

FEDERAL RESERVE SYSTEM

Westamerica Bancorporation
San Rafael, California

Westamerica Bank
San Rafael, California

Order Approving the Merger of Bank Holding Companies,
Merger of Banks, and Establishment of Branches

Westamerica Bancorporation (“Westamerica”), a bank holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act¹ to merge with Redwood Empire Bancorp (“Redwood”), with Westamerica as the surviving entity, and thereby indirectly acquire Redwood’s wholly owned subsidiary, National Bank of the Redwoods (“Redwood Bank”), Santa Rosa, California. In addition, Westamerica’s subsidiary bank, Westamerica Bank, a state member bank, has requested the Board’s approval under section 18(c) of the Federal Deposit Insurance Act² (“Bank Merger Act”) to merge with Redwood Bank, with Westamerica Bank as the surviving entity. Westamerica Bank has also applied under section 9 of the Federal Reserve Act (“FRA”) to retain and operate branches at the location of Redwood Bank’s main office and branches.³

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in the Federal Register (69 Federal Register 71,056 (2004)) and locally in accordance with the relevant statutes and the

¹ 12 U.S.C. § 1842.

² 12 U.S.C. § 1828(c).

³ 12 U.S.C. § 321. These branches are listed in Appendix A.

Board's Rules of Procedure.⁴ As required by the BHC Act and the Bank Merger Act, reports on the competitive effects of the mergers were requested from the United States Attorney General and the appropriate banking agencies. The time for filing comments has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3 of the BHC Act, the Bank Merger Act, and the FRA.

Westamerica, with total consolidated assets of approximately \$4.6 billion, is the 23rd largest banking organization in California, controlling deposits of approximately \$3.5 billion.⁵ Redwood, with total consolidated assets of approximately \$523 million, is the 89th largest banking organization in California, controlling deposits of approximately \$455.3 million. On consummation of the proposal and accounting for the proposed divestiture, Westamerica would become the 22nd largest depository organization in California, controlling deposits of approximately \$4.0 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the state.⁶

Competitive Considerations

Section 3 of the BHC Act and the Bank Merger Act prohibit the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant banking market. The BHC Act and the Bank Merger Act also prohibit the Board from approving a bank acquisition that would substantially lessen competition in

⁴ 12 C.F.R. 262.3(b).

⁵ Asset data are as of September 30, 2004, and deposit data and state ranking data are as of June 30, 2004.

⁶ In this context, the term "insured depository institutions" includes insured commercial banks, savings banks, and savings associations.

any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.⁷

Westamerica Bank and Redwood Bank compete directly in the Lake County, Santa Rosa, and Ukiah banking markets in California.⁸ The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record, including public comment on the proposal.⁹ In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits of depository institutions in the markets (“market deposits”) controlled by Westamerica Bank and Redwood Bank,¹⁰ the concentration level of market deposits and the increase in this level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”),¹¹ other

⁷ See 12 U.S.C. § 1842(c)(1); 12 U.S.C. § 1828(c)(5).

⁸ The Lake County banking market is defined as Lake County. The Santa Rosa banking market is defined as the Santa Rosa Ranally Metropolitan Area and the town of Cloverdale in Sonoma County. The Ukiah banking market is defined as the towns of Ukiah, Hopland, and Redwood Valley in Mendocino County.

⁹ One commenter expressed general concern about the competitive effects of this proposal in the Lake County banking market.

¹⁰ Deposit and market share data are as of June 30, 2004, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

¹¹ Under the DOJ Guidelines, a market is considered moderately concentrated if the post-merger HHI is between 1000 and 1800, and a market is considered highly

characteristics of the markets, and commitments made by Westamerica to divest a branch.

In the Lake County banking market, Westamerica Bank is the largest depository organization, controlling approximately \$159.4 million in deposits, which represents approximately 27.3 percent of market deposits. Redwood Bank is the sixth largest depository institution in the market, controlling approximately \$50.1 million of deposits, which represents approximately 8.6 percent of market deposits. To mitigate the potentially adverse competitive effects of the proposal in the Lake County banking market, Westamerica Bank has committed to divest one branch with at least \$43.1 million in deposits in the market to a competitor that is competitively suitable to the Board.¹² On consummation of the proposal and

concentrated if the post-merger HHI is more than 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. The DOJ has stated that the higher than normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

¹² Westamerica has committed that, before consummating the proposed merger with Redwood, it will execute an agreement for the proposed divestiture in the Lake County banking market, consistent with this order, with a purchaser determined by the Board to be competitively suitable. Westamerica also has committed to complete the divestiture within 180 days after consummation of the proposed merger. In addition, Westamerica has committed that, if it is unsuccessful in completing the proposed divestiture within such time period, it will transfer the unsold branch to an independent trustee who will be instructed to sell the branch to an alternate purchaser or purchasers in accordance with the terms of this order and without regard to price. Both the trustee and any alternate purchaser must be deemed acceptable to the Board. See BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991).

after accounting for the proposed divestiture, Westamerica Bank would remain the largest depository organization in the market, controlling approximately \$166.4 million of deposits, which represents approximately 27.6 percent of market deposits.¹³ The HHI would increase by not more than 157 points and would not exceed 1739.

After the proposed divestiture, consummation of the proposal would be consistent with the DOJ Guidelines. At least seven other competitors would remain in the market. The second largest bank competitor in the market would control approximately 18 percent of market deposits, and two other bank competitors would each control more than 10 percent of market deposits.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in the Santa Rosa and Ukiah banking markets.¹⁴ After consummation, the Santa Rosa market would remain moderately concentrated, with only a modest increase in market concentration as measured by the HHI, and numerous competitors would remain in the market. Although the Ukiah banking market would remain highly concentrated after consummation of the proposal, the increase in market concentration as measured by the HHI would be small and several other competitors would remain in the banking market.

The DOJ has reviewed the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. The other federal banking

¹³ Westamerica Bank's deposits after the divestiture reflect a decrease in branch deposits since June 30, 2004.

¹⁴ The effects of the proposal on the concentration of banking resources in these banking markets are described in Appendix B.

agencies also have been afforded an opportunity to comment and have not objected to the proposal.

Based on all facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in any of the three banking markets in which Westamerica Bank and Redwood Bank directly compete or in any other relevant banking market. Accordingly, based on all the facts of record and subject to completion of the proposed divestiture, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory Considerations

The BHC Act, the Bank Merger Act, and the FRA require the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has carefully considered these factors in light of all the facts of record including, among other things, confidential reports of examination and other supervisory information received from the federal and state banking supervisors of the organizations involved, publicly reported and other financial information, information provided by the applicants, and public comments on the proposal.

In evaluating financial factors in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary banks and significant nonbanking operations. In this evaluation, the Board considers a variety of areas, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the effect of the transaction on the financial condition of the

applicant and target, including their capital position, asset quality, earnings prospects, and the impact of the proposed funding of the transaction.

Based on its review of these factors, the Board finds that Westamerica has sufficient financial resources to effect the proposal. Westamerica and Westamerica Bank are well capitalized and would remain so on consummation of this proposal. The proposed transaction would be funded by a cash payment and an exchange of shares, and Westamerica would not incur debt as part of this proposal.

The Board also has evaluated the managerial resources of the organizations involved, including the proposed combined organization. The Board has reviewed the examination records of Westamerica, Redwood, and their subsidiary depository institutions, including assessments of their management, risk management systems, and operations. In addition, the Board has considered its supervisory experience and that of the other relevant banking supervisory agencies with the organizations and their records of compliance with applicable banking law. The Board also has considered Westamerica's plans to integrate Redwood and Redwood Bank and the proposed management, including the risk management systems, of the resulting organization.

Based on all the facts of record, the Board has concluded that the financial and managerial resources and future prospects of the organizations and the other supervisory factors involved are consistent with approval of the proposal.

Convenience and Needs Considerations

In acting on this proposal, the Board also is required to consider the effects of the proposal on the convenience and needs of the communities to be served and to take into account the records of the relevant insured depository

institutions under the Community Reinvestment Act (“CRA”).¹⁵ The CRA requires the federal financial supervisory agencies to encourage financial institutions to help meet the credit needs of local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution’s record of meeting the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, in evaluating bank expansionary proposals.

The Board has considered carefully the convenience and needs factor and the CRA performance records of Westamerica Bank and Redwood Bank in light of all the facts of record, including public comment on the proposal. Two commenters expressed concerns about Westamerica Bank’s record of meeting the banking needs of the LMI communities it serves, particularly in Lake County, California.¹⁶ In addition, commenters expressed concern about potential branch

¹⁵ 12 U.S.C. § 2901 *et seq.*

¹⁶ The commenters also criticized Westamerica Bank’s lending to small businesses in LMI census tracts in Alameda County, California. Westamerica Bank had two limited-scope assessment areas in Alameda County, Alameda East and Alameda West. Alameda East consists of the cities of Dublin, Livermore, and Pleasanton, and has no LMI census tracts. Alameda West consists of the cities of Alameda, Albany, Berkeley, Emeryville, Oakland, and Piedmont. Based on 1990 census data, Westamerica Bank’s percentage of small business loans to businesses in LMI geographies in Alameda West exceeded the percentage of such loans made by the aggregate of lenders (“aggregate lenders”) in those geographies. The lending data of the aggregate lenders represent the cumulative lending for all financial institutions that have reported small business lending as part of their CRA data in a particular area.

closings and other possible reductions in service resulting from the proposed merger.¹⁷

A. CRA Performance Evaluations

As provided in the BHC Act and the Bank Merger Act, the Board has evaluated the convenience and needs factor in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.¹⁸

Westamerica Bank received an overall "satisfactory" rating at its most recent CRA performance evaluation by the Federal Reserve Bank of San Francisco, as of April 12, 2004 ("2004 CRA Evaluation").¹⁹ Redwood Bank also received an overall "satisfactory" rating at its most recent CRA performance evaluation by the Office of the Comptroller of the Currency, as of November 12, 2003.²⁰

¹⁷ The commenters also noted concerns about Westamerica possibly lending to an unaffiliated payday lender. Westamerica represented that it does not have any equity interest in any payday lender nor, to its knowledge, does it lend to any payday lender.

¹⁸ See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 and 36,639 (2001).

¹⁹ The evaluation period for the 2004 CRA Evaluation was from January 1, 2002, through December 31, 2003.

²⁰ The evaluation period for Redwood Bank's CRA performance evaluation was from January 1, 2000, through December 31, 2002.

B. CRA Performance of Westamerica Bank

In the 2004 CRA Evaluation, Westamerica Bank received a “high satisfactory” rating under the lending test. Examiners noted that Westamerica Bank’s primary business strategy was to serve the needs of small- and middle-market businesses and professionals through the creation of ongoing rather than transactionally based banking arrangements. Therefore, the lending test evaluation focused primarily on Westamerica Bank’s record of small business loans²¹ and loans to small businesses,²² as well as community development loans. Examiners concluded that Westamerica Bank’s level of lending reflected a good responsiveness to the credit needs of its assessment areas.²³ In the 2004 CRA Evaluation, examiners also noted that the overall distribution of loans among borrowers of different income levels and businesses of different revenue sizes was good throughout its assessment areas. Examiners characterized Westamerica Bank’s geographic distribution of loans throughout its assessment areas as good and found that the bank’s lending was reasonably dispersed among the assessment areas’ census tracts of different income levels.

The Board has also carefully considered the lending record of Westamerica Bank in light of the comments received on the bank’s record. A review of the small business lending data indicates that, although Westamerica

²¹ In this context, “small business loans” are loans that have original amounts of \$1 million or less and that either are secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

²² In this context, “small businesses” are businesses with gross annual revenues of \$1 million or less.

²³ At the time of the evaluation, Westamerica had 25 assessment areas, five of which received full-scope reviews. The full-scope assessment areas were Fresno, Kern, Lake, and Marin Counties, and the Gualala area, which is a large census tract in Mendocino County that includes the city of Point Arena.

Bank's percentage of small business loans to businesses in LMI geographies in California was slightly lower than the percentages for the aggregate lenders in 2002 and 2003, the bank has improved its lending to LMI geographies during this period. In addition, Westamerica Bank increased the number of loans to small businesses in LMI census tracts by more than 20 percent in 2003. Westamerica Bank also increased its small-business-related lending in predominantly minority census tracts in 2003. Westamerica Bank made twice as many small businesses loans in predominantly minority census tracts throughout California in 2003 as it made in 2002, and tripled the number of loans to small businesses in predominantly minority census tracts during the same period.²⁴

In the 2004 CRA Evaluation of the Lake County assessment area, examiners described Westamerica Bank's geographic distribution of small business loans as "excellent." Examiners found that Westamerica Bank's percentage of small business loans to businesses in moderate-income geographies in Lake County exceeded the percentage of such loans made by the aggregate lenders.²⁵

Examiners praised Westamerica Bank for a relatively high level of community development loans throughout its assessment areas. During the evaluation period, Westamerica Bank's community development loans totaled \$82.6 million. In the Lake County assessment area, examiners described Westamerica Bank's community development loans as responsive in meeting the area's credit needs. During the evaluation period, the bank's community development loans in Lake County, which totaled \$1.5 million, supported a school, a community development service provider for LMI individuals, and a tribal health

²⁴ See footnotes 21 and 22 for definitions of the terms "small business loans" and "small businesses."

²⁵ The Lake County assessment area had no low-income geographies.

consortium that had 85 percent of its patients living below the poverty level. Westamerica represented that from 2000 through 2004, it funded 11 community development loans totaling \$17.1 million in Lake County, which helped provide affordable housing in moderate-income areas, and provided an additional \$11.6 million in community development loans in Sonoma and Mendocino Counties.

In the 2004 CRA Evaluation, Westamerica Bank received a “high satisfactory” rating under the investment test.²⁶ During the evaluation period, the bank made 326 new investments totaling \$45 million, including a \$4.5 million investment for the creation of 675 affordable housing units. In particular, examiners praised Westamerica Bank’s “good responsiveness” to community development needs with its community development investments in Lake County, despite infrequent opportunities for community equity investment. The examination noted the bank’s purchase of statewide mortgage-backed securities that included loans on properties in Lake County.

Westamerica Bank also received a “high satisfactory” rating under the service test. Examiners observed that Westamerica Bank’s delivery systems were readily accessible to all portions of its assessment areas.²⁷ Examiners noted that in

²⁶ A commenter criticized Westamerica for refusing to disclose its charitable donations. The Board notes that neither the CRA nor the agencies’ implementing rules require that depository institutions engage in charitable giving nor do they require depository institutions to publicly disclose their charitable giving.

²⁷ One commenter stated that Westamerica declined to participate in the California Electronic Benefits Transfer Program (the “EBT Program”) and thus denied recipients of electronic benefits transfers access to Westamerica’s ATM network and opportunities to open accounts. The EBT Program is administered by California authorities. Neither the CRA nor the federal banking agencies’ CRA regulations require depository institutions to offer any particular product or services overseen by state government agencies.

Lake County, Westamerica Bank provided the only retail banking institution in the community in the Upper Lake area. Examiners noted that all the bank's branches offered a full range of products, including low-cost deposit accounts. Westamerica Bank also stated that it provides LMI customers with no-cost checking accounts. In addition, examiners noted that Westamerica Bank provided various community service programs, including a program designed to introduce LMI Spanish-speaking individuals to the bank's products and encourage them to apply for loans. The bank also provided "Basic Budgeting" seminars to teach financial literacy skills to LMI individuals and a "Senior Guard" program that helps senior citizens avoid predatory financial practices.

C. CRA Performance of Redwood Bank

As previously noted, Redwood Bank received an overall "satisfactory rating" at its most recent CRA performance evaluation. The bank received a "high satisfactory" rating under the lending test. Geographic distribution of Redwood Bank's home mortgage lending was considered good and distribution of its home mortgage loans to borrowers of different income levels was considered adequate, in light of the fact that Redwood Bank had sold its retail mortgage lending unit in 1999 and, consequently, had made fewer mortgage loans than in previous evaluations. Examiners considered Redwood Bank's geographic distribution of small business loans to be "excellent" and its distribution of loans to small businesses to be adequate. Examiners commended the bank's community development lending performance, noting that it had been "highly responsive to the affordable housing and community service needs of the area." Redwood Bank originated nine community development loans within its full-scope assessment

area²⁸ during the evaluation period, totaling almost \$6 million, to provide affordable housing and community services.

Redwood Bank received an “outstanding” rating under the investment test, reflecting its excellent volume of investments relative to its capacity to invest in its full-scope assessment area. The bank made 102 qualified investments totaling \$3.5 million during the evaluation period, which examiners characterized as a significant allocation of resources in light of limited investment opportunities. A majority of the investments supported affordable housing.

Redwood Bank received a “high satisfactory” performance under the service test, based on its accessible branches and alternative delivery services and on its banking services that were tailored to the needs of its full-scope assessment area. Examiners noted that the bank’s branches were accessible to essentially all of its assessment areas.

D. Branch Closures

Westamerica Bank has stated that it plans to consolidate four branches, none of which are in an LMI area, and that it will close one branch in a moderate income area. Westamerica Bank will have a branch within 2.7 miles of all the branches that will be closed or consolidated, and these remaining branches will provide accessible banking services to LMI individuals in its assessment areas.

In making the determination regarding these branches, Westamerica Bank followed its branch closing policy that requires it to consider the impact on the community, the business viability and profitability of the branch, branch usage, demographic growth or decline in the community, the impact on credit access, and the necessity of ensuring that the branch closing has no discriminatory impact. The policy requires that, before a final decision is made to close a branch,

²⁸ The full-scope assessment area for Redwood Bank’s CRA evaluation was the Santa Rosa Metropolitan Statistical Area.

management must conduct an impact study to assess the likely effects of the closure. In reviewing a branch closure in an LMI area, the impact study must include concerns and suggestions from the local community, an assessment of the closure's potential impact on customers, and other possible ways the community's credit needs might be met.²⁹

The Board also has considered the fact that federal banking law provides a specific mechanism for addressing branch closings, and Westamerica Bank has stated that it will follow this policy when it closes or consolidates the branches.³⁰ In addition, the Board, as the appropriate federal supervisor of Westamerica Bank, will continue to review the bank's branch closing record in the course of conducting CRA performance evaluations.

E. Conclusion on Convenience and Needs and CRA Performance

The Board has carefully considered all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by Westamerica Bank, public comments on the proposal, and confidential

²⁹ In Westamerica Bank's most recent CRA performance evaluation, examiners reviewed the bank's policy on closing branches. The examiners also noted that although Westamerica Bank closed six branches during the evaluation period, none of those closings adversely affected accessibility to the bank's services for LMI individuals, and that a large number of branches remained in LMI census tracts or readily accessible to LMI areas. They further noted that the bank opened a new branch in a moderate-income area of Fresno County and provided some alternative delivery systems targeted to LMI individuals, such as a mobile branch serving a low-income senior center in Napa County.

³⁰ Section 42 of the Federal Deposit Insurance Act (12 U.S.C. § 1831r-1), as implemented by the Joint Policy Statement Regarding Branch Closings (64 Federal Register 34,844 (1999)), requires that a bank provide the public with at least 30 days' notice and the appropriate federal supervisory agency with at least 90 days' notice before the date of the proposed branch closing. The bank also is required to provide reasons and other supporting data for the closure, consistent with the institution's written policy for branch closings.

supervisory information.³¹ The proposed transaction would provide Redwood Bank's customers with a wider range of consumer retail products, such as NOW and IRA accounts, and loans subject to the larger lending limits of Westamerica Bank. The Board expects the resulting organization to continue to help serve the banking and credit needs of all its communities, including LMI areas. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor and the CRA performance records of the relevant depository institutions are consistent with approval.³²

³¹ Two commenters expressed concern that Westamerica would not honor existing agreements between Redwood Bank and community groups. Both commenters further requested that Westamerica make certain community reinvestment commitments, meet with community representatives, or take certain other actions, and that the Board impose specific conditions on Westamerica. As the Board has previously explained, an applicant must demonstrate a satisfactory record of performance under the CRA without reliance on plans or commitments for future actions. The Board has stated consistently that neither the CRA nor the federal banking agencies' CRA regulations require depository institutions to provide commitments regarding future performance under the CRA, confer authority on the agencies to enforce commitments made to third parties, or require depository institutions to meet with, or enter into agreements with, any particular organization. The Board views the enforceability of pledges and agreements with third parties as matters outside the scope of the CRA. See, e.g., J.P. Morgan Chase & Co., 90 Federal Reserve Bulletin 352 (2004).

³² One commenter has requested the Board to arrange an informal meeting between the commenter and Westamerica. The Board's Rules of Procedure allow a Reserve Bank to hold a private meeting to provide a forum for narrowing issues and resolving differences between an applicant and commenter, if appropriate, but does not require any person to attend an informal meeting. See 12 C.F.R. 262.25(c). Westamerica declined to meet with the commenter through this process.

Conclusion

Based on the foregoing and all facts of record, the Board has determined that the applications should be, and hereby are, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act, the Bank Merger Act, and the FRA. The Board's approval is specifically conditioned on compliance by Westamerica with all the commitments made to the Board in connection with this proposal and the conditions imposed in this order. For purposes of this action, the commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The proposed transactions may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors,³³ effective January 26, 2005.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

³³ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.

APPENDIX A

Addresses of Main Offices and Branches
in California to be Acquired by Westamerica

Lakeport

650 North Main Street

Rohnert Park

6400 Redwood Drive

Santa Rosa

424 Farmers Lane

2800 Cleveland Avenue

111 Santa Rosa Avenue

Sebastopol

800 Gravenstein Highway North

Ukiah

325 East Perkins

APPENDIX B

Banking Market Data

Santa Rosa, California

Westamerica Bank is the eighth largest depository institution in the Santa Rosa banking market, controlling deposits of approximately \$276 million, which represent approximately 5.1 percent of market deposits. Redwood Bank is the sixth largest depository institution in the market, controlling deposits of approximately \$352 million, which represent approximately 6.5 percent of market deposits. On consummation of the proposal, Westamerica Bank would become the fifth largest depository institution in the market, controlling deposits of approximately \$628 million, which represent approximately 11.5 percent of market deposits. Sixteen other depository institutions would remain in the banking market. The HHI would increase by 65 points to 1151.

Ukiah, California

Westamerica Bank is the seventh largest depository institution in the Ukiah banking market, controlling deposits of approximately \$20.7 million, which represent approximately 3.1 percent of market deposits. Redwood Bank is the fourth largest depository institution in the market, controlling deposits of approximately \$53 million, which represent approximately 8 percent of market deposits. On consummation of the proposal, Westamerica Bank would become the third largest depository institution in the market, controlling deposits of approximately \$74 million, which represent approximately 11.1 percent of market deposits. Five other depository institutions would remain in the banking market. The HHI would increase by 49 points to 3666.