

Cobanco

(Assets and earnings in thousands)

3 Qtr 9/30	1986	1985	% Chg.
Earnings	(\$865)	\$676	—
Per share	(0.36)	0.28	—

Fiscal year to date

Assets	\$475,000	\$480,000	-1
Earnings	(55)	2,040	—
Per share	(0.02)	0.85	—

Employees	1986	1985	% Chg.
Worldwide	521	567	-8
Santa Cruz Co.	497	543	-8

Stock price last day of year

1985	8.00
1986	11.25

(Complete stock information unavailable)

In 1986, the 117-year-old County Bank & Trust of Santa Cruz gave its hand to Santa Clara County's biggest community bank, Pacific Valley Bank of San Jose. Shareholders approved the merger last week; it still awaits regulatory approval.

The planned merger would create a billion-dollar bank — with approximately a half-billion in assets from each bank. County Bank throws in the bulk of the branches, with 17, while Pacific Valley adds nine.

Pacific Valley wasn't County Bank's only suitor. E. Reese Davis, chairman and president of County Bank's parent company, Cobanco Inc., has been fending off potential partners for some time. A year ago, County Bank hired investment banker Keefe, Bruyette & Woods to negotiate the offers.

Pacific Valley seemed just right, Davis said. Both banks are growth-oriented, and top executives say they view their merger as an important step toward becoming a prime takeover target when interstate banking arrives.

Davis expects County Bank's performance to improve when it becomes part of a larger institution. The bank's profits fell sharply in 1986, reflecting high credit losses and the addition of \$1.6 million to loan loss reserves in the third-quarter. Cobanco's stock price fluctuated wildly during the year. The stock appreciated so much that the bank, in a bookkeeping move, set aside \$601,000 to cover bank officer and employee stock option and stock appreciation rights.

San Jose Mercury
Jan 19 1987