

# Pajaro Valley Bank merger would mean more local loans

By SUSANNA HECKMAN  
STAFF WRITER

The president of Pajaro Valley Bank says the planned merger with Pacific Capital Bancorp, the holding company of First National Bank of Monterey County, will greatly increase the amount of money Pajaro Valley Bank has available for loans.

The two bank corporations announced last week that they had signed a non-binding letter of intent to merge. Their shareholders and government regulators must still approve the plan.

Steven Hertel, Pajaro Valley Bank's president and chief executive officer, said shareholders in the six-year-old bank would in effect trade each of their shares for 0.45 shares in Pacific Capital, which would become its parent company.

The merger would bring the company's combined total assets to \$260 million.

"From a community standpoint, we'll continue to serve as we have been doing," he said. "But with (Pacific Capital's) larger capital holdings, our lending capacity will greatly increase."

During its first few years, Pajaro Valley Bank had mainly a business and construction focus, Hertel said, but the bank has in recent years expanded individual and personal credits. Last year, it added a home-loan division, and in the first half of this year made \$19.7 million in home loans.

Hertel said Pajaro Valley Bank will continue building its new main branch at Main and Ford streets in Watsonville to replace the bank's modular units there. It also opened a branch in Prunedale in July, he said, which already has \$3 million in deposits.

If the merger goes through, members of Pajaro Valley Bancorporation's board of directors will continue to run Pajaro Valley Bank, and some of them will also serve on the Pacific Capital board, Hertel said.