

Investors Put Bank of Santa Barbara Back in Local Hands

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By Eloy Ortega

The acquisition group includes several community philanthropists

Bucking the trend of local banks being gobbled up by larger holding companies, a local investor group announced Thursday the completion of a transaction to buy back the [Bank of Santa Barbara](#) from [Capitol Bancorp Limited](#) of Michigan.

Capitol Bancorp Ltd. first announced plans to divest Bank of Santa Barbara in July, executing a definitive agreement with an investor group that has deep roots in the Santa Barbara community. With regulatory approvals complete and the transaction closing Nov. 6, Bank of Santa Barbara is now 100 percent locally owned and operated.

"This reverses the industry trend of losing local decision-making for community banks, with the big out-of-area regional or mega-banks taking over the local, more personalized community-based institutions," said Eloy Ortega, the new CEO of Bank of Santa Barbara. "Every one of our investors has a strong commitment to community-based banking and understands the importance of having a local bank, fast decision-making by local bankers, and providing the financial support that local businesses, nonprofits and individuals need right here."

He added: "Prior to today, Santa Barbara was again faced with financial products and services being provided by out-of-area-based organizations that frequently don't understand our local business market. The new Bank of Santa Barbara will focus on serving local professionals, as well as small businesses and nonprofit organizations."

The bank will be well-positioned as a community bank, as the acquisition group includes several well-recognized Santa Barbara philanthropists. Investors include the [Orfalea Family Foundation](#), the [Hutton Foundation](#), and Tim and Bernie Marquez of [Venoco Inc.](#)

"I know from my past experiences with Eloy that together with the Orfaleas, the Marquezs and all the other members of our group, we will be able to make a significant difference here in Santa Barbara," said Tom Parker, president of the Hutton Foundation. "We are all very excited about this venture and the potential it has in today's environment."

Ortega was the former president and chief executive officer of City Commerce Bank when it sold to Mid-State Bank in 1999. With the idea of filling the void created by losing that local bank to a regional bank, he gathered a group of local bankers and became the founding president and CEO of [Business First National Bank](#).

"Bringing control of Bank of Santa Barbara back into local hands fulfills the mission initially envisioned for the bank in 2005," said Tom Caesar, chairman of the board for the bank since August 2008.

Since July, with the new team's oversight, Bank of Santa Barbara has reassessed its balance sheet, taken aggressive steps to resolve troubled assets and strengthened its reserves. With the completion of this transaction, which includes a significant injection of new capital, the bank will have a total risk based capital ratio of about 13.5 percent, compared with a regulatory "well capitalized" minimum of 10 percent. Its Tier 1 risk-based capital is 12.5 percent, compared with a regulatory "well capitalized" minimum of 6 percent.

Since the transaction is a change of control and not a merger with another financial institution, Bank of Santa Barbara will add jobs to the community as it brings in-house many of the functions previously performed by the holding company in Michigan and Arizona.

"With today's technology, we can provide all the products and services you can get from any of our competition, including the big guys," Ortega said. "But we deliver it with an extremely high level of personalized service and customization."

Bank of Santa Barbara, 12 E. Figueroa St., is open 9 a.m. to 4 p.m. Monday through Friday. For more information, [click here](#) or call 805.730.7860.

— *Eloy Ortega is the CEO of [Bank of Santa Barbara](#).*