PACIFIC CAPITAL BANCORP

Corporate Governance Principles

Purpose

The Corporate Governance Principles, along with the Articles of Incorporation, Bylaws and Board Committee Charters, provides a governance framework in which the Board of Directors of Pacific Capital Bancorp ("PCB" or "Bancorp") and its operating subsidiary, Santa Barbara Bank & Trust, N.A. ("SBBTNA" or "Bank") collectively, (the "Company") will operate. The Board believes that corporate governance is an evolving process and periodically reviews and updates its Corporate Governance Principles.

Board Responsibilities

Corporate Governance—Establish principles of governance, establish a culture that understands the importance of effective corporate governance, and exercise effective governance throughout the Company.

Strategic Planning—Establish a long-term strategic vision for the Company. Management will formalize this vision into a long-term strategic plan, which the Board will review, approve and monitor Management's performance against the plan. Management will also prepare an annual operating budget that will be submitted, approved, and monitored by the Board.

Risk Oversight—Ensure that Management has effectively identified, assessed, measured, and mitigated risks to tolerance levels they set. The Board should monitor Management's performance against those risk tolerances and understand when such limits have been breached and the action plan that Management has taken to resolve.

Compliance—Ensure that the Company is in compliance with applicable laws and regulations and operates in a safe and sound manner. Also, the Board should ensure that Management has established an effective process to identify and resolve any compliance or safety and soundness issues that may arise.

Compensation & Benefits—Oversee the Company's compensation and benefit programs; ensure the competitiveness of these programs; and ensure that the necessary resources are available for the Company to pursue it strategies and operate in a safe and sound manner. The Board should ensure that compensation practices align employee's motivations with the Bank's strategic plan and mitigates taking any unnecessary and excessive risks.

Qualified Leadership & Succession Planning—Ensure that the Company is effectively managed through qualified leaders who have the skills necessary to perform their duties at the highest levels. Additionally, the Board must ensure that Management has a succession plan in place to address the risks and disruptions associated with the departure of Executive Officers and key employees of the Company.

Internal Controls—Exercise oversight of the Company's overall internal control environment and assure the integrity of the Company's financial statements.

Capital Adequacy—Ensure that the Company maintains an appropriate level of capital given the level of risk held.

Performance—Represent the shareholders of the Company as it determines whether shareholders are receiving an appropriate return on their investment based on the risk assumed by the Company.

Public Responsibility—The Company believes in being a good corporate citizen. To that end, the Company intends to:

- Deliver quality financial products and services that allows clients to achieve their financial goals;
- Create job opportunities for employees and citizens in the communities;
- Give back to the community through community reinvestment, community service, and community philanthropy.

Board Principles and Policies

Code of Ethics—The Board expects all Directors, as well as officers and employees, to display the highest standard of ethics, consistent with the principles that have guided the Company over the years. The Board expects Directors, officers and employees to acknowledge their adherence to the Company's Code of Ethics. The Board's Audit Committee periodically reviews compliance with this Code.

Ethics Policy—The Board has adopted an Ethics Policy that applies to the senior financial officers of the Company to ensure that the financial affairs of the Company are conducted honestly, ethically, accurately, objectively, consistent with best accounting practices and in compliance with all applicable governmental law, rules and regulations, which mandate that the CEO and CFO certify all published financial statements.

Confidential Information—The Company believes that it is critical to protect confidential information as a breach of confidentiality may materially affect the Company's financial condition, financial operations or create significant reputational risks. Any person, either on the Board or within the Company, who has been found to have inappropriately shared confidential information, will be subject to disciplinary action.

Communication with Outside Parties—The Chief Executive Officer, the Chief Financial Officer, and the Director of Investor Relations have been designated as the appropriate spokespersons to communicate with outside parties, including but not necessarily limited to, institutional investors, the press, investment bankers, regulatory bodies, rating agencies, and guarantors. From time to time, Directors and Management may be asked by the Board or Management to speak with others, as appropriate.

Director Independence—A majority of the Board consists of independent Directors, as defined by the NASDAQ Corporate Governance Listing Rules and as amended from time to time, which state that the independent Director is a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship that the Board of Directors views as interfering with the exercise of independent judgment.

Disclosure of Relationships with Third Parties—A majority of the members of the Board shall meet the criteria for independence as required by any applicable law and the listing standards of the NASDAQ. As required by the NASDAQ listing standards, no director shall qualify as independent unless the Board determines the director has no direct or indirect material relationship with the Company (including any subsidiary that is consolidated in the Company's financial results).

It shall be the responsibility of each director and prospective director to disclose to the Board any relationship that could impair his or her independence or any conflict of interest with the Company. Relationships that should be disclosed may include, among others, affiliations of a director or prospective director or an immediate family member (defined as a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home) of a director or prospective director with a (1) customer, supplier, distributor, dealer, reseller or other channel partner of the Company; (2) lender, outside legal counsel, investment banker or consultant of the Company; (3) a significant stockholder of the Company; (4) charitable or not-for-profit institution that has received or receives donations from the Company or (5) competitor or other person having an interest adverse to the Company. Each director shall complete an annual questionnaire providing information necessary for the Company to assist the Board in reconfirming each director's independence and making any required disclosures in the Company's proxy statement.

Transactions with Immediate Family Members—All financial services and extensions of credits provided by the Company to a Director's spouse, minor children and any other relative of the Director who shares the Director's home or who is financially dependent on the Director, or any such person's principal business affiliations (through ownership or as an executive officer), and all transactions between the Company and any such person's principal business affiliations for property, services or other contractual arrangements, must in each case be made in the ordinary course of business and on substantially the same terms as those prevailing for comparable transactions with nonaffiliated persons.

Banking and Other Financial Services—The Company provides banking services, extensions of credit and other financial services in the ordinary course of its business. The Sarbanes-Oxley Act prohibits loans to directors, as well as executive officers, except certain loans in the ordinary course of business and loans by an insured depository institution subject to Regulation O of the Board of Governors of the Federal Reserve System. Any loans to directors are made pursuant to applicable law, including the Sarbanes-Oxley Act and Regulation O. Regulation O also applies to banking relationships with certain family members of a director and to entities owned or controlled by a director.

All such relationships that are in the ordinary course of business will not be deemed material for director independence determinations unless a director has an extension of credit that is on a non-accrual basis. Where a subsidiary of the Company is an underwriter in an initial public offering, the Company will not allocate any of such shares to directors.

Repricing of Stock Options—It is the policy of the Board not to reprice stock options issued by the Company by reducing the option's exercise price. The Board favors equitable adjustment of an option's exercise price in connection with a reclassification of the Company's stock; a change in the Company's capitalization; a stock split; a restructuring, merger, or combination of the Company, or other similar events in connection with which it is customary to adjust the exercise price of an option and/or the number and kind of shares subject thereto.

Bonus Recoupment Policy—In the event of a material restatement of the Company's financial results, the Board believes it would be appropriate to review the circumstances that caused the restatement and consider issues of accountability for those who bore responsibility for the events, including whether anyone responsible engaged in misconduct. As part of that review, consideration would also be given to any appropriate action regarding compensation that may have been awarded to such persons. In particular, it would be appropriate to consider whether any compensation was awarded on the basis of having achieved specified performance targets, whether an officer engaged in misconduct that contributed to the restatement and whether such compensation would have been reduced had the financial results been properly reported. Misconduct includes violation of the Company's Code of Conduct or policies or any act or failure to act that could reasonably be expected to cause financial or reputational harm to the Company.

Approved by Gov/Nom Committee
November 8, 2011

Depending on the outcome of that review, appropriate action could include actions such as termination, reducing compensation in the year the restatement was made, seeking repayment of any bonus received for the period restated or any gains realized as a result of exercising an option awarded for the period restated, or canceling any unvested equity compensation awarded for the period restated. Consideration may also be given to whether or not any one or more of such actions should be extended to employees who did not engage in misconduct that contributed to the restatement.

Stock Ownership Requirements—It is generally desirable for Directors to own a significant number of shares or share equivalents of the Company's stock, and for new Directors to work toward that goal.

Poison Pills—It is the policy of the Board with respect to shareholder rights plans, commonly known as poison pills, not to adopt a poison pill for the Company without submitting it to a shareholder vote, but the Board reserves the right to do so if, in their fiduciary responsibility, deem it appropriate to do so. If in exercising such fiduciary obligations, the Board adopts a poison pill without submitting to shareholders on a prior basis, the Board will submit the poison pill to a non-binding shareholder vote at the earliest next special or annual meeting of shareholders. It is also the Board's policy that should any material amendment be adopted to the foregoing policy, the Board will submit any such amended policy to a non-binding shareholder vote at the earliest next special or annual meeting of shareholders.

Confidential Voting—It is the policy of the Board that proxies, ballots and voting tabulations that identify shareholders and how they have voted will be kept confidential, except as may be required in accordance with appropriate legal process, and that no inspector of election shall be an employee of the Company.

Board Composition & Selection

Selection of New Directors—Directors are elected annually by the stockholders at the Annual Meeting. The Board of Directors proposes a slate of nominees for consideration each year. Between Annual Meetings, the Board may elect Directors to serve until the next Annual Meeting. The Governance & Nominating Committee of the Board identifies, investigates and recommends prospective directors to the Board.

Stockholders may recommend a nominee by writing to the Corporate Secretary specifying the nominee's name and the qualifications for Board membership. All recommendations are brought to the attention of the Board Governance & Nominating Committee.

Board Membership Criteria—Members of the Board of Directors should have the highest professional and personal ethics and values, consistent with the core values of the Company. Members are selected based on their character, judgment, and business experience, as well as their ability to add to the Board's existing strengths. They should be able to provide insights and practical wisdom based on their experience and expertise; be committed to enhancing shareholder value; and have sufficient time to effectively carry out their duties.

Their service on other boards of public companies should be limited to a reasonable number. While the Board has not established a maximum number of board memberships for current directors or nominees to the Board, the commitments of a director or candidate to other board memberships will be considered by the Governance and Nominating Committee in assessing an individual's suitability for election or reelection to the Board. Given the current duties of boards of directors of public companies, the Board is of the opinion that for a Director who is (1) not a chief executive officer or other senior officer of a public company, membership on up to three additional boards of public companies would not impair the effectiveness of such director and (2) employed as such an officer, membership on two boards of directors in addition to the Board of his or her employer, would not impair the effectiveness of such director.

Board Size—The number of directors who may be authorized to serve on PCB's Board of Directors is no less than nine (9) nor more than seventeen (17). The number of Directors authorized to serve on SBBTNA's Board of Directors is no less than five (5) nor more than twenty-five (25). The exact number of authorized directors shall be established by resolution adopted by the Board of Directors.

The Board's size is assessed at least annually by the Board Governance & Nominating Committee and changes are recommended to the Board when appropriate. If any nominee is unable to serve as a Director, the Board may reduce the number of Directors or choose a substitute.

Director Orientation and Continuing Education—The Company has and will continue to maintain an orientation program that consists of written material, meetings with management, and site visits to various branch offices. New Directors are encouraged to attend meetings of all Board Committees to acquaint themselves with the workings and operations of each committee. In addition, the Governance & Nominating Committee has approved a program to provide for continuing Director education opportunities and considers such participation an appropriate expense to be reimbursed by the Company.

Term of Office—Directors serve for a one-year term or until their successors are elected. The Board does not have term limits, instead preferring to rely upon the retirement and evaluation procedures described herein as the primary methods of ensuring that each Director continues to act in a manner consistent with the best interests of the shareholders and the Company.

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Change of Job Responsibility—A Director will offer his or her resignation in writing for consideration by the Governance & Nominating Committee following the loss of principal occupation other than through normal retirement, or any proposed service on the board of a public or private company or any governmental position.

Director Retirement Policy—The normal retirement policy is that a Director may not stand for re-election after reaching age 72. Employee Directors may not serve as Directors once their employment with the Company ends. The Board has the discretion, however, to extend the term of a Director beyond age 72 if the Director has specific expertise which is needed by the Company during the period of the extension. The Board would continue to re-assess such term extension annually through its Board evaluation process.

Audit Committee Membership Limits—If a member of the Audit Committee wishes to serve on more than a total of three audit committees, the Board must approve such additional service before the Director accepts the additional position.

Board & Management Committees

Board Committees—The Board as a whole is responsible for the oversight of management on behalf of the Company's shareholders. The Board is assisted in its oversight function by its committee structure. The Board has the following six committees:

Board Committees

Committee	Oversight
Executive Committee	Interim Board Decisions
Governance & Nominating Committee	Governance
Audit Committee	Internal Controls and Financial Oversight
Compensation Oversight Committee	Management
Enterprise Risk Oversight Committee	Enterprise Risks
Compliance Oversight Committee	Legal, Insurance, and Compliance

The number and responsibilities of committees are reviewed periodically. Committees will generally report to the Board the results of their meeting at the next regularly scheduled Board meeting following a committee meeting. The Board and its Committees also have access to management, information, and independent advisors, as necessary or appropriate. The specific functions and duties of each Committee are described in their respective charter.

Independent Chairperson—The standing committees are chaired by an Independent Director who determines the agenda, the frequency and the length of the meetings. The Chair also receives input from committee members.

Committee Membership—Membership on the committees is reviewed each year by the Governance & Nominating Committee and approved by the full Board, which also designates a chair or co-chair for each committee. Each committee member and chair serves at the pleasure of the Board. There is no strict committee rotation policy. Changes in committee assignments are made based on committee needs, director experience, interest and availability, and evolving legal and regulatory considerations.

In reviewing the composition of Board committees, the Board will also consider any listing and/or regulatory qualifications as may be applicable to specific committees. The Board of Directors holds the power to establish, modify, or eliminate any Board or Management Committee. It may also establish ad hoc committees to address any particular issue. Powers not delegated to a Board or Management Committee are retained by the full Board.

Each of the members of the Audit, Compensation Oversight, Governance & Nominating, and Enterprise Risk Oversight Committees will be directors for whom the Board has made an independence determination, as defined by the NASDAQ rules. The Audit Committee Chair must meet the financial expert standard as described in the Sarbanes-Oxley Act of 2002. In addition, all Audit Committee members meet the requirement that they may not directly or indirectly receive any compensation from the Company other than their Directors' compensation.

Officer-directors generally do not serve on any committee other than the Executive Committee. The function of the Executive Committee is to dispose promptly of routine and/or emergency matters between regularly scheduled meetings of the full Board. It is the expectation that the Executive Committee would not take material actions absent special circumstances. Officers and non-committee Directors may attend Committee meetings at the invitation of the Committee Chairperson.

Management Committees—The Chief Executive Officer is responsible for the oversight and management of the Company. The CEO is assisted in these functions by the following Management Committees:

Management Committees

Committee	Chairpersons	Risk Managed
Executive Management Committee	Chief Executive Officer, Chairperson	Strategic Risk
Asset-Liability, Investment Committee	Chief Financial Officer, Chairperson	Market & Liquidity Risk
Credit Committee	Chief Credit Officer, Chairperson	Credit Risk
Technology & Operations Committee	President & Chief Operations Officer, Chairperson	Operational Risk
Corporate Compliance Risk Committee	Chief Risk Officer, Chairperson	Legal & Compliance Risk
Compensation & Benefits Committee	Chief Human Resources Officer, Chairperson	Strategic & Operational Risk
Trust & Fiduciary Committee	Wealth Management Director	Trust & Fiduciary Risk
Public Responsibility Committee	Public Affairs Director, Chairperson	Reputation Risk
Disclosure Control Committee	Chief Financial Officer, Chairperson	Financial Reporting Risk

The Management Committee Structure is designed to provide effective enterprise risk management with each Committee tasked with the responsibility of assessing, measuring, monitoring and mitigating enterprise risks. The number and responsibilities of committees are reviewed periodically by the CEO and submitted for approval to the Governance & Nominating Committee of the Board. Committees will generally report to the Board the results of their meeting at the next regularly scheduled Board meeting following a Committee meeting either through the submission of Committee Minutes or in person by the Chairperson at the request of the Chairman of the Board.

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Corporate Governance Evaluation

Chief Executive Officer Evaluation—The CEO meets annually with the Board Compensation Oversight Committee to develop appropriate goals and objectives for the year, which are then discussed with the entire Board. Independent directors meet in executive session to evaluate the performance of the CEO for the previous year after which the Chairman of the Board presents the results of the review to the CEO. The Compensation Oversight Committee, which is comprised of independent Directors, uses this performance evaluation in considering the CEO's compensation.

Executive Management Evaluation—The Compensation Oversight Committee of the Board reviews and approves the CEO's recommendation of salary and benefits of the top management team on an annual basis. The Board (largely through the Compensation Oversight Committee) evaluates the compensation plans for senior management and other employees to ensure they are appropriate, competitive, properly aligned with the Company's Strategic Plan, and does not promote Management to take any unnecessary or excessive risks.

Board of Directors Evaluation—A Board assessment and director self-evaluation are conducted annually in accordance with an established evaluation process and includes performance on committees. The Governance & Nominating Committee oversees this process and reviews the assessment and self-evaluations with the full Board. The Compensation Oversight Committee of the Board makes periodic recommendations to the Board regarding Director's compensation based on comparisons with relevant peer groups.

The Board believes it is desirable that a significant portion of overall Director's compensation be linked to Pacific Capital Bancorp stock, and the Board's total compensation includes approximately 50% cash and 50% stock-based compensation. Non-management directors receive no compensation from the Company other than their Board compensation. Officers, who are Directors, receive no separate compensation for their Board service.

Board Mechanics

Board Agenda and Meetings—The Chairman of the Board, in consultation with the other members of the Board, determines the agenda, timing and length of the meetings of the Board. In addition to regularly scheduled meetings, unscheduled Board meetings may be called, upon proper notice, at any time to address specific needs of the Company. The Annual Meeting will be scheduled in conjunction with a regularly scheduled Board meeting.

The Board expects all Board members to attend regularly scheduled meetings and the Annual Meeting. Board materials, including items requiring Board approval, shall be distributed sufficiently in advance to the Board to permit adequate preparation. Financial and other performance information shall be provided to the Board monthly in order to ensure they are kept informed of developments between meetings.

The Board meeting provides opportunities for the Directors to perform their oversight function by assessing the financial performance of the Company; evaluating the level of risk assumed given the tolerances approved by the Board; determining the execution by Management of the Strategic Plan; and identifying the effectiveness of internal controls. The operating heads of the major businesses and operations of the Company should, from time-to-time, present to the Board their results and answer any questions they may have.

Executive Sessions—Independent Directors meet in executive session throughout the year. These sessions will provide an opportunity for discussion of such other topics as the non-management Directors may find appropriate, with discussion to be facilitated by the chair of the committee most relevant to the topic. Additionally, independent Directors meet in executive session each year to consider and act upon the recommendation of the Compensation Oversight Committee regarding the compensation and performance of the CEO.

Non-Director Attendance—At the invitation of the Chairman, non-directors may be present at Board meetings including management and employees of the Company, outside advisors, and other individuals deemed necessary for the Board to meet to fulfill its responsibilities.

Retain Outside Advisors—Management has primary responsibility for providing assistance to the Board. The Board and Board committees can, if they wish to do so, seek legal or other expert advice from a source independent of management and shall be provided the resources for such purposes. Generally this would be with the knowledge of the Chief Executive Officer, but this is not a condition to retaining such advisors.

Board Access to Senior Management—Directors are encouraged and provided opportunities to talk directly to any member of management regarding any questions or address any concerns that a Director might have.

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Communications with the Board—To contact any Board members or committee chairs, please mail your correspondence to:

Pacific Capital Bancorp
Attention (Board member/Committee Chair)
Office of the Corporate Secretary
1002 Anacapa Street
Santa Barbara, CA 93101

Communications with the Audit Committee—Interested parties wishing to communicate their questions or concerns regarding accounting, internal accounting controls, or auditing matters may bring them to the attention of the Audit Committee of the Board of Directors by contacting the Corporate Secretary of the Company:

By mail:
Pacific Capital Bancorp
Attn: Chair, Audit Committee
c/o Corporate Secretary
1002 Anacapa Street
Santa Barbara, CA 93101

By phone:
1-805-564-6298

By email:
Carol.Zepke@PCBancorp.com

Whistle-Blower Communications—Interested parties may also report concerns anonymously. For complaints that are not anonymous, we will respect the confidentiality of those who raise concerns, subject to our obligation to investigate the concern and any obligation to notify third parties, such as regulators and other authorities.

By mail:
Pacific Capital Bancorp
c/o Chief Audit Executive
1 S. Los Carneros Road
Goleta, CA 93117

By phone:
1-805-884-1451

By email:
Mark.Holbrook@PCBancorp.com

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