

✓ CF Banks & Banking RP  
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# Watsonville S&L receives highest possible rating

Watsonville Federal Savings & Loan is reaping the reward for having leaned to the conservative side during the free-wheeling 1980s.

When S&Ls were deregulated under the Reagan administration, they were allowed to invest in anything. Some took advantage of that to the extreme, investing in risky high-yield bonds — “junk bonds” — while others stuck to the time-honored S&L investments, such as home mortgages.

Since the federal bail-out of faltering junk-bond S&Ls began, all S&Ls have had to suffer the bad publicity, no matter how wise their choices.

IDC Publishing Service in Hartford, Wis., rates all thrifts, banks and credit unions from 1 to 300. Any institution scoring more than 200 in its system is considered “superior,” IDC says. Watsonville Federal S&L scored 277 in the most recent quarter for which data is available, the third quarter of 1990.

“That’s probably one of the best-ranking institutions in our book,” IDC President John Rickmeier said.

Bauer Financial Reports in Cora Gables, Fla., has consistently given Watsonville Federal its highest rating — five stars — for more than two years. For years before that, it was at four stars, which is also considered

safe.

Other San Francisco Bay Area and Northern California thrifts that Bauer gave five stars in the third quarter of 1990 are San Francisco-based California S&L, Citibank Federal Savings, Lake S&L and Sincere Federal Savings; San Carlos-based Eureka Bank; San Rafael-based First Federal S&L and New Horizons S&L; and Petaluma-based Northbay Savings.

Banks are rated separately and with slightly different criteria. Bauer gave four stars to each of three local banks: Pajaro Valley in Watsonville, Coast Commercial in Santa Cruz and Pacific Western in San Jose.

On the other side of the coin, Bauer recommends against investing in any institution that rates two stars or below in its system.

Among the Northern California thrifts that rated two stars or below in the third quarter was Santa Cruz-based Commercial Pacific S&L.

Others were San Francisco-based Atlantic Federal Savings, Continental Savings of America, First Nationwide Bank, Golden Coin S&L, and Homestead Savings; San Mateo-based Pan American Savings; Stockton-based Stockton Savings and New West Federal S&L; and Chico-based Butte S&L.

—*Susanna Heckman*