

## **THE BANK OF SANTA BARBARA REPORTS STRONG 1<sup>ST</sup> HALF EARNINGS AND CONTINUED GROWTH**

The Bank of Santa Barbara announced net earnings of \$411 Thousand for the first half of 2011. This compares to a net loss of \$367 Thousand in 2010. Eloy U. Ortega, CEO of The Bank of Santa Barbara, commented that “after completing the change of control of The Bank in November of 2009, we completed the clean-up of the balance sheet during 2010, paving the way to profitability in 2011 and beyond”. Ortega continued by highlighting deposit growth of over 105% and loan growth of over 45.5% since the change of control. “A very important element of our growth is that in addition to simply the growth in totals, our core deposits, those deposits from local businesses and individuals, have grown over 172%, reflecting the attraction of doing business with a locally owned and managed community bank”

The earnings for the second quarter 2011 totaled \$212 Thousand as compared to \$199 Thousand during the first quarter. Steady growth in earning assets, primarily in the form of outstanding loans which grew to \$69 Million, spurred the increase in earnings according to Ortega. He added “our goal is to grow modestly throughout the year by meeting the financial needs of our community”.

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, and has now 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” Total Risk Based Capital Ratio of over 16.25%.

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.

“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. 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](http://www.bankofsantabarbara.com).

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