or revenue enhancements, if any, that may be achieved.

	Westamerica Bancorporation Historical	Redwood Empire Bancorp Historical	Pro Forma Combined	Per Equivalent Redwood Empire Bancorp Share
Income				
For the year ended December 31, 2003				
Basic	\$ 2.89	\$ 1.52	\$ 2.95	\$ 0.92
Diluted	2.85	1.48	2.90	0.90
For the six months ended June 30, 2004				
Basic	1.53	0.72	1.55	0.48
Diluted	1.51	0.69	1.52	0.47
Cash Dividends Paid				
For the year ended December 31, 2003	1.00	0.67	1.00	0.31
For the six months ended June 30, 2004	0.54	0.42	0.54	0.17
Book Value				
As of December 31, 2003	10.54	5.59	12.76	3.98
As of June 30, 2004	10.38	5.71	12.64	3.95

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RISK FACTORS

In addition to the other information included in this document, you should consider the matters described below carefully in determining whether to approve the merger. Where we or our is used in this section, it is meant to refer to both Westamerica Bancorporation and Westamerica Bank before the merger and to Westamerica Bancorporation and Westamerica Bank following its proposed acquisition of Redwood Empire Bancorp and National Bank of the Redwoods.

The value of the merger consideration fluctuates based on Westamerica Bancorporation's stock price and any required divestiture of deposits in Lake County, California. The exchange ratio is based on the average price per share of Westamerica Bancorporation's common stock for the 20 consecutive trading days prior to the three business days before the day the merger is consummated. This average price may vary from the market price of Westamerica Bancorporation common stock on the date the merger was announced, on the date that this document is mailed to Redwood Empire Bancorp shareholders, on the date of the special meeting of Redwood Empire Bancorp shareholders and on the date the merger is completed. Any change in the price of Westamerica Bancorporation common stock prior to completion of the merger may affect the value of the merger consideration that you will receive upon completion of the merger. Stock price changes may result from a variety of factors, many of which are beyond our control. In addition, the merger consideration will be reduced if any governmental agency requires divestment of deposits by Westamerica Bancorporation or Redwood Empire Bancorp in Lake County, California.

The fairness opinion obtained by Redwood Empire Bancorp from its financial adviser will not reflect changes in circumstances between the signing of the agreement and the merger. Redwood Empire Bancorp has not obtained an updated fairness opinion as of the date of this document from its financial advisor, Hovde Financial LLC. Changes in the operations and prospects of Westamerica Bancorporation or Redwood Empire Bancorp, general market and economic conditions and other factors that may be beyond the control of Westamerica Bancorporation and Redwood Empire Bancorp, and on which the fairness opinion was based, may alter the value of Westamerica Bancorporation or Redwood Empire Bancorp or the respective prices of shares of their common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of the opinion. For a description of the opinion that Redwood Empire Bancorp received from its advisor, please refer to The Merger Opinion of Redwood Empire Bancorp's financial advisor on page 25. For a description of the other factors considered by Westamerica Bancorporation's board of directors in determining to approve the merger, please refer to The Merger Westamerica Bancorporation's Reasons for the Merger on page 25. For a description of the other factors considered by Redwood Empire Bancorp's board of directors in determining to approve the merger, please refer to The Merger Redwood Empire Bancorp's Reasons for the Merger on page 23.

There are uncertainties in integrating our business operations and realizing enhanced earnings. If we are unable to integrate our businesses successfully, this could hurt our business. The merger involves the integration of companies that have previously operated independently. No assurance can be given that Westamerica Bancorporation and Redwood Empire Bancorp will be able to integrate their operations without encountering difficulties including, without limitation, the loss of key employees and customers, the disruption of their respective ongoing businesses, possible inconsistencies in standards, controls, procedures and policies and possible difficulties in integrating information and data processing systems.

The merger agreement limits Redwood Empire Bancorp's ability to pursue alternatives to the merger. The merger agreement contains no shop provisions that, subject to limited exceptions, limit Redwood Empire Bancorp's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of the company. In addition, the merger agreement provides that Redwood Empire Bancorp must pay a break-up fee of \$4,500,000 if the merger agreement is terminated because Redwood Empire Bancorp solicits or enters into a competing third-party transaction. These provisions might discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Redwood Empire Bancorp from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquirer proposing to pay a lower per share price to acquire Redwood Empire Bancorp than it might otherwise

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have proposed to pay. The merger agreement also limits Westamerica Bancorporation's ability to enter into an agreement for a competing business combination, but only if that agreement did not permit Westamerica Bancorporation to complete the merger with Redwood Empire Bancorp.

Further economic slowdown in California could hurt our business. Westamerica Bancorporation has focused its business in Northern and Central California. Much of Redwood Empire Bancorp's business is focused in Sonoma, Mendocino and Lake Counties of Northern California. These areas have experienced economic difficulties in the recent past, and a further economic slowdown in California could have the following consequences:

Loan delinquencies may increase;

Problem assets and foreclosures may increase;

Demand for our products and services may decline; and

Collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers' borrowing power.

Redwood Empire Bancorp shareholders will not control Westamerica Bancorporation's future operations. Following the merger, Redwood Empire Bancorp shareholders in the aggregate will become owners of approximately 5.1% of the outstanding shares of Westamerica Bancorporation common stock. Accordingly, former Redwood Empire Bancorp shareholders will not have a significant impact on the election of directors or on whether future Westamerica Bancorporation proposals are approved or rejected.

Westamerica Bancorporation's shareholders' rights plan may have anti-takeover effects, which could limit the price investors might be willing to pay in the future for its common stock. Westamerica Bancorporation's board of directors has adopted a preferred stock purchase rights plan, commonly known as a "poison pill." The rights plan is intended to prevent abusive hostile takeover attempts by requiring a potential acquirer to negotiate the terms of an acquisition with Westamerica Bancorporation's board of directors. However, the rights plan could have the effect of deterring or preventing an acquisition of the combined company, even if a majority of the shareholders would be in favor of such acquisition, and could also make it more difficult for a person or group to gain control of the combined company or to change existing management.

Additional risks concerning ownership of Westamerica Bancorporation common stock are discussed in this document under the caption "Information about Westamerica Bancorporation - Certain additional business risks."

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains certain forward-looking statements with respect to the financial condition, results of operations and business of Westamerica Bancorporation and Redwood Empire Bancorp in the future. These forward-looking statements include, but are not limited to statements relating to the cost savings that we expect to realize from the merger, the expected impact of the merger on Westamerica Bancorporation's financial performance, earnings estimates for the combined company, the market value of Westamerica Bancorporation common stock in the future and other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "should," "seeks," "estimates" or words of similar meaning. (see "The Merger - Reasons for the Merger; Recommendations of the board of directors"). These forward-looking statements are based upon the current beliefs and expectations of Westamerica Bancorporation and Redwood Empire Bancorp management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities:

expected cost savings from the merger cannot be fully realized;

deposit attrition, customer loss or revenue loss following the merger is greater than expected;

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costs or difficulties related to the integration of the business of Westamerica Bancorporation and Redwood Empire Bancorp are greater than expected;

competitive pressure in the banking and financial services industry increases significantly;

operational risks including data processing system failures or fraud;

changes in the interest rate environment reduce margins;

general economic conditions, either nationally or regionally, are less favorable than expected, resulting in, among other things, a deterioration in credit quality;

increased economic uncertainty resulting from recent terrorist attacks and the threat of similar attacks in the future;

changes in the regulatory environment;

changes in business conditions and inflation; and

changes in the securities markets.

The forward-looking earnings estimates included in this document have not been examined or compiled by the independent registered public accounting firm of Westamerica Bancorporation or Redwood Empire Bancorp nor have such accountants applied any procedures to those estimates. Accordingly, such accountants do not express an opinion or any other form of assurance on them. Further information on other factors which could affect the financial results of Westamerica Bancorporation after the merger is included in the SEC filings incorporated by reference into this document.

SPECIAL MEETING OF REDWOOD EMPIRE BANCORP SHAREHOLDERS

Date, Time and Place of Meeting

The special meeting of shareholders of Redwood Empire Bancorp will be held on December 14, 2004, at 5:30 p.m., local time at Redwood Empire Bancorp, 111 Santa Rosa Avenue, Santa Rosa, California 95404.

The Meeting

At the meeting, the shareholders of Redwood Empire Bancorp will be asked to consider and vote on the merger agreement dated August 25, 2004 among Westamerica Bancorporation, Westamerica Bank, Redwood Empire Bancorp and National Bank of the Redwoods and the transactions contemplated by the merger agreement. The merger agreement is included as Annex A to this proxy statement/ prospectus and is incorporated in this proxy statement/ prospectus by reference. Under the merger agreement:

Redwood Empire Bancorp will merge with Westamerica Bancorporation;

National Bank of the Redwoods will merge with Westamerica Bank; and

each share of Redwood Empire Bancorp common stock will be converted into the right to receive \$28.74, consisting of \$11.49 in cash and \$17.25 in shares of Westamerica Bancorporation common stock, valued at its average closing price for the 20 trading days ending three business days before the effective date of the merger. The merger consideration may be reduced by up to \$0.30 per share, allocated proportionately between cash and stock, if regulatory agencies require Westamerica Bancorporation to divest deposits in Lake County as a condition of approving the merger. The value of the stock portion will increase if the average closing price of Westamerica Bancorporation common stock over the 20-trading day period ending three business days before completion of the merger is greater than \$55.6050 and will decrease if the average closing price during that period is less than \$45.4950.

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In addition to the proposal to approve the merger, at the special meeting you will be asked to act upon such other matters as may properly come before the meeting, including a motion to adjourn.

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The Redwood Empire Bancorp Board of Directors Recommends a Vote for the Merger

The board of directors of Redwood Empire Bancorp has unanimously approved the merger and unanimously recommends that shareholders vote in favor of the merger.

Record Date and Voting Rights

Only holders of record of Redwood Empire Bancorp common stock at the close of business on November 10, 2004 are entitled to notice of and to vote at the meeting. At the record date, there were approximately 1,081 shareholders of record and 4,952,123 shares of Redwood Empire Bancorp common stock outstanding and entitled to vote. A majority of the shares of Redwood Empire Bancorp common stock entitled to vote, present in person or by proxy, constitutes a quorum. Excluding exercisable stock options to acquire 160,079 shares, directors and executive officers of Redwood Empire Bancorp and their affiliates owned beneficially as of the record date an aggregate of 57,503 shares of Redwood Empire Bancorp common stock, or approximately 1.2% of the outstanding shares of Redwood Empire Bancorp common stock. At that date, B. John Barry owned beneficially 1,400,000 shares or approximately 28.3% of the outstanding shares of the common stock, and certain relatives and a business associate of Mr. Barry owned in the aggregate 1,107,821 shares or approximately 22.4% of the outstanding shares of the common stock.

Each shareholder is entitled to one vote for each share of common stock he or she owns.

Vote Required

Approval of the merger by Redwood Empire Bancorp shareholders requires the affirmative vote of the holders of a majority of the outstanding shares. The directors and executive officers of Redwood Empire Bancorp and their affiliates together held approximately 1.2% of Redwood Empire Bancorp's outstanding common stock as of the record date. You should be aware that Redwood Empire Bancorp shareholders holding approximately 50.6% of the outstanding shares have agreed to vote in favor of the merger and have given Westamerica Bancorporation irrevocable proxies to vote their shares in favor of the merger and that directors of Redwood Empire Bancorp, who in the aggregate own approximately 1.2% of the outstanding shares, have also agreed to vote their shares in favor of the merger. Therefore shareholder approval of the merger is effectively assured.

The Merger does not require the approval of the shareholders of Westamerica Bancorporation.

All votes will be tabulated by Redwood Empire Bancorp's transfer agent, Mellon Investor Services LLC. A representative of Mellon Investor Services LLC will be in attendance at the special meeting in order to receive any votes cast at that time.

Voting by Proxy

Shareholders of Redwood Empire Bancorp may use the enclosed proxy if they are unable to attend the meeting in person or wish to have their shares voted by proxy even if they attend the meeting. All proxies that are properly executed and returned, unless revoked, will be voted at the meeting in accordance with the instructions indicated or, if no instruction is indicated, in favor of the merger. The execution of a proxy will not affect the right of a shareholder to attend the meeting and vote in person.

Revocability of Proxies

A person who has given a proxy may revoke it any time before it is exercised at the meeting by filing with the Secretary of Redwood Empire Bancorp a written notice of revocation or a proxy bearing a later date or by attendance at the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

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Adjournments

The meeting may be adjourned, even if a quorum is not present, by the vote of the holders of a majority of the shares represented at the meeting in person or by proxy. In the absence of a quorum at the meeting, no other business may be transacted at the meeting.

Notice of the adjournment of a meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken, provided that if the adjournment is for more than 45 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. At an adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Solicitation of Proxies

The proxy relating to the meeting is being solicited by the board of directors of Redwood Empire Bancorp. Redwood Empire Bancorp will bear the cost of soliciting proxies and Westamerica Bancorporation and Redwood Empire will share the cost of printing and distributing the proxy statement/ prospectus. Copies of solicitation material will be furnished to brokerage houses, fiduciaries and custodians holding in their names shares of Redwood Empire Bancorp common stock beneficially owned by others to forward to such beneficial owners. Redwood Empire Bancorp may reimburse such persons representing beneficial owners of its shares for their expenses in forwarding solicitation material to beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by directors, officers or other regular employees of Redwood Empire Bancorp, who will not receive any additional compensation for such efforts.

Other Matters

The board of directors of Redwood Empire Bancorp is not aware of any matters to come before the special meeting other than the approval of the merger. If any other matters should be brought before the special meeting, or any adjournment thereof, upon which a vote properly may be taken, the proxy holders will vote in their discretion unless otherwise provided in the proxies.

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INFORMATION ABOUT THE COMPANIES

Westamerica Bancorporation

**1108 Fifth Avenue
San Rafael, CA 94901**

Westamerica Bancorporation is a California corporation and a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Its legal headquarters are located at 1108 Fifth Avenue, San Rafael, California 94901. Principal administrative offices are located at 4550 Mangels Boulevard in Fairfield, California 94534 and its telephone number is (707) 863-8000. Westamerica Bancorporation provides a full range of banking services to individual and corporate customers through its subsidiary bank, Westamerica Bank. The principal communities served are located in Northern and Central California, from Mendocino, Lake, Colusa and Nevada Counties in the north to Kern County in the south. Westamerica Bancorporation's strategic focus is on the banking needs of small businesses. In addition, Westamerica Bancorporation also owns 100% of the capital stock of Community Banker Services Corporation, a company engaged in providing Westamerica Bancorporation and its subsidiaries data processing services and other support functions. At June 30, 2004, Westamerica Bancorporation had consolidated assets of approximately \$4.6 billion, deposits of approximately \$3.5 billion and shareholders' equity of approximately \$329.8 million.

Additional information about Westamerica Bancorporation and its subsidiaries is included in documents incorporated by reference in this document. See "Where You Can Find Additional Information" on page 81.

Redwood Empire Bancorp

**111 Santa Rosa Avenue
Santa Rosa, California 95404**

Redwood Empire Bancorp is a California corporation and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, headquartered in Santa Rosa, California. One of its wholly-owned subsidiaries is National Bank of the Redwoods, a national bank which was chartered in 1985. Redwood Empire Bancorp's business strategy involves two principal business activities which are conducted through National Bank of the Redwoods: community banking and merchant card services. National Bank of the Redwoods provides its core community banking services through five retail branches located in Sonoma County, California, one retail branch located in Mendocino County, California, and one retail branch located in Lake County, California. Redwood Empire Bancorp and its subsidiaries had 159 full-time-equivalent employees at June 30, 2004. Redwood Empire Bancorp's headquarters are located at 111 Santa Rosa Avenue, Santa Rosa, California 95404-4905, and its telephone number is (707) 573-4800. At June 30, 2004, Redwood Empire Bancorp had consolidated assets of approximately \$515.4 million, deposits of approximately \$453.0 million and shareholders' equity of approximately \$28.3 million.

Additional information about Redwood Empire Bancorp and its subsidiaries is included in documents incorporated by reference in this document. See "Where You Can Find Additional Information" on page 81.

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THE MERGER

Background of the Merger

In recent years, there has been considerable consolidation in the financial institutions industry as well as increasing competition from other providers of financial services. Over the years, Redwood Empire Bancorp's board of directors has considered its strategic alternatives to maximize stockholder value. These strategic alternatives have included continuing as an independent institution, acquiring other small banks and/or establishing or acquiring additional branches within and beyond Redwood Empire Bancorp's existing geographic reach in California, and entering into a strategic business combination with a similarly-sized or larger institution. With respect to strategic business combinations, from time to time, Redwood Empire Bancorp has received unsolicited inquiries regarding a possible acquisition of the company, including previous discussions with Westamerica regarding such a transaction in 1998. In early 2000 and again in early 2002, discussions also took place with two other financial institutions and due diligence materials were provided in each such case; however, prior to entering into the merger agreement with Westamerica, none of these inquiries or investigations led to any definitive acquisition agreement.

In late 2003 and early 2004, Mr. Eric Hovde, Chairman of Hovde Financial LLC, held discussions with Mr. David Payne, Westamerica's Chairman and CEO, to discuss Westamerica's interest in acquiring other financial institutions, including a possible acquisition of Redwood Empire. In the course of these discussions, Mr. Payne advised Mr. Hovde that he was interested in exploring an acquisition of Redwood Empire; Mr. Hovde suggested that Mr. Payne provide a written expression of Westamerica's interest. On April 8, 2004, Westamerica delivered a written expression of interest based solely upon publicly available information and subject to the successful completion of a due diligence review of Redwood Empire by Westamerica. On April 20, 2004, following a discussion between Mr. Hovde and Mr. Payne, Westamerica indicated a tentative price; this offer was communicated to representatives of Redwood Empire by Hovde.

On April 27, 2004, Westamerica and Redwood Empire entered into a confidentiality agreement providing for the confidential treatment of non-public information exchanged between the parties and Messrs. Patrick Kilkenny and Dana Johnson, the president and chairman of Redwood Empire, respectively, agreed to meet with Mr. Payne at the offices of Westamerica in Fairfield, California, on May 7, 2004. After the execution of the confidentiality agreement, Redwood Empire provided select nonpublic information to Westamerica. On April 30, 2004, Mr. Johnson, acting pursuant to authority delegated to him as Chairman by the Redwood Empire board of directors, and Hovde agreed to the terms of an agreement pursuant to which Hovde would provide financial advisory services to Redwood Empire; Redwood Empire's board of directors subsequently ratified the agreement at its special meeting held on August 13, 2004. As scheduled, Messrs. Kilkenny and Johnson met with Mr. Payne on May 7, 2004, at which time the parties exchanged additional nonpublic information. On May 18, 2004, the board of directors of Redwood Empire met in executive session to discuss Westamerica's offer and authorized Redwood Empire's executive management to continue discussions with Westamerica.

On May 27, 2004, Mr. Payne and Mr. Johnson engaged in further negotiations in light of Westamerica's review of the nonpublic information provided by Redwood Empire as of that time and its assessment of Redwood Empire's operating performance and prospects. At the conclusion of these negotiations, the parties agreed on a price of \$28.75 per share. The parties established a schedule for due diligence review and commenced review and negotiation of the terms of a merger agreement. Throughout June, July and a portion of August, 2004, extensive discussions and negotiations occurred between representatives of Redwood Empire and Westamerica concerning, among other things, the terms and conditions of a merger agreement, various ancillary agreements, and issues relating to the environmental conditions on the property on which Redwood Empire's headquarters office was located and the terms upon which the lessor could put the property to Redwood Empire. During this period of time, the board of directors of Redwood Empire met in executive session on June 15, 2004 and on July 20, 2004, to discuss the potential transaction with Westamerica and in each instance authorized executive management to continue discussions.

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During the first week of August, 2004, the parties discussed the effect of certain merger-related expenses and the risk that Westamerica might be required to divest some or all of the deposit liabilities in the Lake County, California market. On August 6, 2004, the parties agreed to reduce the per share price to be paid by Westamerica to the Redwood Empire shareholders to \$28.74 to offset in part the cost of certain expenses. On August 10, 2004, the parties agreed that, in the event any deposit liabilities in the Lake County market are required by the regulators to be divested in connection with the merger, the per share price to be paid to the Redwood Empire shareholders by Westamerica would be reduced in an amount ranging from \$0.10 per share to \$0.30 per share depending on the dollar volume of deposits required to be divested.

On August 13, 2004, a special meeting of the board of directors of Redwood Empire Bancorp was held to analyze and consider the proposed transaction with Westamerica and the terms of the merger agreement. Representatives of Pillsbury Winthrop LLP, Redwood Empire's legal advisors, reviewed the fiduciary obligations of the Redwood Empire boards of directors with respect to the consideration of the proposed transaction and reviewed the terms of the transaction and the merger agreement from a legal point of view. At the August 13th special meeting, Hovde summarized certain financial information with respect to Westamerica and the proposed transaction and delivered its written opinion to Redwood Empire, a copy of which is attached to this document as Annex B, that, as of the date of the opinion, the merger consideration contemplated by the merger agreement was fair, from a financial point of view, to the shareholders of Redwood Empire. After a general question and discussion period among the members of the board of directors, management, and their financial and legal advisers, the Redwood Empire board of directors met in executive session to further discuss the terms of the proposed transaction. Following the discussion in executive session on August 13, 2004, the board of directors of Redwood Empire voted unanimously to approve the merger agreement and the transactions contemplated by the merger agreement and to recommend the approval of the merger to the shareholders of Redwood Empire.

Following approval of the transaction and the merger agreement by Redwood Empire's board of directors on August 13, 2004, representatives of Westamerica and Redwood Empire continued to hold discussions to clarify language in certain provisions of the merger agreement; discussions also continued with certain directors and employees of Redwood Empire regarding the terms and scope of non-solicitation and/or non-compete agreements and understandings with certain employees regarding continuation of their employment by Westamerica following consummation of the transaction. On August 17, 2004, the board of directors of Redwood Empire met in executive session to receive an update on the progress of the proposed transaction with Westamerica and the proposed timing of the execution of the merger agreement. On August 25, 2004, Redwood Empire and Westamerica executed the merger agreement and issued a joint press release announcing the transaction.

Redwood Empire Bancorp's Reasons for the Merger

The board of directors of Redwood Empire Bancorp believes that the transaction and the terms and provisions of the merger agreement are fair to and in the best interest of all shareholders of Redwood Empire. The Redwood Empire Bancorp board of directors unanimously recommends that each shareholder vote to approve the merger.

In reaching its decision to adopt and recommend the approval of the merger agreement, the Redwood Empire board considered a number of factors, including, but not limited to, the following:

the Redwood Empire board's familiarity with and review of Redwood Empire's business, operations, financial condition and earnings on an historical and a prospective basis, including, without limitation, its potential growth and profitability;

the current and prospective economic and competitive environment facing the financial services industry generally, and Redwood Empire in particular, including the continued rapid consolidation in the financial services industry and the competitive effects of the increased consolidation on financial institutions such as Redwood Empire;

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the increasing importance of operational scale and financial resources in maintaining efficiency and remaining competitive over the long term;

the value to be received by holders of Redwood Empire Bancorp common stock pursuant to the merger agreement relative to the book value and earnings per share of Redwood Empire Bancorp common stock;

the merger consideration, which is not fixed and may fluctuate depending on the average closing price of Westamerica common stock and possible required deposit divestitures in Lake County, California by banking regulators;

the risks associated with required regulatory approvals, including the impact of any required divestitures of deposits in Lake County and resulting reduction in the merger consideration;

the anticipated returns on the shares of Westamerica common stock to be received by Redwood Empire shareholders in the merger;

the Redwood Empire board's review, based on the presentation of its financial advisor, of the business, operations, financial condition and earnings of Westamerica on an historical and a prospective basis and of the combined company on a pro forma basis and the historical stock price performance and liquidity of Westamerica common stock, and the resulting relative interests of Redwood Empire shareholders and Westamerica in the common equity of the combined company;

the financial terms of recent business combinations in the financial services industry and a comparison of the multiples of selected combinations with the terms of the proposed merger with Westamerica;

the previous experience of management of Westamerica in completing acquisition transactions;

the general impact that the merger could be expected to have on the constituencies served by Redwood Empire, including its customers, employees and communities;

the expanded range of banking services that the transaction will allow Redwood Empire to provide to its customers;

the expectation that the merger would constitute a reorganization under section 368(a) of the Internal Revenue Code and that it would be accounted for as a purchase for accounting and financial reporting purposes;

the results of the due diligence investigation of Westamerica by management of Redwood Empire and Hovde;

the Redwood Empire board's assessment, with the assistance of counsel, concerning the likelihood that Westamerica would obtain all requisite regulatory approvals required for the merger;

the terms of the \$4.5 million termination fee in favor of Westamerica, including the risk that the termination fee might discourage third parties from offering to acquire Redwood Empire by increasing the cost of a third party acquisition, and recognizing that the termination fee was a condition to Westamerica's willingness to enter into the merger agreement;

the terms of the \$4.5 million termination fee in favor of Redwood Empire if Westamerica enters into a transaction with a third party that, among other things, is not expressly conditioned on, or completion of such a transaction would materially interfere with, the performance by Westamerica of its obligations pursuant to the merger agreement;

the alternative strategic courses available to Redwood Empire, including remaining independent and exploring other potential business combination transactions;

the interests of certain directors and executive officers of Redwood Empire in the merger, as described below under the caption "Interests of certain officers and directors in the merger"; and

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the information presented by Hovde to the Redwood Empire board with respect to the merger and the opinion of Hovde that, as of the date of that opinion, the aggregate merger consideration was fair to the holders of Redwood Empire Bancorp common stock from a financial point of view.

The foregoing discussion of the information and factors considered by the board of Redwood Empire is not intended to be exhaustive, but includes the material factors considered. In view of the variety of factors considered in connection with its evaluation of the transaction, including the components of the merger consideration, the board of directors of Redwood Empire did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations, and individual directors may have given differing weights to different factors.

Redwood Empire Bancorp shareholders holding approximately 50.6% of the outstanding shares have agreed to vote in favor of the merger and have given Westamerica irrevocable proxies to vote their shares in favor of the merger and that directors of Redwood Empire Bancorp, who in the aggregate own approximately 1.2% of the outstanding shares, have also agreed to vote their shares in favor of the merger.

Westamerica's Reasons for the Merger

Westamerica Bancorporation believes that the merger will provide it with an attractive opportunity to expand its community banking operations in Northern California and to augment its merchant card processing business. Westamerica Bancorporation believes that Redwood Empire Bancorp's locations and business mix complement Westamerica Bancorporation's existing presence in Northern California and will enable it to offer its broad array of products and services to customers of Redwood Empire Bancorp. Westamerica Bancorporation will reduce expenses by consolidating its office in Santa Rosa with Redwood Empire Bancorp's main office and by selectively consolidating other Westamerica and Redwood Empire Bancorp branches where consolidation would not be disruptive to customers.

Opinion of Redwood Empire Bancorp's Financial Advisor

Hovde Financial LLC has acted as financial advisor to Redwood Empire Bancorp in connection with the proposed Westamerica Bancorporation/ Redwood Empire Bancorp merger. Hovde Financial LLC is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with Redwood Empire Bancorp. As part of its investment banking business, Hovde Financial LLC is continually engaged in the valuation of businesses and their securities in connection with, among other things, mergers and acquisitions.

At the August 13, 2004 Redwood Empire board of directors meeting, Hovde Financial LLC reviewed the financial aspects of the proposed Westamerica Bancorporation/ Redwood Empire merger with the board of directors and rendered an opinion that the consideration to be received by Redwood Empire shareholders in the merger was fair to those shareholders from a financial point of view. Hovde Financial LLC subsequently confirmed its August 13, 2004 opinion by delivery to the Redwood Empire board of directors of a written opinion later that day.

The full text of Hovde Financial LLC's written opinion is included in this proxy statement/ prospectus as Annex B and is incorporated herein by reference. Redwood Empire shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Hovde Financial LLC.

Hovde Financial LLC's opinion is directed to the Redwood Empire board of directors and addresses only the fairness, from a financial point of view, of the aggregate merger consideration to Redwood Empire shareholders. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Redwood Empire shareholder as to how such shareholders should vote at the Redwood Empire special meeting on the Westamerica Bancorporation/ Redwood Empire merger agreement or any related matter.

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In rendering its opinion, Hovde Financial LLC:

reviewed a draft of the Westamerica/ Redwood Empire merger agreement, substantially in final form;

reviewed certain historical publicly available business and financial information concerning Redwood Empire and Westamerica;

reviewed certain internal financial statements and other financial and operating data concerning Redwood Empire;

analyzed certain financial projections prepared by the management of Redwood Empire;

conducted meetings with members of the senior management of Redwood Empire for the purpose of reviewing the future prospects of Redwood Empire, including financial forecasts related to the respective businesses, earnings, assets, liabilities and the amount and timing of cost savings and revenue enhancements expected to be achieved as a result of the merger;

reviewed historical market prices and trading volumes for Redwood Empire Bancorp common stock and Westamerica Bancorporation common stock;

evaluated the pro forma contribution of Redwood Empire's assets, liabilities, equity and earnings to the pro forma company;

reviewed the terms of recent merger and acquisition transactions, to the extent publicly available, involving banks and bank holding companies that it considered relevant;

analyzed the pro forma impact of the Westamerica/ Redwood Empire merger on the combined company's earnings per share, consolidated capitalization and financial ratios; and performed analyses and considered such other factors as it deemed appropriate.

Hovde Financial LLC also took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its knowledge of the banking industry and its general experience in securities valuations.

Hovde Financial LLC assumed, without independent verification, the accuracy and completeness of the financial and other information and representations contained in the materials provided to it by Redwood Empire and Westamerica and in the discussions it had with Redwood Empire and Westamerica managements. Hovde Financial LLC also assumed that the financial forecasts, including without limitation, the synergies and projections regarding under-performing and nonperforming assets and net charge-offs were reasonably prepared on a basis reflecting the best currently available information and judgments and estimates of Redwood Empire and Westamerica and that such forecasts will be realized in the amounts and at the times contemplated thereby. Hovde Financial LLC is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for loan losses with respect thereto. Hovde Financial LLC has assumed that such allowances for Redwood Empire and Westamerica are in the aggregate adequate to cover such losses. Hovde Financial LLC was not retained to and did not conduct a physical inspection of any of the properties or facilities of Redwood Empire or Westamerica. In addition, Hovde Financial LLC did not review individual credit files nor make an independent evaluation or appraisal of the assets and liabilities of Redwood Empire or Westamerica and Hovde Financial LLC was not furnished with any such evaluations or appraisals.

Hovde Financial LLC assumed that the Westamerica/ Redwood Empire merger would be consummated substantially in accordance with the terms set forth in the merger agreement. Hovde Financial LLC also assumed that the merger will be accounted for as a purchase under GAAP. Hovde Financial LLC assumed that the merger is, and will be, in compliance with all laws and regulations that are applicable to Redwood Empire and Westamerica. Hovde Financial LLC further assumed that, in the course of obtaining the necessary regulatory and government approvals, no restriction will be imposed on Westamerica that would have a material adverse effect on Westamerica or the contemplated benefits of the merger. Hovde Financial LLC also assumed that there would not occur any change in applicable law or regulation that would cause a material adverse change in the prospects or operations of Westamerica after the merger.

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Redwood Empire engaged Hovde Financial LLC on April 30, 2004, to provide it with an analysis of its strategic options. Pursuant to its engagement agreement, at the time the Westamerica/ Redwood Empire merger is completed, Redwood Empire will pay Hovde Financial LLC a total fee equal to 1.0% of the merger consideration, plus an initial retainer fee of \$20,000 and a fairness opinion fee of \$50,000. Pursuant to the engagement agreement, Redwood Empire also agreed to reimburse Hovde Financial LLC for all reasonable out-of-pocket expenses incurred in performing its services and to indemnify Hovde Financial LLC against certain liabilities relating to the merger or Hovde Financial LLC's engagement.

Hovde Financial LLC's opinion is not an expression of an opinion as to the prices at which shares of Westamerica Bancorporation common stock will trade following the announcement of the Westamerica Bancorporation/ Redwood Empire merger or the actual value of the Westamerica Bancorporation common stock when issued pursuant to the merger or the prices at which the Westamerica Bancorporation common stock will trade following the completion of the merger.

In performing its analyses, Hovde Financial LLC made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Hovde Financial LLC, Westamerica Bancorporation and Redwood Empire. Any estimates contained in the analyses performed by Hovde Financial LLC are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities may be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Hovde Financial LLC opinion was among several factors taken into consideration by the Redwood Empire board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as solely determinative of the decision of the Redwood Empire board or Redwood Empire management with respect to the fairness of the merger consideration.

The following is a summary of the material analyses presented by Hovde Financial LLC to the Redwood Empire board on August 13, 2004, in connection with its opinion. The summary is not a complete description of the analyses underlying the Hovde Financial LLC opinion or the presentation made by Hovde Financial LLC to the Redwood Empire board, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis in the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Hovde Financial LLC did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. The analyses and the summary of the analyses must be considered as a whole and selecting portions of the analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying the analyses and opinion of Hovde Financial LLC. The tables alone are not a complete description of the financial analyses.

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Statement of Offer Analysis. Hovde Financial LLC compared the offer value to Redwood Empire's trailing twelve-months GAAP net income, MRQ earnings annualized, YTD earnings annualized, 2004 calendar-year estimated GAAP net income, as estimated by Redwood Empire, book value, tangible book value, tangible book value to core deposits premium, and premium-to-market of Redwood Empire Bancorp common stock. Based on the price per share of \$28.74 for Redwood Empire Bancorp common stock, and taking into consideration the in-the-money value of Redwood Empire options resulting in an aggregate offer value of \$147,959,445. In case of a Lake County Divestiture the implied maximum price adjustment for Redwood Empire would be a price per share of \$28.44 for Redwood Empire Bancorp common stock, and taking into consideration the in-the-money value of Redwood Empire options resulting in an aggregate offer value of \$146,370,702. Based on these aggregate offer values, Hovde Financial LLC observed that the implied transaction multiples to Redwood Empire were as follows:

Deal Value Calculation	Current Terms	Maximum Potential Price Adjustment	
Total Deal Value (<i>Actual</i>)	\$ 147,959,444.79	\$ 146,370,702.39	
Deal Value per Share	\$ 28.74	\$ 28.44	

Price-to-Earnings Multiples	Jun. 30, 2004 Data	Acquisition Multiple	Acquisition Multiple
LTM Earnings	\$ 6,991	21.2x	20.9x
MRQ Earnings Annualized (\$1.85 million)	\$ 7,404	20.0x	19.8x
YTD Earnings Annualized (\$3.53 million)	\$ 7,078	20.9x	20.7x
12/31/04 Budgeted Earnings	\$ 8,191	18.1x	17.9x
Price-to-Book Value			
Total Common Equity	\$ 28,268	523.42%	517.80%
Price-to-Tangible Book Value			
Total Goodwill	\$ 674		
Total Tangible Equity	\$ 27,594	536.20%	530.44%
Price-to-Tangible Book Value Core Deposit Premium			
% of Jumbo Deposits	16.04%		
Total Deposits	\$453,043		
Total Core Deposits (excluding jumbo deposits)	\$380,375	31.64%	31.23%
Premium-to-Market Analysis			
REBC Stock Price			