

# Pajaro Valley Bank shows rapid growth in earnings

## New main office planned

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The outward signs of a new branch and a new main building are just starting to appear, but Pajaro Valley Bank has been growing rapidly — in terms of earnings — for the last three years.

The bank, formed in 1983, reported earnings of \$618,000 in 1988, up from \$332,000 in 1987 and \$241,000 in 1986. Earnings for the first half of 1989 were \$290,000.

Until this summer, the bank's growth could be seen on the balance sheets, but not in terms of new offices.

But now, the growth is visible: the bank's first branch office opened a month ago in Prunedale, and ground was broken Thursday for the bank's new headquarters, at Main and Ford streets in Watsonville.

The new, 12,000 square-foot bank will be built on the same lot where the bank has been doing business from a temporary building since operations began in 1983. The bank's corporate offices have been in the old phone company building at 2 Brennan St. since 1986.

The new building is a sign "that the new kid on the block is here to stay," said Wayne Hall Sr., chairman of the board of directors since the bank formed.

The growth wasn't happenstance. A number of new services have been added in the last two to three years as the bank has gone from being an institution emphasizing services to business clients to more of a full-service bank, while still increasing services and loans to business clients.

"You have to change your strategy" to meet the desires of the community, said Steven Hertel, 39, the bank's president and chief executive officer since February 1987.

Hertel replaced Jim Radich, the founding president of the bank, who died in September 1986. Radich's death "set us back," said Hall.

A number of the changes came from a plan proposed by Hertel and other bank officials in late 1987, but Hertel is reluctant to claim credit for the changes.

"The board of directors and staff worked together," he said.

When the bank started, there wasn't much emphasis on consumer business, such as small savings and checking accounts and other services for the small investor.

As time went by, Hertel said, the bank found there was a demand for such services, both from those who already had business accounts and from potential new customers.



Kurt Ellison

**Board chairman Wayne Hall Sr., left, and President Steven Hertel look over plans for new building.**

Chairman Hall said the move into full-service banking "was kind of a natural" and fit the bank's goal of serving the needs of the community.

The bank's loans have grown dramatically in 1989. For the first six months of this year, the bank funded \$24.7 million in loans, \$1 million more than all of last year. Most of the money went to business and construction loans. The growth of Watsonville and the surrounding community has been a factor in enabling the bank to expand its construction-loan base, Hertel said.

REFERENCE

Industry to 1990

WATSONVILLE  
Register-PAJARONIAN  
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In late 1988, the bank added a home-loan division and a Small Business Administration loan division. In the first half of this year, the bank made \$19.7 million in home loans and \$3.7 in SBA loans — in addition to the \$24.7 million figure described above.

Hertel expects the bank to grow, but it won't be growth for growth's sake. "Our board doesn't want to get so large that we can't provide personalized service," which has been a trademark of the bank since it formed, he said.

## Pajaro Valley Bank earnings

*In thousands of dollars*

