

THE BANK OF SANTA BARBARA REPORTS SMALL BUSINESS LOAN FUND AWARD

The Bank of Santa Barbara announced they received an award of participation in the Small Business Loan Fund ("SBLF") by the U.S. Treasury, effective September 25th, 2011. Eloy U. Ortega, CEO of The Bank of Santa Barbara stated, "We are very pleased to announce that we are the only Santa Barbara based bank to participate in this program specifically designed to stimulate lending to small businesses in our community". Ortega went on to say, "Our intention is to leverage this funding to provide an additional \$20 million in small business loans in the Santa Barbara area".

The SBLF is part of a \$30 Billion Federal Stimulus package that has come under some criticism as being mired in bureaucratic red tape and having requirements that precluded at least 50% of the applicant banks that applied. According to a Treasury whitepaper, best case the Treasury awarded a total of \$4.3 billion, or about 14% of the total SBLF allocation and only 1/3 of funding applications. Additionally, it has also been referred to as the TARP refinance plan as many of the recipient banks have used the SBLF monies to repay their previous funding received under the bailout program, TARP (Troubled Asset Relief Program).

"As a small local bank, we were not eligible for significant funding under the plan; however, we never had any TARP money, and our intention is to leverage every dollar into small business lending", emphasized Ortega.

The Bank of Santa Barbara came under new ownership in 2009 when an investor group comprised of local philanthropists and business leaders acquired controlling interest in the Bank from Michigan based Capitol Bancorp. As well as bringing The Bank of Santa Barbara back to local ownership, the investor group recapitalized the Bank. Between the local recapitalization and the SBLF, this resulted in the Bank rising from "Adequately Capitalized" at the time of the change of control, to a very "Well Capitalized" Total Risk Based Capital Ratio of 18.0% as of September 30, 2011.

Notable members of the investment group led by veteran banker Ortega, include local philanthropists the Orfalea Family Foundation, the Hutton-Parker Foundation, Tim and Bernie Marquez, and Leonard Himelsein.

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.

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