

THE BANK OF SANTA BARBARA
REPORTS 3rd QUARTER INCREASED EARNINGS AND CONTINUED GROWTH

The Bank of Santa Barbara announced net earnings of \$732 Thousand for the first nine months of 2011. This compares to a net loss of \$444 Thousand for the same period in 2010. Eloy U. Ortega, CEO of The Bank of Santa Barbara, commented, “we are very excited about the success of The Bank this year. With the combination of strong deposit growth and well managed increases in our loan portfolio, 2011 results are exceeding our expectations”. Ortega continued by highlighting deposit growth of 123% and loan growth of 59.3% since the change of control in November of 2009.

The earnings for the third quarter 2011 totaled \$299 Thousand as compared to \$212 Thousand in the second quarter and \$199 Thousand during the first quarter. Steady growth in earning assets, primarily in the form of outstanding loans that grew to \$75 Million, is the primary driver behind the increase in earnings according to Ortega. He added “our goal for 2011 is to continue to generate controlled growth 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 taken steps to increase the presence of The Bank in meeting the needs of the Santa Barbara area business community. Just last month, The Bank announced its successful participation in the Small Business Loan Fund (“SBLF”) in which The Bank was awarded \$1.9 Million in Federal Stimulus dollars to encourage local business lending. The SBLF was part of the \$30 Billion Federal Stimulus plan.

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%.

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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