



Tarmo Hannula/Register-Pajaronian

Coast Commercial Bank, 1055 South Green Valley Road, Watsonville.

# Bank merger set

## Palo Alto firm buys Coast Commercial

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WATSONVILLE — Customers of Coast Commercial Bank can expect new services if a planned merger of the parent company of Coast Commercial Bank and a Palo Alto holding company is approved early next year.

"We're still going to remain a local bank," said Coast Commercial CEO Harvey Nickelson of the merger with Greater Bay Bancorp. "They bring to the equation for us a lot more services, mainly for larger customers. They'll bring a trust department and

more sophisticated cash management products."

Nickelson said he has every reason to believe the merger will be approved — probably in March or April. He also said that other than having more services available to them, Coast Commercial's customers will notice few changes.

"We're the largest contributor to the non-profit community and I don't see that changing," Nickelson said. "The whole transaction is going to be transparent to customers."

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Nickelson said that with continued local management and emphasis on a customer service as a "relationship bank," Coast Commercial will remain a local bank, despite the change in ownership.

He also insisted that no jobs are in jeopardy.

Monterey Bay Bank president Marshall Delk said he's not surprised Nickelson wants to put the best face he can on the merger.

"How much does Harvey stand to make on this?" Delk said.

Delk also said that changes at the bank are inevitable. For example, he said, instead of being laid off, it's likely some employees will be offered jobs in Palo Alto they won't be able or willing to accept.

"Will they have six accounting departments?" Delk said. "Some of the meaningful decisions are now going to be made in the Peninsula. Loans over a certain amount will probably have to be approved in Palo Alto. Every loan won't be made here."

Coast Bancorp, founded in 1982, has banking offices in Watsonville, Aptos, Capitola, Santa Cruz, and Scotts Valley. As of Sept. 30, it had assets of \$350 million and deposits of \$282 million. Its net income for the nine months ending Sept. 30 was \$5 million.

The terms of the agreement provide for shareholders of Coast Bancorp to receive shares of Greater Bay Bancorp stock. Coast Bancorp has about 4,819,000 shares of common stock outstanding.

Upon consummation of the merger, former Coast Bancorp shareholders will own about 18 percent of Greater Bay Bancorp's outstanding shares, assuming completion of Greater Bay Bancorp's pending merger with Mt. Diablo Bancshares.