

THE BANK OF SANTA BARBARA REPORTS CONTINUED GROWTH IN CAPITAL, DEPOSITS AND ASSETS

The Bank of Santa Barbara announced to a small group of local investors at their annual shareholder meeting on May 19, 2011, deposit growth of over 97.6% since the change of control of The Bank in November, 2009. Eloy U. Ortega, CEO of The Bank of Santa Barbara, commented that “the significant growth of the Bank during the past 17 months was definitely driven by the community support of the local business leaders and philanthropists that acquired control of the Bank from Michigan based Capitol Bancorp in late 2009”. Notable members of the investment group led by veteran banker Ortega, include local philanthropists Tim and Bernie Marquez, the Hutton-Parker Foundation and the Orfalea Family Foundation.

Ortega also noted that the real growth in deposits is actually significantly higher as the community deposits, commonly referred to as “Core Deposits” also replaced over \$24 million in “Wholesale” deposits generated under the prior management group. This means that virtually 100% of the \$83 million in deposits as of the end of the First Quarter of 2011 represented local deposits as compared to approximately \$28 million at the time of the change of control.

With total deposits at 3/31/11 in excess of \$83 million, total assets also increased solidly during the first quarter to more than \$93 million, 67.9% over the total assets at the time of the change of control. The mix of assets is also an indication of The Bank’s commitment to the community as The Bank was the only locally owned bank in Santa Barbara that grew its loan portfolio in 2010. Year over year, total loans grew almost 34%.

As well as bringing The Bank of Santa Barbara back to local ownership, the investor group recapitalized the Bank, and has brought the Bank to profitability. This resulted in the Bank rising from “Adequately Capitalized” at the time of the change of control, to a very “Well Capitalized” ratio of over 13.5%.

“As we move forward in 2011”, noted Ortega “The Bank of Santa Barbara is well positioned with strong capital, high liquidity, and an experienced team of local bankers. The Bank is now profitable, earning over \$198 thousand for the first quarter of 2011, as compared to a loss of \$303 thousand for the same period in 2010.” With this strong start to 2011, Ortega went on to say “The Bank is poised to achieve the vision of Management and Investors ... Simply, we want to be *The Bank of Santa Barbara.*”

The Bank of Santa Barbara is a locally owned and managed bank offering a full array of banking products and is committed to supporting the people and organizations that make Santa Barbara a special place to live and work. The headquarters office is located at 12 E. Figueroa Street. For more information call 805.730.7860 or visit www.bankofsantabarbara.com.

Contact Person: Eloy U. Ortega, CEO or Ralph Wiita, CFO