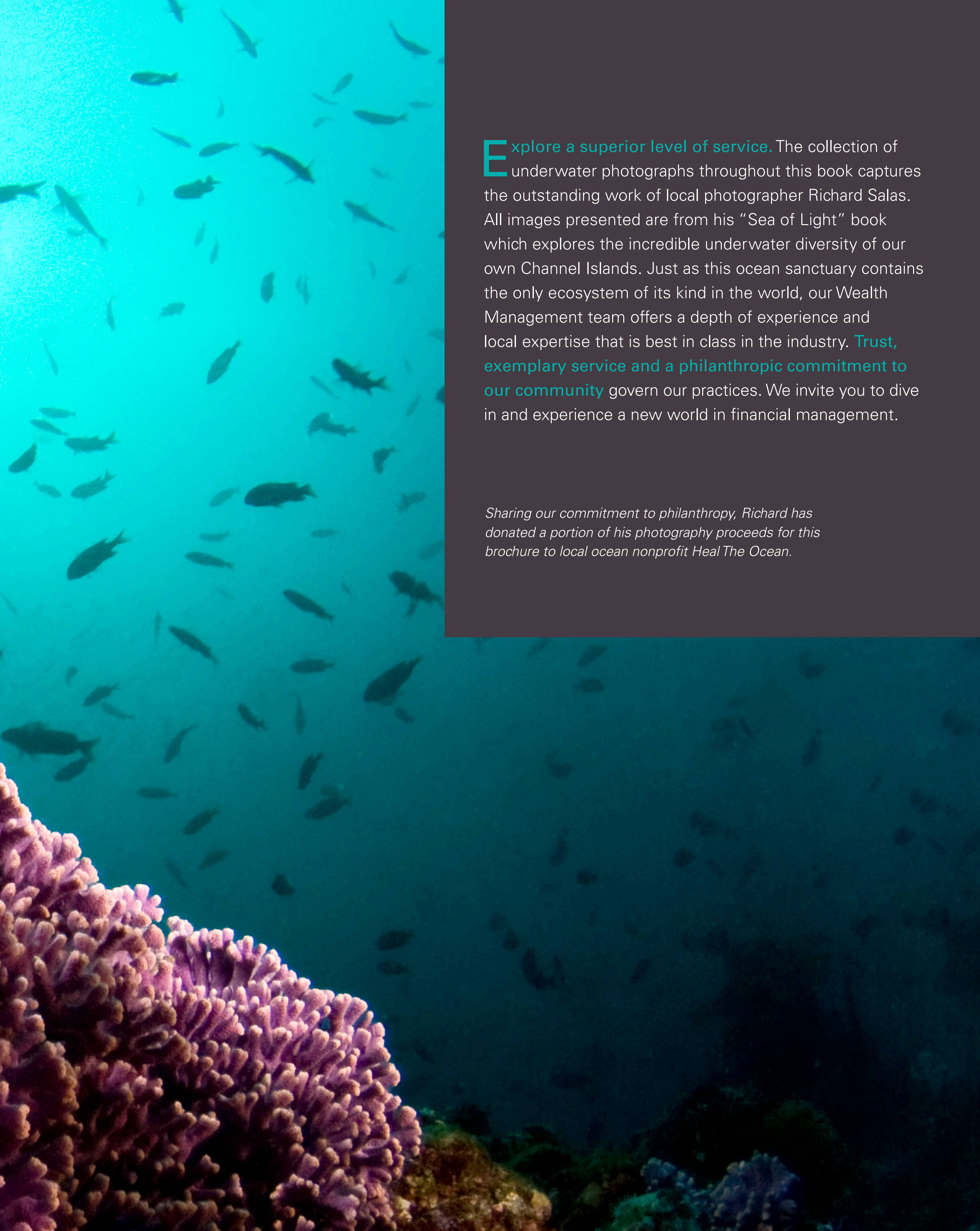
Montecito Bank & Trust®

Wealth Management

California Hydrocoral | *Stylaster californicus*



Explore a superior level of service. The collection of underwater photographs throughout this book captures the outstanding work of local photographer Richard Salas. All images presented are from his "Sea of Light" book which explores the incredible underwater diversity of our own Channel Islands. Just as this ocean sanctuary contains the only ecosystem of its kind in the world, our Wealth Management team offers a depth of experience and local expertise that is best in class in the industry. Trust, exemplary service and a philanthropic commitment to our community govern our practices. We invite you to dive in and experience a new world in financial management.

Sharing our commitment to philanthropy, Richard has donated a portion of his photography proceeds for this brochure to local ocean nonprofit Heal The Ocean.

Our Story

In the months leading up to 1975, Michael Towbes and the founding Board members set out to build a bank based on the needs of the local people and communities. A true community bank that works side-by-side with individuals, businesses and nonprofit organizations to create opportunities and help the local economy thrive.

With these goals in mind, the Bank of Montecito opened its doors on March 17, 1975, intent on fulfilling a commitment to make the communities we serve better places to live and work.

The Wealth Management department was established in 1996 to further serve the needs of our loyal customers, and the Bank of Montecito officially became Montecito Bank & Trust – providing a full-service solution for trust and investment management needs to complement the bank's portfolio of financial services. Over the years, we have grown to an experienced team of Wealth Managers, dedicated to providing exceptional service, uniquely designed solutions and thoughtful, research-based financial advice.

While much has changed since the bank opened its doors over 45 years ago, that same, simple commitment to make the communities we serve better places to live and work is what drives us to this day, and will continue to guide our every move into the future. We are committed to the people, businesses and nonprofit organizations that make up Santa Barbara and Ventura Counties, and will continue to do what is right for our customers and our community.

Top: First Annual Shareholders Meeting - *April 18, 1975* | Bottom Left: First Location at Coast Village Road, Montecito - *1975*
Bottom Right: Michael Towbes & Pearl Chase plant a tree at Coast Village Road and Butterfly Lane corner on opening day - *March 17, 1975*

For over 45 years, Montecito Bank & Trust's local corporate philanthropy efforts remain unmatched, and we continue to increase our giving, financially and through volunteer hours:

- Community Dividends®, established in 2003, provides $1 million annually to local nonprofits across Santa Barbara and Ventura counties
- Anniversary Grants℠, started in 1983, is an annual associate-driven campaign to honor 10 local nonprofit agencies; it has contributed in excess of $350,000 to more than 200 organizations
- Provide tailored financial solutions and support for unique charitable needs, including those of our foundation and endowment clients
- Individuals from the Executive Management and Wealth Management teams sit on numerous local nonprofit Boards and Finance Committees
- Montecito Bank & Trust employees contribute an average of 5,000+ volunteer hours annually to 200+ different nonprofit organizations

We believe corporate philanthropy is a responsibility of every local business, big and small, and we hope our work will inspire more giving in our local markets. Together, we can continue to help the Central Coast thrive.

Banking and Lending

Montecito Bank & Trust provides a breadth of financial solutions for Personal, Business, Commercial and Nonprofit clients.

Personal:

Checking, Savings, Online & Mobile Banking, Credit Cards, CDs, IRAs, Safe Deposit, Loans, Lines of Credit, Mortgages and Brokerage Services

Business & Commercial:

Checking, Savings, Online & Mobile Banking, Credit Cards, Cash Management, Lines of Credit and Loans for real estate, construction, expansion and equipment financing

Nonprofits:

Community Dividends® Checking, Online & Mobile Banking, Loans, Lines of Credit, Community Development Loans, Credit Cards

- Montecito Bank & Trust remains the largest privately and locally owned community bank on the Central Coast
- Branch offices throughout Santa Barbara and Ventura counties
- Full suite of banking, deposit, lending, trust, wealth management and brokerage services
- Consistently designated as a Premier Performing or Super Premier Performing Bank by The Findley Reports, an independent rating service
- Proven stability throughout economic cycles and market volatility
- Well capitalized with over $1 billion in assets

Blood Star | *Henricia leviuscula*

Our Team

The Montecito Bank & Trust Wealth Management team has an average of over 25 years' experience providing private clients and nonprofit organizations with financial advice and leadership. Our best-in-class talent hails from some of the most well respected financial management firms, uniquely positioning us to deliver a depth of expertise that is complemented by the individual attention you'd expect from a community leader.

Our locally based group of advisors are acutely focused on crafting a unique offering that can deliver on your individual financial goals and personal dreams. **We are everything but the one-size-fits-all model of larger institutions.** We are confident that you will enjoy the personalized service from a dedicated team of specialists, committed to your financial prosperity and respected for their integrity, acumen and performance.

Wealth Management Relationships

For private clients and nonprofit organizations, our team is knowledgeable in managing collaborative relationships with attorneys, accountants and other professional providers to ensure a holistic approach to financial planning. They provide trust, investment management, endowment and brokerage solutions and will partner closely with Montecito Bank & Trust's bank and lending associates to fulfill your needs.

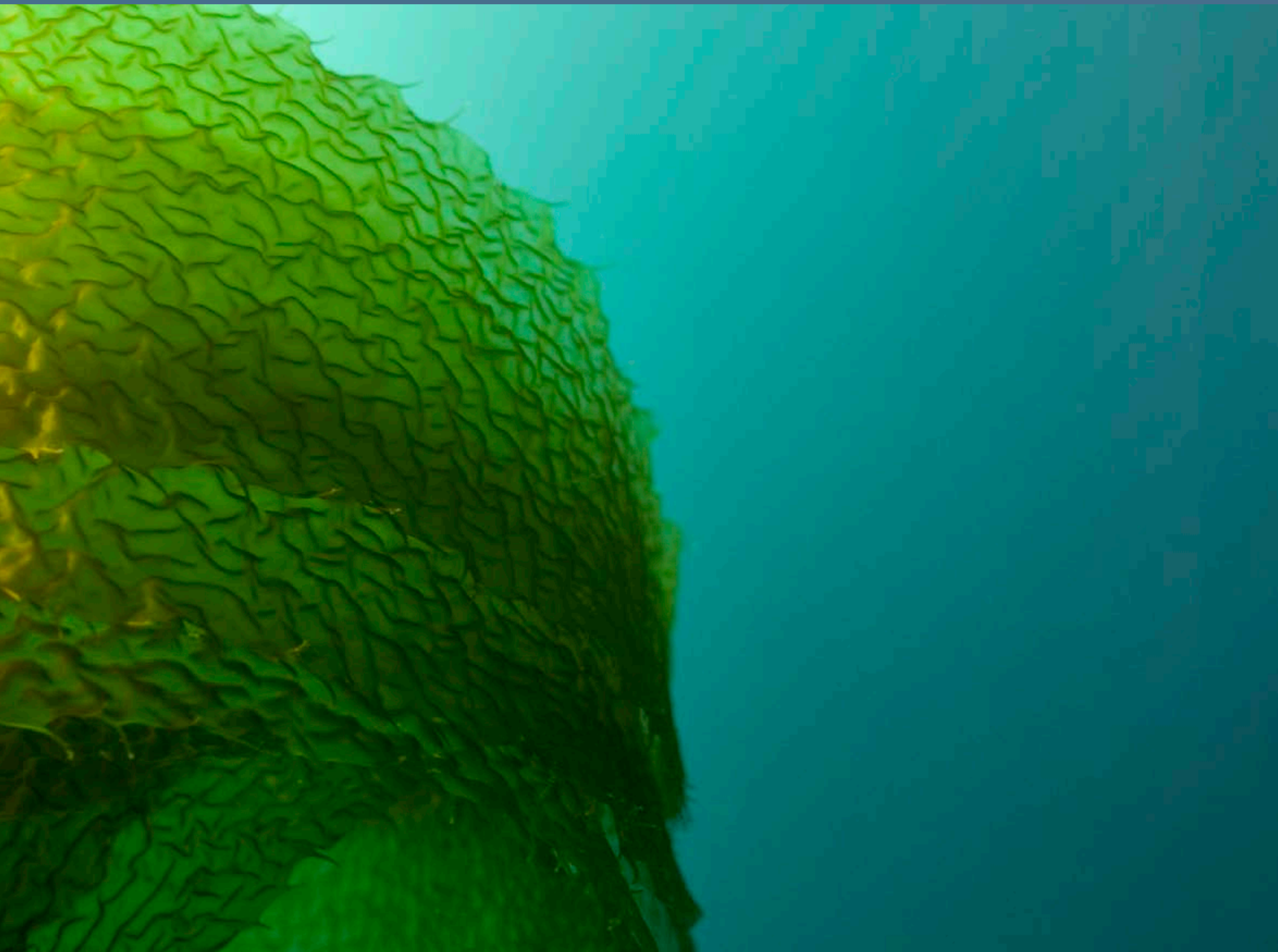
Giant Bladder Kelp | *Macrocystis pyrifera*

Investment Management

Our portfolio management professionals bring considerable years of combined experience specializing in equities, fixed income, derivatives and economics. Through a discerning approach to composing the asset allocation and security selection policy, they deliver client-centric strategies anchored in a client's short-term and long-term objectives. We understand that this is especially important to charitable clients who often have an investment policy statement (IPS) governing specific risk-return constraints and other mandates relating to endowment management.

Trust, Estate and Administrative Services

Our trust and estate team offers a breadth of services including administration, executor, property management, asset transfer, custody and tax reporting services. Additionally, as a hallmark of our institutional commitment to the nonprofit community, we specialize in planned giving, gift and grant administration, optimization of financial objectives and other requirements desired by the charitable client.



Our Approach

In many ways, wealth management is life management.

It encompasses your most important plans, goals and values - preserving your hard-earned wealth, investing for retirement, providing for your family's future and contributing to your community. It's serious business, and it needs to be addressed with prudence, intelligence and maturity.

What Makes Us Unique

We are committed to being a lifelong partner in the pursuit and fulfillment of your plans.

Asset Management

Helping clients acquire the financial freedom to achieve their dreams and secure the future for the ones they love is a meaningful and rewarding experience for us.

We create customized portfolio solutions by applying a rigorous investment process that also considers proper diversification, treatment of low-basis stocks and untangling concentrated positions. We also believe that asset preservation can sometimes be more important than asset growth.

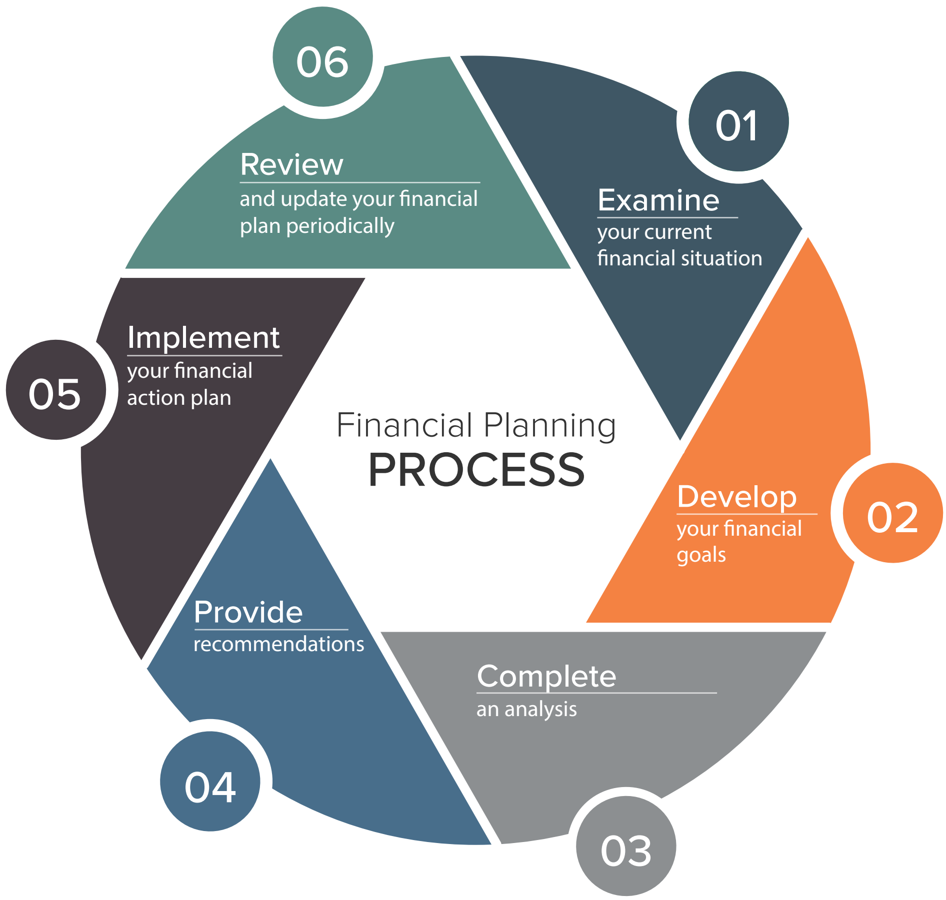
Wealth Management

As your trusted financial advisor, it's our highly personalized service that fosters a deeper understanding of your lifestyle, your priorities and your long-term objectives. We recognize that the time horizon for your assets will extend beyond your lifetimex we plan accordingly to help build your family and social legacies. Because decisions made today can dramatically impact your future, we are thoughtful about the issues that matter most to you and proactive in addressing any areas that require careful planning.

We offer a holistic, multi-generational approach to managing your wealth, taking the time to understand your needs. Using a team approach and creative problem solving, we create value that transcends portfolio performance by identifying opportunities to increase efficiencies through asset placement, fee minimization and the avoidance of financial missteps.

Financial Planning

Our rigorous and analytical approach to financial planning provides transparency and iterative optimization.



Investment Principles

Consistent and patient pursuit of compounded returns to help investments grow exponentially over time

Rigorous due diligence and selection when considering the use of outside managers

The **intelligent** use of both passive and active strategies to enhance portfolio positioning

Strategic asset allocation coupled with tactical rebalancing based on changing market conditions provides the appropriate blend of discipline and opportunity

Blacksmith | *Chromis punctipinnis*

Investment Process

Our approach seeks to:

- Maximize return per unit of risk
- Mitigate interest rate risk within your portfolio
- Improve your risk-adjusted return over a full market cycle

Equity

- US Large, All Cap
- US Small/Mid, Micro Cap
- Int'l Large & Smid Cap/Europe
- Emerging Markets/Asia ex Japan
- Global Equities

Fixed Income

- High Yield Municipals
- Intermediate Term, TIPs
- International/Emerging Markets
- High Yield Corporate Bonds
- Mortgage Backed Securities
- Leveraged Bonds, Convertible Bonds
- Preferred Stocks

Liquid Real Assets

- Commodities
- Natural Resources
- REITs
- MLPs

Alternatives

- Fund of Funds, Multi Strategy
- Diversified Credit
- Long/Short Equity
- Market Neutral/Real Value
- Event Driven
- Trading Strategies/Managed Futures

Feather Boa Kelp | *Egregia menziesii*

Investment Process

Tactical management serves two roles:

- **Ongoing primary research** keeps us attuned to market dynamics that impact the various investment categories.
- **Constant communication** with underlying managers allows us to assess the potential opportunities or risks within their particular portfolios.

FACTORS CONSIDERED*

- Fundamentals
- Credit/Default Trends
- Risk/Volatility
- Event Risk
- Interest Rate Risk
- Leverage
- Technicals

The resulting tactical views take on two objectives

RETURN ENHANCEMENT | RISK REDUCTION

For illustrative purposes only

Investment Process

Montecito Bank & Trust carefully considers portfolio objectives in making asset allocation and manager selection decisions.

Portfolios are designed with a strategic framework and then tactically managed to exploit market opportunities and reduce risk.

We employ portfolio design, security selection and active manager evaluations to control the risk and return characteristics of each portfolio.

Asset Allocation

- Strategic target weights are determined by the risk/reward profile for each individual asset class/category
- Tactical rebalancing occurs based on ongoing evaluation of the market environment, opportunities and potential risks

Investment Selection

- We recognize that the "art" of investing is evolving into the "science" of investing based upon analysis, process and structure rather than on intuition.
- Portfolio investment selections, whether passive Exchange Traded Funds (ETFs), actively managed Mutual Funds or Separately Managed Accounts are vetted through a rigorous quantitative and fundamental screening process prior to approval.
- Our ongoing due diligence monitors the characteristics of each portfolio and seeks to maximize returns while minimizing risk.

Risk Management

- Risk analysis at the portfolio level
- Risk analysis at the manager level
- Active monitoring of risk exposures and strategy deviations
- Quantitative reports monitor volatility, return, cross correlations, draw-down and other relevant statistics across the entire portfolio

Portfolio Solutions

Our vetted and flexible models utilize two distinct investment approaches.

Traditional solutions are globally diversified, long-only portfolios implemented using conventional asset classes.

Enhanced models offer a diversified investment set. Liquid Real Assets (LRA) and Liquid Alternative Investments (LAI) are included with the goal of achieving better risk-adjusted performance over a full market cycle.

Giant Bladder Kelp | *Macrocystis pyrifera*

Portfolio Solutions

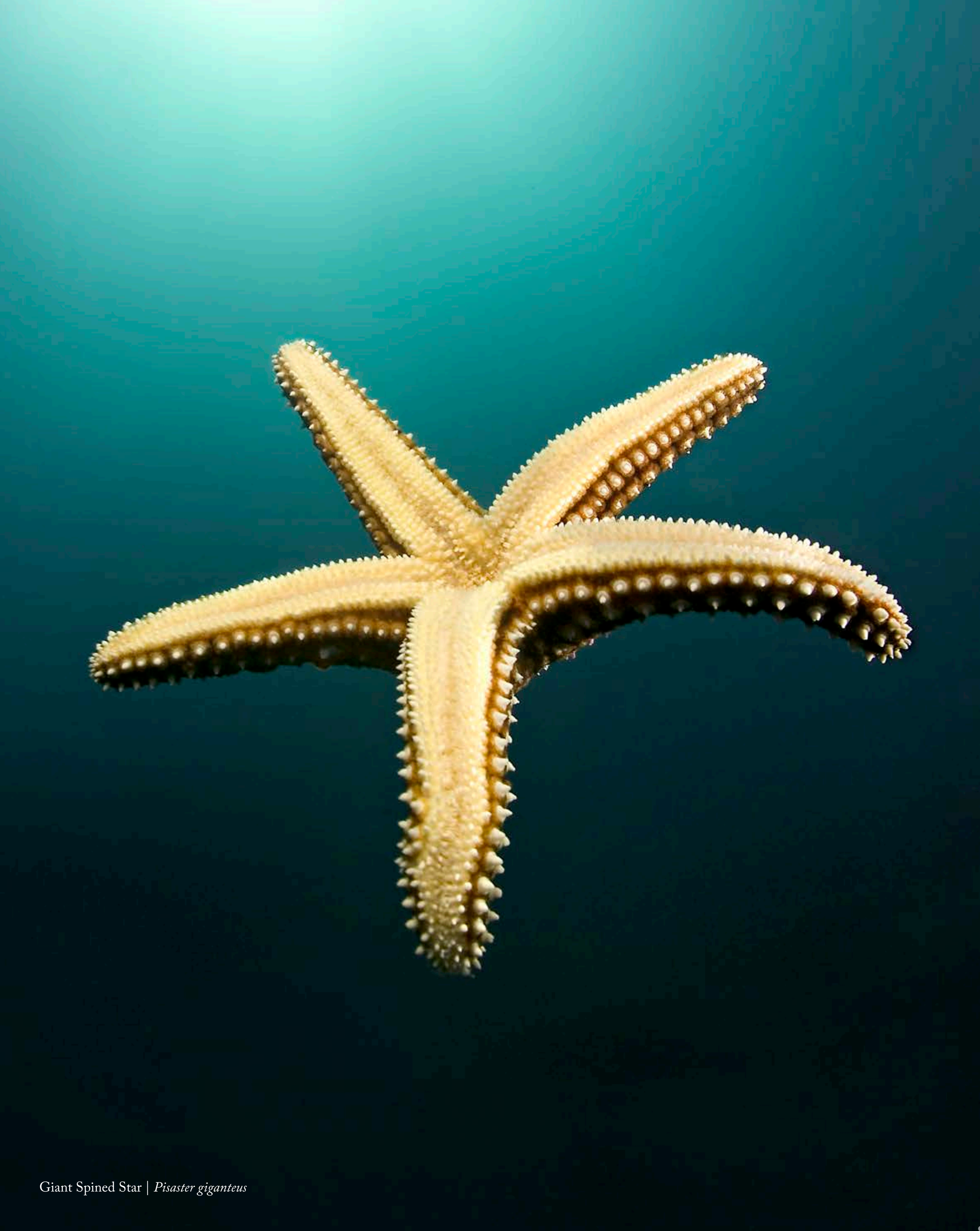
Traditional and Enhanced models are further stratified by risk tolerance offering flexibility to achieve your investment objectives.

The mixture of assets defines the spectrum of returns.

Because our portfolios are designed to meet specific objectives, it is critical to select a combination of assets offering the best chance for meeting that objective.

Too little risk in the portfolio can result in failure to stay ahead of inflation or to realize long-term goals. But too much risk can lead to heightened volatility and a desire to abandon your strategy.

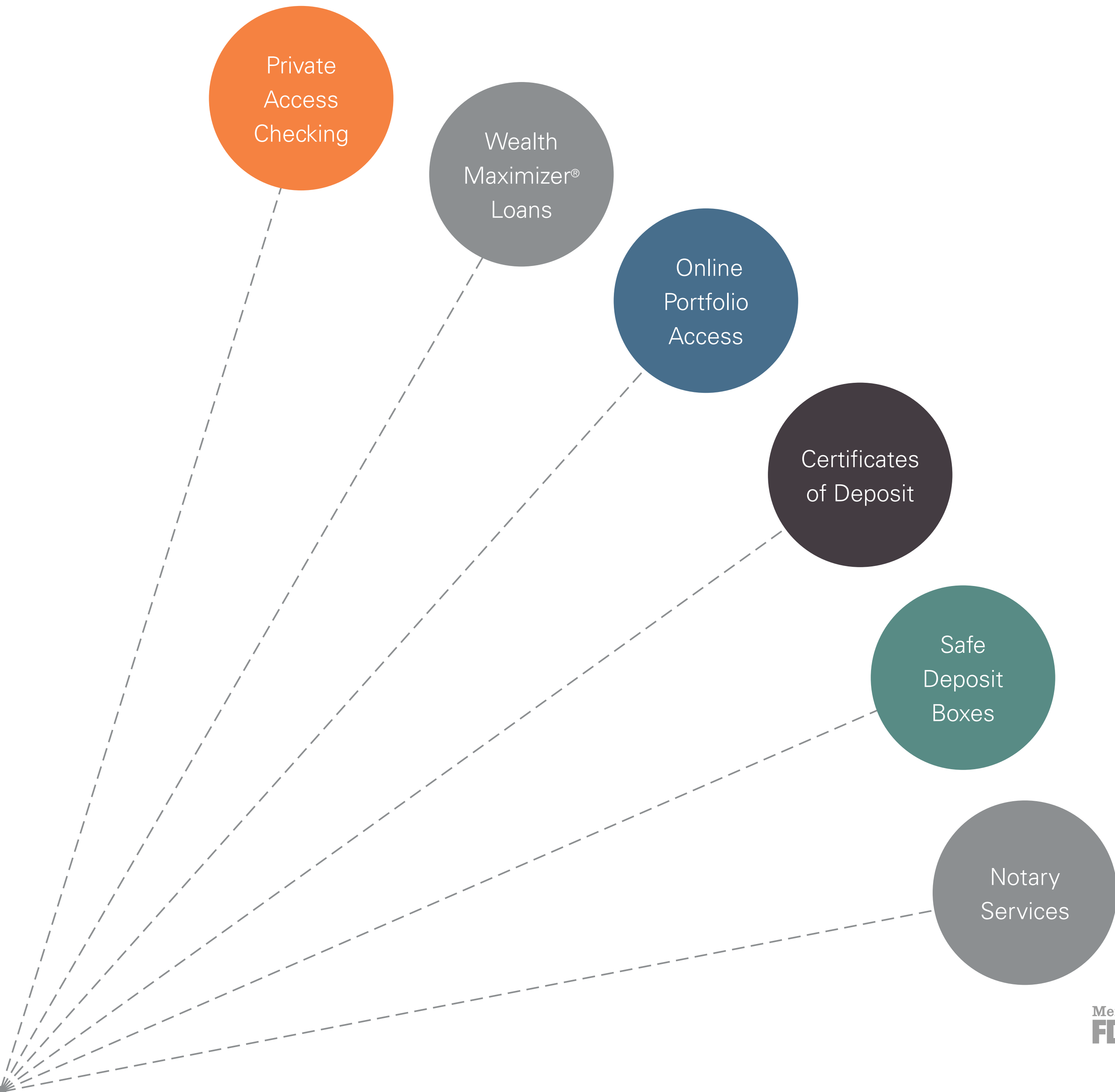
Because performance leadership is quick to change across market segments, a well-diversified, customized portfolio is less vulnerable to the impact of significant performance swings in individual asset classes.



Giant Spined Star | *Pisaster giganteus*

Signature Services

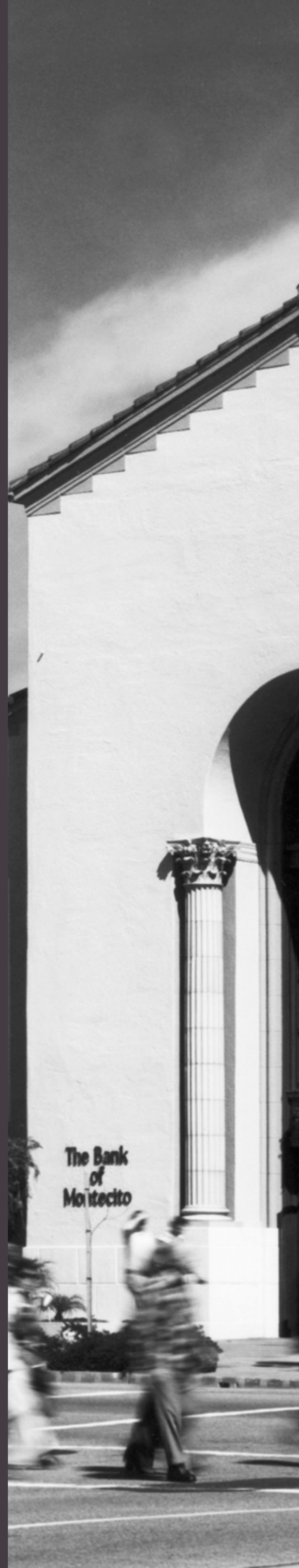
As a Wealth Management client, you also have access to a suite of Signature Banking Services to help manage your financial needs.



Our Commitment

Exemplary service remains at the core of our 45 years of successful client relationships. When you partner with our deeply experienced team, you receive highly personalized advice, transparent communication and a commitment to your long-term performance.

Our teams understand that your time is valuable and therefore responsiveness and access are critical to your long-term relationship with us. Your dedicated advisor is available on the phone, by email or in the comfort of one of our local offices. Should you desire or prefer visibility and secure 24/7 access to your account(s), or even just while you're traveling for business or pleasure, our advanced online portal provides you the information and communication options from the device of your choosing.



Downtown Location Opened 1979 | *Santa Barbara, CA*

California Sea Lion | *Zalophus californianus*

We look forward to getting to know you.

You are invited to contact our office to discuss the horizon ahead.

(805) 564-0298
1106 Coast Village Road, Suite E
Montecito, CA 93108
montecitowealth.bank