

Monterey Bay Bancorp to buy Commercial Pacific

Watsonville banking firm to acquire \$30 million in assets

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WATSONVILLE — Monterey Bay Bank has agreed to buy Commercial Pacific Bank's California operations, the banks announced Monday in a prepared statement.

Monterey Bay Bancorp's Chairman of the Board and Chief Executive Officer Gene Friend said this morning that the bank will pay a three percent premium for Commercial Pacific's deposits, and the final purchase price will depend on the value of those deposits when the

deal is closed in March or February.

Friend also said both banks sought the deal, which has been in the making for about seven months. The transaction will see Monterey Bay Bank acquire Commercial Pacific's approximately \$30 million in assets and assume an equal amount in liabilities.

"We haven't tried to force a deal," said Friend. "We're sure this will work out well for the stock holders and the customers. We had a willing seller, and a buyer who could buy it. We think it will be really good for us."

Friend said that Commercial Pacific customers will have more services available to them when the merger is complete because

Monterey Bay Bank is a full service bank that makes loans and offers many other services.

"Our emphasis is on customer service," said Friend. "That's the main thing that we try to offer."

Monterey Bay Bank's President, Marshall Delk, worked at Commercial Pacific for four years and understands the community and the needs of local customers, the statement read.

"Unlike the merger of large national and regional banks, we have and will continue to provide a highly responsive and knowledgeable level of service," Delk said in the statement.

When the deal closes early next year, Frank Ortwine, chairman of the board of Commercial Pacific, will move the bank's charter to Arizona and open a full-service branch in Phoenix. Customers with accounts at the Capitola branch at 1000 41st Ave. will be served at Monterey Bay Bank's branch at 601 Bay Avenue, about a mile away.

"We are excited about the opportunity to participate in the high growth potential available in Phoe-

nix," Ortwine said in a prepared statement. "We are also very grateful to our many friends and customers in Santa Cruz for their years of loyalty and support. We are pleased that they will become part of a fine banking institution that will continue the high level of service they have come to expect."

Commercial Pacific is a Santa Cruz-based federal savings bank founded in 1982 and majority-owned by American Home Loan Corporation, which is headquartered in Phoenix.

The Watsonville-based Monterey Bay Bancorp, the holding company of Monterey Bay Bank, was formerly known as Watsonville Federal Savings and Loan for approximately 75 years, but changed its name in January because it also has branches in six other locations — Monterey, South Salinas, North Salinas, Prunedale, Gilroy, and Capitola. When its acquisition of Commercial Pacific's ownings is complete, it will have consolidated assets of about \$440 million. Its stock is listed on the NASDAQ national Market under the symbol MBBC.