



Banc of California Reports First Quarter 2018 Earnings

SANTA ANA, Calif., (April 27, 2018) – Banc of California, Inc. (NYSE: BANC) today reported net income available to common stockholders of \$3.4 million, for the first quarter of 2018, resulting in diluted earnings per common share of \$0.06 for the quarter.

Highlights for the first quarter included:

- **Strong Organic Loan Growth:** Held for investment loans increased by \$271 million, or 4%, during the quarter to \$6.9 billion, representing a 16% annualized growth rate.
 - Gross loan commitment originations totaled \$867 million for the first quarter at an average production yield of 4.99%.
- **Stabilization of Core Deposit Balances:** Stabilized the deposit base and completed the run-off of legacy high-rate, high-volatility deposit balances, which comprised \$207 million of deposit outflows in the first quarter. Core deposit balances increased by \$55 million and brokered deposit balances declined by \$31 million, which coupled with the legacy run-off, drove total reported deposit balances down by \$183 million during the first quarter.
- **Continuation of Balance Sheet Re-Mix:** Reduced securities by \$151 million, or 6%, driven by the sale of all remaining master limited partnership debt securities (“MLPs”) totaling \$77 million and the sale of \$103 million of commercial mortgage-backed securities (“CMBS”). Additionally, the Company completed the sale of \$26 million of mortgage servicing rights (“MSRs”) during the first quarter, which resulted in \$2.3 million of expenses which are reflected in all other income and a \$1.8 million benefit from the release of the associated loan repurchase reserve.
- **Bolstered Talent:** Added key leadership talent including Kris Gagnon as Chief Credit Officer and Leticia Aguilar as Head of Community Banking. Executing on hiring and talent plan to support deposit growth initiatives including commercial deposit and treasury management sales and product leadership, Commercial Banking Los Angeles Market Executive and team, and bolstered Commercial Banking and Private Banking teams in San Diego.
- **Disciplined Expense Management:** First quarter noninterest expense totaled \$59.8 million.
- **Credit and Charge-offs:** Net charge-offs totaled \$14.1 million for the first quarter, primarily driven by the previously announced \$13.9 million fraudulent credit. Our review of the underwriting process for this loan continues but, based upon our review to date, we believe this loan involved an isolated event of external fraud. Provision for loan and lease losses was \$19.5 million for the quarter, primarily driven by the single credit described above, and excluding this item, provision expense was \$5.6 million. Non-performing assets to total assets were 0.22% at quarter end, compared to 0.21% at the prior quarter end, and compared to 0.18% a year ago. The ALLL / total loan ratio was 0.79% at quarter end, up from 0.74% at the prior quarter end and up from 0.70% a year ago.
- **Strong Capital Ratios:** Common equity tier 1 capital ratio of 9.8%, compared to 9.4% a year ago.

The Company’s first quarter reported financial results included non-recurring expense items, which included \$4.4 million of legal and professional fees, a \$0.7 million recovery of legal settlement expense reflected in all other expense, \$0.9 million benefit to salaries from the reversal of a portion of the 2017 bonus accrual, and \$1.8 million of release of the loan repurchase reserve as a result of the sale of MSRs in the quarter. The net impact of these items totaled \$1.0 million of net, nonrecurring expenses for the quarter.

“The first quarter marked another important step in our transformation as we continued to re-mix the balance sheet by lowering securities balances and increasing core lending activities,” said Doug Bowers, President and Chief Executive Officer of Banc of California. “We have now completed the sale of all MLP debt securities, have started to work down our CMBS portfolio, and we completed the sale of the majority of our mortgage servicing rights. All of these activities we believe lower our overall risk profile, reduce volatility on the balance sheet, and focus us ever more so on core commercial banking activities. On the deposit front, core deposit balances increased modestly from year-end as we reduced our brokered deposit balances, and completed the reduction of legacy high-rate, high-volatility deposit balances we had discussed over the past few quarters. We saw substantial hiring momentum in the first quarter to support our plan, namely around core

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deposit generation initiatives. At the same time, we continued to be diligent around expense management as we invest in adding front-line bankers and teams.”

The Company will host a conference call to discuss its first quarter 2018 financial results at 7:00 a.m. Pacific Time (PT) on Friday, April 27, 2018. Interested parties are welcome to attend the conference call by dialing 888-317-6003, and referencing event code 1373989. A live audio webcast will also be available and the webcast link will be posted on the Company’s Investor Relations website at www.bancofcal.com/investor. The slide presentation for the call will also be available on the Company's Investor Relations website prior to the call.

About Banc of California, Inc.

Banc of California, Inc. (NYSE: BANC) provides comprehensive banking services to California's diverse businesses, entrepreneurs and communities. Banc of California operates 34 offices in California.

Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the "Safe-Harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are necessarily subject to risk and uncertainty and actual results could differ materially from those anticipated due to various factors, including those set forth from time to time in the documents filed or furnished by Banc of California, Inc. with the Securities and Exchange Commission. You should not place undue reliance on forward-looking statements and Banc of California, Inc. undertakes no obligation to update any such statements to reflect circumstances or events that occur after the date on which the forward-looking statement is made.

Source: Banc of California, Inc.

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