

New financial institutions pursue growth based on community bank identity

It could be that bankers see pure gold in the Salinas Valley's "green gold," its bounty of crops.

Certainly, Salinas exerts an attraction for those in the financial industry. The area has become a beacon for banks in the past seven years, with two banks started by local residents — Pacific Valley and 1st Capital — since 2004. A half-dozen other banks and credit unions have shown themselves eager to open branches here.

While the blossoming of banks began a few years ago, a flurry of activity has occurred since Netherlands-based Rabobank acquired Community Bank of Central California last year.

Some institutions newly minted for the local market say they are seizing an opportunity, created by the arrival of Rabobank, to serve local businesses and residents by being local.

Executives of banks and credit unions that have opened branches in Salinas in the past few years say the Rabobank acquisition changed the banking landscape in Monterey County. More customers are looking elsewhere to find the understanding of local economics that community banks can provide and that apparently some think has been lost since Community Bank of Central California changed its banner in May 2006.

"Community banking is more relationship-oriented. Our tag line is 'People bank with people,'" said Fred Rowden, president and chief executive officer of 1st Capital Bank, which formed in April with offices in Salinas and Monterey and has \$53 million in assets.

Rabobank officials did not return repeated calls seeking comment.

Committed to Salinas area

Many community bank executives said the relationships they form with their clients are what set them apart from the big national and international operations.

"Each community has its wants and needs and expectations," said Ben Tinkey, president of Salinas-based Pacific Valley Bank, founded in 2004.

Staying committed to the area and to customers is the mantra of the local banking businesses, which fill a niche national banks can't, Tinkey said.

Pacific Valley Bank isn't building its client base and assets — now totaling \$123 million — only to sell to a larger company, he said.



RICHARD GREEN/BUSINESS 101

Elaine Genevro is the senior vice president and regional manager for Union Bank of California.

New faces on the Salinas banking scene include Pacific Valley Bank, which has two Salinas offices, plus branches in King City, Monterey and Hollister; 1st Capital Bank; and Gilroy-based Pinnacle Bank, which will open its first Monterey County branch in Salinas by the end of the year.

Santa Cruz-based Bay Federal Credit Union, with 57,000 members and \$560 million in assets, also plans to open a second branch in Salinas next year, said Tonée Picard, vice president of marketing and business development. Bay Federal opened its first Salinas branch in August 2006 at Northridge Mall.

"We do almost all the same services that banks offer, but the difference is all our profits stay local," Picard said.

Salinas, she said, is expected to be

one of Bay Federal's largest growth areas for membership in the next 10 years, with a focus on serving underserved minority communities.

Vital to economic health

Home-grown banks' attention to local small-business needs, their dedication to reinvesting their money in the community and their all-local boards of directors make them vital to the economic health of the Salinas area, bank executives said.

Pacific Valley, 1st Capital and Pinnacle are all vying to be known at Monterey County's "local bank," as is Monterey-based Monterey County Bank, which could be considered the granddaddy of local banks, having been founded in 1976. Meanwhile, larger banks are opening new branches here.

AT A GLANCE

Since 2000, six Federal Deposit Insurance Corp.-insured banks and one credit union have opened or plan to open branches in Salinas, many to take advantage of the changing banking climate in Monterey County after Rabobank acquired Community Bank of Central California in May 2006. Not every bank is insured by FDIC, and those that are not do not appear on this list.

■ **BAY FEDERAL CREDIT UNION:** The Santa Cruz-based credit union opened its first branch in Salinas in August 2006 and has plans to open another Salinas branch in 2008.

■ **PINNACLE BANK:** The Gilroy-based bank will open its first Monterey County branch in Salinas by the end of the year.

■ **1st CAPITAL BANK:** Created in April and headquartered at Ryan Ranch in Monterey, the bank opened branches in Salinas and Monterey in April.

■ **PACIFIC VALLEY BANK:** Opened its first Salinas branch in September 2004, with a second location on Main Street in June 2006. Has since opened branches in Monterey, King City and Hollister.

■ **U.S. BANK:** Opened its Salinas branch in April 2004. Expanded this year to include a counter inside the Nob Hill grocery store.

■ **WASHINGTON MUTUAL BANK:** The national bank opened a Salinas branch in August 2005.

■ **WELLS FARGO BANK:** Opened a branch in east Salinas in 2000 and a second branch in 2004.

■ **UNION BANK OF CALIFORNIA:** acquired Monterey Bay Bank and its eight offices, including two in Salinas, in 2003. Union Bank of California has \$53.2 billion in assets.

Source: Federal Deposit Insurance Corp.

"Something we feel is very important is giving back to the community we serve, and all our branch managers and officers are active in different organizations," said Elaine Genevro, senior vice president and regional manager for San Francisco-based Union Bank of California.

Union Bank acquired Monterey Bay Bank and its eight offices, including two in Salinas, in 2003.

Union Bank of California has \$53.2 billion in assets.

"Giving back to the local community" means everything from staying open longer hours to supporting local events, Genevro said.