

Banc of California, Inc.

Consolidated Statements of Financial Condition

(Dollars in thousands)

(Unaudited)

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
ASSETS					
Cash and cash equivalents	\$ 391,592	\$ 372,221	\$ 385,691	\$ 346,704	\$ 387,699
Securities available-for-sale	1,992,500	2,059,832	2,297,124	2,424,593	2,575,469
Loans held-for-sale	8,116	9,382	13,753	20,180	67,069
Loans and leases receivable	7,700,873	7,253,293	7,036,004	6,930,507	6,659,407
Allowance for loan and lease losses	(62,192)	(57,782)	(56,678)	(54,763)	(49,333)
Federal Home Loan Bank and other bank stock	68,094	71,308	75,737	82,715	75,654
Servicing rights, net	3,428	3,770	3,869	6,739	33,708
Other real estate owned, net	672	434	710	1,024	1,796
Premises and equipment, net	129,394	133,129	135,478	135,198	135,699
Investments in alternative energy partnerships, net	28,988	41,781	44,806	48,344	48,826
Goodwill	37,144	37,144	37,144	37,144	37,144
Other intangible assets, net	6,346	6,990	7,683	8,510	9,353
Deferred income tax, net	49,404	47,865	42,334	43,192	31,074
Income tax receivable	2,695	1,764	7,995	10,126	8,739
Bank owned life insurance investment	107,027	106,468	105,917	105,384	104,851
Other assets	146,496	152,933	155,298	153,834	161,797
Assets of discontinued operations	19,490	20,290	26,415	29,888	38,900
Total assets	\$ 10,630,067	\$ 10,260,822	\$ 10,319,280	\$ 10,329,319	\$ 10,327,852
LIABILITIES AND STOCKHOLDERS' EQUITY					
Noninterest-bearing deposits	\$ 1,023,360	\$ 1,061,557	\$ 1,005,032	\$ 1,039,116	\$ 1,071,608
Interest-bearing deposits	6,893,284	6,340,185	6,130,762	6,071,049	6,221,295
Total deposits	7,916,644	7,401,742	7,135,794	7,110,165	7,292,903
Advances from Federal Home Loan Bank	1,520,000	1,640,000	1,805,000	1,905,000	1,695,000
Notes payable, net	173,174	173,096	173,017	172,966	172,941
Reserve for loss on repurchased loans	2,506	2,575	3,149	3,426	6,306
Due on unsettled securities purchases	-	17,500	132,546	59,000	-
Accrued expenses and other liabilities	72,209	79,231	81,086	84,997	140,575
Liabilities of discontinued operations	-	-	-	9	7,819
Total liabilities	9,684,533	9,314,144	9,330,592	9,335,563	9,315,544
Commitments and contingent liabilities					
Preferred stock	231,128	231,128	269,071	269,071	269,071
Common stock	518	518	517	517	517
Common stock, class B non-voting non-convertible	5	5	4	5	5
Additional paid-in capital	625,834	624,789	623,372	623,483	621,435
Retained earnings	140,952	140,971	143,880	141,008	144,839
Treasury stock	(28,786)	(28,786)	(28,786)	(28,786)	(28,786)
Accumulated other comprehensive (loss) income, net	(24,117)	(21,947)	(19,370)	(11,542)	5,227
Total stockholders' equity	945,534	946,678	988,688	993,756	1,012,308
Total liabilities and stockholders' equity	\$ 10,630,067	\$ 10,260,822	\$ 10,319,280	\$ 10,329,319	\$ 10,327,852

Banc of California, Inc.
Consolidated Statements of Operations

(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended				Year Ended		
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2017	
Interest and dividend income							
Loans, including fees	\$ 88,258	\$ 84,795	\$ 81,307	\$ 74,912	\$ 71,695	\$ 329,272	\$ 281,071
Securities	19,882	20,599	21,455	21,631	23,170	83,567	99,742
Other interest-earning assets	2,990	2,380	2,423	2,164	2,292	9,957	8,377
Total interest and dividend income	111,130	107,774	105,185	98,707	97,157	422,796	389,190
Interest expense							
Deposits	28,972	25,154	20,315	16,795	16,044	91,236	60,414
Federal Home Loan Bank advances	9,068	8,996	9,539	7,392	5,402	34,995	12,951
Securities sold under repurchase agreements	25	47	211	750	194	1,033	880
Notes payable and other interest-bearing liabilities	2,383	2,385	2,356	2,332	2,344	9,456	10,755
Total interest expense	40,448	36,582	32,421	27,269	23,984	136,720	85,000
Net interest income	70,682	71,192	72,764	71,438	73,173	286,076	304,190
Provision for loan and lease losses	6,653	1,410	2,653	19,499	5,052	30,215	13,699
Net interest income after provision for loan and lease losses	64,029	69,782	70,111	51,939	68,121	255,861	290,491
Noninterest income							
Customer service fees	1,786	1,446	1,491	1,592	1,624	6,315	6,492
Loan servicing income (loss)	22	439	948	2,311	(2,416)	3,720	1,025
Impairment loss on investment securities	(3,252)	-	-	-	-	(3,252)	-
Net gain on sale of securities available for sale	-	13	278	5,241	2,688	5,532	14,768
Net gain (loss) on sale of loans	873	279	821	(41)	1,205	1,932	11,942
All other income (loss)	3,019	2,647	4,523	(521)	2,594	9,668	10,443
Total noninterest income	2,448	4,824	8,061	8,582	5,695	23,915	44,670
Noninterest expense							
Salaries and employee benefits	24,587	24,832	29,440	31,115	33,146	109,974	129,153
Occupancy and equipment	8,064	8,213	7,883	7,687	9,565	31,847	38,391
Professional fees	6,206	11,966	6,303	9,177	7,853	33,652	42,417
Data processing	1,733	1,884	1,678	1,656	1,562	6,951	7,888
Advertising	3,371	3,152	2,864	3,277	1,420	12,664	5,313
Regulatory assessments	1,252	2,138	2,196	2,092	2,174	7,678	8,105
Reversal of provision for loan repurchases	(122)	(360)	(218)	(1,788)	(335)	(2,488)	(1,812)
Amortization of intangible assets	644	693	827	843	866	3,007	3,928
Restructuring expense	(105)	553	3,983	-	(43)	4,431	5,326
All other expenses	3,153	5,322	5,775	5,775	6,179	20,025	38,773
Total noninterest expense excluding loss (gain) on investments in alternative energy partnerships	48,783	58,393	60,731	59,834	62,387	227,741	277,482
Loss (gain) on investments in alternative energy partnerships	786	2,484	1,808	(34)	3,995	5,044	30,786
Total noninterest expense	49,569	60,877	62,539	59,800	66,382	232,785	308,268
Income from continuing operations before income taxes	16,908	13,729	15,633	721	7,434	46,991	26,893
Income tax expense (benefit)	6,117	3,301	1,779	(6,353)	(3,418)	4,844	(26,581)
Income from continuing operations	10,791	10,428	13,854	7,074	10,852	42,147	53,474
Income from discontinued operations before income taxes	347	924	1,281	2,044	765	4,596	7,164
Income tax expense	100	256	355	560	315	1,271	2,929
Income from discontinued operations	247	668	926	1,484	450	3,325	4,235
Net income	11,038	11,096	14,780	8,558	11,302	45,472	57,709
Preferred stock dividends	4,308	4,970	5,113	5,113	5,113	19,504	20,451
Impact of preferred stock redemption	-	2,307	-	-	-	2,307	-
Net income available to common stockholders	\$ 6,730	\$ 3,819	\$ 9,667	\$ 3,445	\$ 6,189	\$ 23,661	\$ 37,258
Basic earnings per common share							
Income from continuing operations	\$ 0.12	\$ 0.06	\$ 0.17	\$ 0.03	\$ 0.11	\$ 0.38	\$ 0.64
Income from discontinued operations	0.01	0.01	0.02	0.03	0.01	0.07	0.08
Net income	\$ 0.13	\$ 0.07	\$ 0.19	\$ 0.06	\$ 0.12	\$ 0.45	\$ 0.72
Diluted earnings per common share							
Income from continuing operations	\$ 0.12	\$ 0.06	\$ 0.16	\$ 0.03	\$ 0.11	\$ 0.38	\$ 0.63
Income from discontinued operations	0.01	0.01	0.02	0.03	0.01	0.07	0.08
Net income	\$ 0.13	\$ 0.07	\$ 0.18	\$ 0.06	\$ 0.12	\$ 0.45	\$ 0.71
Weighted average number of common shares outstanding							
Basic	50,651,805	50,656,076	50,593,429	50,590,545	50,532,544	50,623,222	50,254,595
Diluted	50,812,874	50,899,464	50,919,091	50,925,530	50,943,165	50,851,594	50,819,790
Dividends declared per common share	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.13	\$ 0.52	\$ 0.52

Banc of California, Inc.
Reconciliation of Consolidated Statements of Operations between Continuing and Discontinued Operations

(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended December 31, 2018			Year Ended December 31, 2018		
	Continuing Operations	Discontinued Operations	Consolidated Operations	Continuing Operations	Discontinued Operations	Consolidated Operations
Interest and dividend income	\$ 111,130	\$ 160	\$ 111,290	\$ 422,796	\$ 665	\$ 423,461
Interest expense	40,448	-	40,448	136,720	-	136,720
Net interest income	70,682	160	70,842	286,076	665	286,741
Provision for loan and lease losses	6,653	-	6,653	30,215	-	30,215
Net interest income after provision for loan and lease losses	64,029	160	64,189	255,861	665	256,526
Noninterest income						
Customer service fees	1,786	-	1,786	6,315	-	6,315
Loan servicing income	22	-	22	3,720	-	3,720
Impairment loss on investment securities	(3,252)	-	(3,252)	(3,252)	-	(3,252)
Net gain on sale of securities available for sale	-	-	-	5,532	-	5,532
Net gain on sale of loans	873	-	873	1,932	-	1,932
Mortgage banking income	-	32	32	-	428	428
Gain on disposal of discontinued operations	-	164	164	-	1,439	1,439
All other income	3,019	-	3,019	9,668	2,200	11,868
Total noninterest income	2,448	196	2,644	23,915	4,067	27,982
Noninterest expense						
Salaries and employee benefits	24,587	-	24,587	109,974	20	109,994
Occupancy and equipment	8,064	-	8,064	31,847	-	31,847
Professional fees	6,206	-	6,206	33,652	-	33,652
Data processing	1,733	8	1,741	6,951	8	6,959
Advertising	3,371	-	3,371	12,664	-	12,664
Regulatory assessments	1,252	-	1,252	7,678	-	7,678
Reversal of provision for loan repurchases	(122)	-	(122)	(2,488)	-	(2,488)
Loss on investments in alternative energy partnerships	786	-	786	5,044	-	5,044
Amortization of intangible assets	644	-	644	3,007	-	3,007
Restructuring expense	(105)	-	(105)	4,431	-	4,431
All other expenses	3,153	1	3,154	20,025	108	20,133
Total noninterest expense	49,569	9	49,578	232,785	136	232,921
Income before income taxes	16,908	347	17,255	46,991	4,596	51,587
Income tax expense	6,117	100	6,217	4,844	1,271	6,115
Net income	\$ 10,791	\$ 247	\$ 11,038	\$ 42,147	\$ 3,325	\$ 45,472

Banc of California, Inc.
Selected Financial Data

(Dollars in thousands)
(Unaudited)

	Three Months Ended				Year Ended	
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	December 31, 2017
Profitability and other ratios of consolidated operations						
Return on average assets ⁽¹⁾	0.43%	0.43%	0.58%	0.34%	0.44%	0.55%
Return on average equity ⁽¹⁾	4.56%	4.40%	5.92%	3.40%	4.42%	5.72%
Return on average tangible common equity ⁽²⁾	4.19%	2.49%	6.03%	2.37%	3.84%	5.79%
Dividend payout ratio ⁽³⁾	100.00%	185.71%	68.42%	216.67%	108.33%	72.22%
Net interest spread	2.56%	2.62%	2.75%	2.74%	2.79%	2.92%
Net interest margin ⁽¹⁾	2.88%	2.93%	3.01%	2.98%	3.01%	3.11%
Noninterest income to total revenue ⁽⁴⁾	3.60%	7.42%	11.16%	12.73%	8.07%	25.19%
Noninterest income to average total assets ⁽¹⁾	0.10%	0.22%	0.36%	0.41%	0.25%	0.99%
Noninterest expense to average total assets ⁽¹⁾	1.92%	2.38%	2.45%	2.36%	2.59%	3.50%
Efficiency ratio ⁽⁵⁾	67.47%	79.15%	76.17%	72.87%	83.37%	88.52%
Adjusted efficiency ratio including the pre-tax effect of investments in alternative energy partnerships ^{(2), (5)}	67.09%	77.88%	73.50%	65.70%	75.46%	77.18%
Average held-for-investment loans and leases to average deposits	97.40%	97.00%	98.63%	94.87%	86.09%	75.92%
Average investment securities to average total assets	19.85%	21.28%	22.27%	24.60%	26.10%	28.04%
Average stockholders' equity to average total assets	9.38%	9.85%	9.78%	9.94%	9.98%	9.58%
Allowance for loan and lease losses (ALLL)						
Balance at beginning of period	\$ 57,782	\$ 56,678	\$ 54,763	\$ 49,333	\$ 45,072	\$ 40,444
Loans and leases charged off	(2,522)	(388)	(950)	(14,639)	(1,367)	(5,581)
Recoveries	279	82	212	570	576	771
Provision for loan and lease losses	6,653	1,410	2,653	19,499	5,052	13,699
Balance at end of period	<u>\$ 62,192</u>	<u>\$ 57,782</u>	<u>\$ 56,678</u>	<u>\$ 54,763</u>	<u>\$ 49,333</u>	<u>\$ 49,333</u>
Annualized net loan charge-offs to average total loans and leases held-for-investment	0.12%	0.02%	0.04%	0.84%	0.05%	0.11%
Reserve for loss on repurchased loans						
Balance at beginning of period	\$ 2,575	\$ 3,149	\$ 3,426	\$ 6,306	\$ 6,173	\$ 7,974
Reversal of provision for loan repurchases	(69)	(342)	(165)	(1,786)	(326)	(190)
Utilization of reserve for loan repurchases	-	(232)	(112)	(1,094)	(301)	(2,238)
Other adjustments	-	-	-	-	760	760
Balance at end of period	<u>\$ 2,506</u>	<u>\$ 2,575</u>	<u>\$ 3,149</u>	<u>\$ 3,426</u>	<u>\$ 6,306</u>	<u>\$ 6,306</u>

(1) Ratios are presented on an annualized basis.

(2) The ratios are determined by methods other than in accordance with U.S. generally accepted accounting principles (GAAP).

See Non-GAAP measures section for reconciliation of the calculation.

(3) The ratio is calculated by dividing dividends declared per common share by basic earnings per common share.

(4) Total revenue is equal to the sum of net interest income before provision for loan and lease losses and noninterest income.

(5) The ratios are calculated by dividing noninterest expense by the sum of net interest income before provision for loan and lease losses and noninterest income.

Banc of California, Inc.
Selected Financial Data, Continued

(Dollars in thousands)

(Unaudited)

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Asset quality information and ratios					
Delinquent loans and leases held-for-investment					
30 to 89 days delinquent	\$ 26,684	\$ 20,265	\$ 15,097	\$ 31,936	\$ 32,087
90+ days delinquent	13,846	15,269	11,453	11,526	9,542
Total delinquent loans	<u>\$ 40,530</u>	<u>\$ 35,534</u>	<u>\$ 26,550</u>	<u>\$ 43,462</u>	<u>\$ 41,629</u>
Total delinquent loans and leases to total loans and leases	0.53%	0.49%	0.38%	0.63%	0.63%
Non-performing assets, excluding loans held-for-sale					
Non-performing loans and leases	\$ 21,585	\$ 25,523	\$ 22,290	\$ 21,220	\$ 19,382
90+ days delinquent and still accruing loans and leases	470	-	-	-	-
Other real estate owned	672	434	710	1,024	1,796
Non-performing assets	<u>\$ 22,727</u>	<u>\$ 25,957</u>	<u>\$ 23,000</u>	<u>\$ 22,244</u>	<u>\$ 21,178</u>
ALLL to non-performing loans and leases	281.99%	226.39%	254.28%	258.07%	254.53%
Non-performing loans and leases to total loans and leases	0.29%	0.35%	0.32%	0.31%	0.29%
Non-performing assets to total assets	0.21%	0.25%	0.22%	0.22%	0.21%
Troubled debt restructurings (TDRs)					
Performing TDRs	\$ 5,745	\$ 5,580	\$ 5,648	\$ 5,787	\$ 5,646
Non-performing TDRs	2,276	2,684	2,701	2,632	2,675
Total TDRs	<u>\$ 8,021</u>	<u>\$ 8,264</u>	<u>\$ 8,349</u>	<u>\$ 8,419</u>	<u>\$ 8,321</u>
Loans and leases and ALLL by loan origination type					
Loan and lease breakdown by origination type					
Originated loans and leases	\$ 7,105,171	\$ 6,683,683	\$ 6,446,127	\$ 6,295,843	\$ 5,988,101
Acquired loans not impaired at acquisition	595,702	569,610	589,877	634,664	671,306
Total loans and leases	<u>\$ 7,700,873</u>	<u>\$ 7,253,293</u>	<u>\$ 7,036,004</u>	<u>\$ 6,930,507</u>	<u>\$ 6,659,407</u>
ALLL breakdown by origination type					
Originated loans and leases	\$ 61,256	\$ 56,672	\$ 55,534	\$ 53,605	\$ 48,110
Acquired loans not impaired at acquisition	937	1,110	1,144	1,158	1,223
Total ALLL	<u>\$ 62,193</u>	<u>\$ 57,782</u>	<u>\$ 56,678</u>	<u>\$ 54,763</u>	<u>\$ 49,333</u>
Discount on Purchased/Acquired Loans					
Acquired loans not impaired at acquisition	\$ 11,645	\$ 12,311	\$ 12,932	\$ 14,255	\$ 14,943
Total Discount	<u>\$ 11,645</u>	<u>\$ 12,311</u>	<u>\$ 12,932</u>	<u>\$ 14,255</u>	<u>\$ 14,943</u>
Percentage of ALLL to:					
Originated loans and leases	0.86%	0.85%	0.86%	0.85%	0.80%
Originated loans and leases and acquired loans not impaired at acquisition	0.81%	0.80%	0.81%	0.79%	0.74%
Total loans and leases	0.81%	0.80%	0.81%	0.79%	0.74%

Banc of California, Inc.
Selected Financial Data, Continued

(Dollars in thousands)
(Unaudited)

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Composition of held-for-investment loans and leases					
Commercial real estate	\$ 867,013	\$ 823,193	\$ 793,855	\$ 773,193	\$ 717,415
Multifamily	2,241,246	2,112,190	1,959,965	1,944,082	1,816,141
Construction	203,976	200,294	211,110	200,766	182,960
Commercial and industrial	1,944,142	1,673,055	1,742,559	1,638,559	1,701,951
SBA	68,741	71,494	78,092	79,022	78,699
Lease financing	-	-	-	3	13
Total commercial loans	<u>5,325,118</u>	<u>4,880,226</u>	<u>4,785,581</u>	<u>4,635,625</u>	<u>4,497,179</u>
Single family residential mortgage	2,305,490	2,300,069	2,174,183	2,201,358	2,055,649
Other consumer	70,265	72,998	76,240	93,524	106,579
Total consumer loans	<u>2,375,755</u>	<u>2,373,067</u>	<u>2,250,423</u>	<u>2,294,882</u>	<u>2,162,228</u>
Total gross loans and leases	<u>\$ 7,700,873</u>	<u>\$ 7,253,293</u>	<u>\$ 7,036,004</u>	<u>\$ 6,930,507</u>	<u>\$ 6,659,407</u>
Composition percentage of held-for-investment loans and leases					
Commercial real estate	11.3%	11.3%	11.3%	11.2%	10.8%
Multifamily	29.2%	29.1%	27.9%	28.1%	27.3%
Construction	2.6%	2.8%	3.0%	2.9%	2.7%
Commercial and industrial	25.2%	23.1%	24.8%	23.6%	25.5%
SBA	0.9%	1.0%	1.1%	1.1%	1.2%
Lease financing	0.0%	0.0%	0.0%	0.0%	0.0%
Total commercial loans	<u>69.2%</u>	<u>67.3%</u>	<u>68.1%</u>	<u>66.9%</u>	<u>67.5%</u>
Single family residential mortgage	29.9%	31.7%	30.9%	31.8%	30.9%
Other consumer	0.9%	1.0%	1.0%	1.3%	1.6%
Total consumer loans	<u>30.8%</u>	<u>32.7%</u>	<u>31.9%</u>	<u>33.1%</u>	<u>32.5%</u>
Total gross loans and leases	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Composition of deposits					
Noninterest-bearing checking	\$ 1,023,360	\$ 1,061,557	\$ 1,005,032	\$ 1,039,116	\$ 1,071,608
Interest-bearing checking	1,556,410	1,713,790	1,778,400	1,864,629	2,089,016
Money market	873,153	856,886	1,136,335	1,091,735	1,146,859
Savings	1,265,847	1,269,489	1,175,275	1,051,267	1,059,628
Brokered certificates of deposit	1,543,269	987,771	686,203	974,706	915,623
Non-brokered certificates of deposit	1,654,605	1,512,249	1,354,549	1,088,712	1,010,169
Total deposits	<u>\$ 7,916,644</u>	<u>\$ 7,401,742</u>	<u>\$ 7,135,794</u>	<u>\$ 7,110,165</u>	<u>\$ 7,292,903</u>
Composition percentage of deposits					
Noninterest-bearing checking	12.9%	14.3%	14.1%	14.6%	14.7%
Interest-bearing checking	19.7%	23.2%	24.9%	26.2%	28.7%
Money market	11.0%	11.6%	15.9%	15.4%	15.7%
Savings	16.0%	17.2%	16.5%	14.8%	14.5%
Brokered certificates of deposit	19.5%	13.3%	9.6%	13.7%	12.5%
Non-brokered certificates of deposit	20.9%	20.4%	19.0%	15.3%	13.9%
Total deposits	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Capital Ratios					
Banc of California, Inc.					
Total risk-based capital ratio	13.71%	14.05%	14.71%	14.60%	14.56%
Tier 1 risk-based capital ratio	12.77%	13.15%	13.83%	13.74%	13.79%
Common equity tier 1 capital ratio	9.53%	9.80%	9.90%	9.80%	9.92%
Tier 1 leverage ratio	8.95%	8.99%	9.30%	9.21%	9.39%
Banc of California, NA					
Total risk-based capital ratio	15.71%	15.94%	16.63%	16.53%	16.56%
Tier 1 risk-based capital ratio	14.77%	15.04%	15.74%	15.67%	15.78%
Common equity tier 1 capital ratio	14.77%	15.04%	15.74%	15.67%	15.78%
Tier 1 leverage ratio	10.36%	10.29%	10.58%	10.50%	10.67%

Banc of California, Inc.
Average Balance, Average Yield Earned, and Average Cost Paid

(Dollars in thousands)

(Unaudited)

	Three Months Ended								
	December 31, 2018			September 30, 2018			June 30, 2018		
	Average Balance	Interest	Yield / Cost	Average Balance	Interest	Yield / Cost	Average Balance	Interest	Yield / Cost
Interest earning assets									
Loans held-for-sale ⁽¹⁾	\$ 33,243	\$ 221	2.64%	\$ 42,754	\$ 263	2.44%	\$ 54,791	\$ 328	2.40%
SFR mortgage	2,260,205	23,585	4.14%	2,222,602	23,461	4.19%	2,223,608	22,790	4.11%
Seasoned SFR mortgage loan pools	-	-	-	-	-	-	-	-	-
Commercial real estate, multifamily, and construction	3,246,860	37,403	4.57%	3,091,706	35,838	4.60%	2,989,014	33,736	4.53%
Commercial and industrial, SBA, and lease financing	1,791,708	26,219	5.81%	1,739,711	24,382	5.56%	1,707,478	23,664	5.56%
Other consumer	68,479	990	5.74%	69,600	981	5.59%	80,188	978	4.89%
Gross loans and leases	7,400,495	88,418	4.74%	7,166,373	84,925	4.70%	7,055,079	81,496	4.63%
Securities	2,032,632	19,882	3.88%	2,163,037	20,599	3.78%	2,279,416	21,455	3.78%
Other interest-earning assets	318,419	2,990	3.73%	335,160	2,380	2.82%	392,342	2,423	2.48%
Total interest-earning assets	9,751,546	111,290	4.53%	9,664,570	107,904	4.43%	9,726,837	105,374	4.35%
Allowance for loan and lease losses	(58,099)			(56,730)			(54,903)		
BOLI and non-interest earning assets	544,302			554,636			565,224		
Total assets	<u>\$ 10,237,749</u>			<u>\$ 10,162,476</u>			<u>\$ 10,237,158</u>		
Interest-bearing liabilities									
Savings	\$ 1,279,155	5,663	1.76%	\$ 1,231,696	5,122	1.65%	\$ 1,055,693	3,886	1.48%
Interest-bearing checking	1,666,884	4,916	1.17%	1,789,679	5,054	1.12%	1,822,856	4,182	0.92%
Money market	803,157	3,168	1.56%	966,165	3,455	1.42%	1,134,280	3,689	1.30%
Certificates of deposit	2,759,665	15,225	2.19%	2,332,181	11,523	1.96%	2,079,932	8,558	1.65%
Total interest-bearing deposits	6,508,861	28,972	1.77%	6,319,721	25,154	1.58%	6,092,761	20,315	1.34%
FHLB advances	1,447,348	9,068	2.49%	1,528,674	8,996	2.33%	1,827,307	9,539	2.09%
Securities sold under repurchase agreements	3,116	25	3.18%	6,418	47	2.91%	29,907	211	2.83%
Long-term debt and other interest-bearing liabilities	174,281	2,383	5.42%	174,361	2,385	5.43%	174,296	2,356	5.42%
Total interest-bearing liabilities	8,133,606	40,448	1.97%	8,029,174	36,582	1.81%	8,124,271	32,421	1.60%
Noninterest-bearing deposits	1,054,790			1,023,890			1,004,502		
Non-interest-bearing liabilities	89,111			108,593			107,529		
Total liabilities	9,277,507			9,161,657			9,236,302		
Total stockholders' equity	960,242			1,000,819			1,000,856		
Total liabilities and stockholders' equity	<u>\$ 10,237,749</u>			<u>\$ 10,162,476</u>			<u>\$ 10,237,158</u>		
Net interest income/spread		<u>\$ 70,842</u>	2.56%		<u>\$ 71,322</u>	2.62%		<u>\$ 72,953</u>	2.75%
Net interest margin			2.88%			2.93%			3.01%
Ratio of interest-earning assets to interest-bearing liabilities	119.89%			120.37%			119.73%		
Total deposits	\$ 7,563,651	\$ 28,972	1.52%	\$ 7,343,611	\$ 25,154	1.36%	\$ 7,097,263	\$ 20,315	1.15%
Total funding ⁽²⁾	\$ 9,188,396	\$ 40,448	1.75%	\$ 9,053,064	\$ 36,582	1.60%	\$ 9,128,773	\$ 32,421	1.42%

(1) Includes loans held-for-sale of discontinued operations.

(2) Total funding is the sum of interest-bearing liabilities and noninterest-bearing deposits. The cost of total funding is calculated as annualized total interest expense divided by average total funding.

Banc of California, Inc.
Average Balance, Average Yield Earned, and Average Cost Paid, Continued

(Dollars in thousands)

(Unaudited)

	Three Months Ended					
	March 31, 2018			December 31, 2017		
	Average Balance	Interest	Yield / Cost	Average Balance	Interest	Yield / Cost
Interest earning assets						
Loans held-for-sale ⁽¹⁾	\$ 97,095	\$ 297	1.24%	\$ 127,139	\$ 363	1.13%
SFR mortgage	2,122,666	21,352	4.08%	1,957,754	19,487	3.95%
Seasoned SFR mortgage loan pools	-	-	-	-	-	-
Commercial real estate, multifamily, and construction	2,856,290	31,439	4.46%	2,613,940	29,696	4.51%
Commercial and industrial, SBA, and lease financing	1,625,549	20,850	5.20%	1,630,886	20,989	5.11%
Other consumer	103,676	1,160	4.54%	107,664	1,233	4.54%
Gross loans and leases	6,805,276	75,098	4.48%	6,437,383	71,768	4.42%
Securities	2,525,220	21,631	3.47%	2,653,838	23,170	3.46%
Other interest-earning assets	407,064	2,164	2.16%	548,171	2,292	1.66%
Total interest-earning assets	9,737,560	98,893	4.12%	9,639,392	97,230	4.00%
Allowance for loan and lease losses	(49,257)			(45,681)		
BOLI and non-interest earning assets	574,930			572,692		
Total assets	<u>\$ 10,263,233</u>			<u>\$ 10,166,403</u>		
Interest-bearing liabilities						
Savings	\$ 1,055,338	3,300	1.27%	\$ 1,019,659	2,947	1.15%
Interest-bearing checking	1,976,160	4,108	0.84%	2,082,677	4,267	0.81%
Money market	1,076,117	2,834	1.07%	1,294,537	3,262	1.00%
Certificates of deposit	1,906,556	6,553	1.39%	1,822,010	5,568	1.21%
Total interest-bearing deposits	6,014,171	16,795	1.13%	6,218,883	16,044	1.02%
FHLB advances	1,711,089	7,392	1.75%	1,448,326	5,402	1.48%
Securities sold under repurchase agreements	119,543	750	2.54%	33,513	194	2.30%
Long-term debt and other interest-bearing liabilities	174,424	2,332	5.42%	174,066	2,344	5.34%
Total interest-bearing liabilities	8,019,227	27,269	1.38%	7,874,788	23,984	1.21%
Noninterest-bearing deposits	1,056,700			1,110,815		
Non-interest-bearing liabilities	167,345			166,432		
Total liabilities	9,243,272			9,152,035		
Total stockholders' equity	1,019,961			1,014,368		
Total liabilities and stockholders' equity	<u>\$ 10,263,233</u>			<u>\$ 10,166,403</u>		
Net interest income/spread		<u>\$ 71,624</u>	2.74%		<u>\$ 73,246</u>	2.79%
Net interest margin			2.98%			3.01%
Ratio of interest-earning assets to interest-bearing liabilities	121.43%			122.41%		
Total deposits	\$ 7,070,871	\$ 16,795	0.96%	\$ 7,329,698	\$ 16,044	0.87%
Total funding ⁽²⁾	\$ 9,075,927	\$ 27,269	1.22%	\$ 8,985,603	\$ 23,984	1.06%

(1) Includes loans held-for-sale of discontinued operations.

(2) Total funding is the sum of interest-bearing liabilities and noninterest-bearing deposits. The cost of total funding is calculated as annualized total interest expense divided by average total funding.

Banc of California, Inc.
Average Balance, Average Yield Earned, and Average Cost Paid, Continued

(Dollars in thousands)

(Unaudited)

	Year Ended					
	December 31, 2018			December 31, 2017		
	Average Balance	Interest	Yield / Cost	Average Balance	Interest	Yield / Cost
Interest earning assets						
Loans held-for-sale ⁽¹⁾	\$ 56,757	\$ 1,109	1.95%	\$ 410,266	\$ 13,669	3.33%
SFR mortgage	2,207,689	91,188	4.13%	1,882,086	74,033	3.93%
Seasoned SFR mortgage loan pools	-	-	-	97,195	5,474	5.63%
Commercial real estate, multifamily, and construction	3,047,164	138,416	4.54%	2,460,614	108,508	4.41%
Commercial and industrial, SBA, and lease financing	1,716,631	95,115	5.54%	1,565,065	81,175	5.19%
Other consumer	80,359	4,109	5.11%	115,843	5,264	4.54%
Gross loans and leases	7,108,600	329,937	4.64%	6,531,069	288,123	4.41%
Securities	2,248,488	83,567	3.72%	2,954,235	99,742	3.38%
Other interest-earning assets	362,927	9,957	2.74%	516,832	8,377	1.62%
Total interest-earning assets	9,720,015	423,461	4.36%	10,002,136	396,242	3.96%
Allowance for loan and lease losses	(54,777)			(43,150)		
BOLI and non-interest earning assets	559,675			575,363		
Total assets	<u>\$ 10,224,913</u>			<u>\$ 10,534,349</u>		
Interest-bearing liabilities						
Savings	\$ 1,156,292	17,971	1.55%	\$ 1,007,990	9,764	0.97%
Interest-bearing checking	1,812,980	18,261	1.01%	2,035,954	15,161	0.74%
Money market	994,103	13,146	1.32%	2,076,847	18,530	0.89%
Certificates of deposit	2,272,093	41,858	1.84%	1,730,652	16,959	0.98%
Total interest-bearing deposits	6,235,468	91,236	1.46%	6,851,443	60,414	0.88%
FHLB advances	1,627,608	34,995	2.15%	1,054,978	12,951	1.23%
Securities sold under repurchase agreements	39,336	1,033	2.63%	39,907	880	2.21%
Long-term debt and other interest-bearing liabilities	174,340	9,456	5.42%	207,734	10,755	5.18%
Total interest-bearing liabilities	8,076,752	136,720	1.69%	8,154,062	85,000	1.04%
Noninterest-bearing deposits	1,034,937			1,182,667		
Non-interest-bearing liabilities	117,904			188,625		
Total liabilities	9,229,593			9,525,354		
Total stockholders' equity	995,320			1,008,995		
Total liabilities and stockholders' equity	<u>\$ 10,224,913</u>			<u>\$ 10,534,349</u>		
Net interest income/spread		<u>\$ 286,741</u>	2.67%		<u>\$ 311,242</u>	2.92%
Net interest margin			2.95%			3.11%
Ratio of interest-earning assets to interest-bearing liabilities	120.35%			122.66%		
Total deposits	\$ 7,270,405	\$ 91,236	1.25%	\$ 8,034,110	\$ 60,414	0.75%
Total funding ⁽²⁾	\$ 9,111,689	\$ 136,720	1.50%	\$ 9,336,729	\$ 85,000	0.91%

(1) Includes loans held-for-sale of discontinued operations.

(2) Total funding is the sum of interest-bearing liabilities and noninterest-bearing deposits. The cost of total funding is calculated as annualized total interest expense divided by average total funding.

Banc of California, Inc.
Consolidated Operations

Non-GAAP Measures

(Dollars in thousands, except per share data)

(Unaudited)

Under Item 10(e) of SEC Regulation S-K, public companies disclosing financial measures in filings with the SEC that are not calculated in accordance with GAAP must also disclose, along with each non-GAAP financial measure, certain additional information, including a presentation of the most directly comparable GAAP financial measure, a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure, as well as a statement of the reasons why the company's management believes that presentation of the non-GAAP financial measure provides useful information to investors regarding the company's financial condition and results of operations and, to the extent material, a statement of the additional purposes, if any, for which the company's management uses the non-GAAP financial measure.

Return on average tangible common equity and efficiency ratio, as adjusted, tangible common equity to tangible assets, and tangible common equity per common share constitute supplemental financial information determined by methods other than in accordance with GAAP. These non-GAAP measures are used by management in its analysis of the Company's performance.

Tangible common equity is calculated by subtracting preferred stock, goodwill, and other intangible assets from stockholders' equity. Tangible assets is calculated by subtracting goodwill and other intangible assets from total assets. Banking regulators also exclude goodwill and other intangible assets from stockholders' equity when assessing the capital adequacy of a financial institution.

Adjusted efficiency ratio is calculated by subtracting loss on investments in alternative energy partnerships from noninterest expense and adding total pre-tax return, which includes the loss on investments in alternative energy partnerships, to the sum of net interest income and noninterest income (total revenue). Management believes the presentation of these financial measures adjusting the impact of these items provides useful supplemental information that is essential to a proper understanding of the financial results and operating performance of the Company.

This disclosure should not be viewed as a substitute for results determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies.

The following tables provide reconciliations of the non-GAAP measures with financial measures defined by GAAP.

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Tangible common equity to tangible assets ratio					
Total assets	\$ 10,630,067	\$ 10,260,822	\$ 10,319,280	\$ 10,329,319	\$ 10,327,852
Less goodwill	(37,144)	(37,144)	(37,144)	(37,144)	(37,144)
Less other intangible assets	(6,346)	(6,990)	(7,683)	(8,510)	(9,353)
Tangible assets	<u>\$ 10,586,577</u>	<u>\$ 10,216,688</u>	<u>\$ 10,274,453</u>	<u>\$ 10,283,665</u>	<u>\$ 10,281,355</u>
Total stockholders' equity	\$ 945,534	\$ 946,678	\$ 988,688	\$ 993,756	\$ 1,012,308
Less goodwill	(37,144)	(37,144)	(37,144)	(37,144)	(37,144)
Less other intangible assets	(6,346)	(6,990)	(7,683)	(8,510)	(9,353)
Tangible equity	902,044	902,544	943,861	948,102	965,811
Less preferred stock	(231,128)	(231,128)	(269,071)	(269,071)	(269,071)
Tangible common equity	<u>\$ 670,916</u>	<u>\$ 671,416</u>	<u>\$ 674,790</u>	<u>\$ 679,031</u>	<u>\$ 696,740</u>
Total stockholders' equity to total assets	8.89%	9.23%	9.58%	9.62%	9.80%
Tangible equity to tangible assets	8.52%	8.83%	9.19%	9.22%	9.39%
Tangible common equity to tangible assets	6.34%	6.57%	6.57%	6.60%	6.78%
Common shares outstanding	50,172,018	50,180,607	50,142,955	50,079,736	50,083,345
Class B non-voting non-convertible common shares outstanding	477,321	477,321	403,778	508,107	508,107
Total common shares outstanding	<u>50,649,339</u>	<u>50,657,928</u>	<u>50,546,733</u>	<u>50,587,843</u>	<u>50,591,452</u>
Tangible common equity per common shares	\$ 13.25	\$ 13.25	\$ 13.35	\$ 13.42	\$ 13.77
Book value per common share	\$ 14.10	\$ 14.13	\$ 14.24	\$ 14.33	\$ 14.69

Banc of California, Inc.
Consolidated Operations
Non-GAAP Measures, Continued
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended				Year Ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
	2018	2018	2018	2018	2017	2017
Return on tangible common equity						
Average total stockholders' equity	\$ 960,242	\$ 1,000,819	\$ 1,000,856	\$ 1,019,961	\$ 1,014,368	\$ 995,320
Less average preferred stock	(231,128)	(260,822)	(269,071)	(269,071)	(269,071)	(257,428)
Less average goodwill	(37,144)	(37,144)	(37,144)	(37,144)	(37,144)	(37,144)
Less average other intangible assets	(6,731)	(7,412)	(8,110)	(8,972)	(9,788)	(7,799)
Average tangible common equity	<u>\$ 685,239</u>	<u>\$ 695,441</u>	<u>\$ 686,531</u>	<u>\$ 704,774</u>	<u>\$ 698,365</u>	<u>\$ 692,949</u>
Net income	\$ 11,038	\$ 11,096	\$ 14,780	\$ 8,558	\$ 11,302	\$ 45,472
Less preferred stock dividends and impact of preferred stock redemption	(4,308)	(7,277)	(5,113)	(5,113)	(5,113)	(21,811)
Add amortization of intangible assets	644	693	827	843	866	3,007
Add impairment on intangible assets	-	-	-	-	-	-
Less tax effect on amortization and impairment of intangible assets	(135)	(146)	(174)	(177)	(303)	(631)
Net income available to common stockholders	<u>\$ 7,239</u>	<u>\$ 4,366</u>	<u>\$ 10,320</u>	<u>\$ 4,111</u>	<u>\$ 6,752</u>	<u>\$ 26,037</u>
Return on average equity	4.56%	4.40%	5.92%	3.40%	4.42%	4.57%
Return on average tangible common equity	4.19%	2.49%	6.03%	2.37%	3.84%	3.76%
Statutory tax rate utilized for calculating tax effect on amortization and impairment of intangible assets	21.00%	21.00%	21.00%	21.00%	35.00%	21.00%

	Three Months Ended				Year Ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
	2018	2018	2018	2018	2017	2017
Adjusted efficiency ratio including the pre-tax effect of investments in alternative energy partnerships						
Noninterest expense	\$ 49,578	\$ 60,977	\$ 62,554	\$ 59,812	\$ 66,424	\$ 232,921
(Loss) gain on investments in alternative energy partnerships	(786)	(2,484)	(1,808)	34	(3,995)	(5,044)
Adjusted noninterest expense	<u>\$ 48,792</u>	<u>\$ 58,493</u>	<u>\$ 60,746</u>	<u>\$ 59,846</u>	<u>\$ 62,429</u>	<u>\$ 227,877</u>
Net interest income	\$ 70,842	\$ 71,322	\$ 72,953	\$ 71,624	\$ 73,246	\$ 286,741
Noninterest income	2,644	5,718	9,168	10,452	6,429	27,982
Total revenue	73,486	77,040	82,121	82,076	79,675	314,723
Tax credit from investments in alternative energy partnerships	-	412	1,912	7,323	4,908	9,647
Deferred tax expense on investments in alternative energy partnerships	-	(43)	(211)	(769)	(859)	(1,023)
Tax effect on tax credit and deferred tax expense	26	180	631	2,422	3,004	3,259
(Loss) gain on investments in alternative energy partnerships	(786)	(2,484)	(1,808)	34	(3,995)	(5,044)
Total pre-tax adjustments for investments in alternative energy partnerships	<u>(760)</u>	<u>(1,935)</u>	<u>524</u>	<u>9,010</u>	<u>3,058</u>	<u>6,839</u>
Adjusted total revenue	<u>\$ 72,726</u>	<u>\$ 75,105</u>	<u>\$ 82,645</u>	<u>\$ 91,086</u>	<u>\$ 82,733</u>	<u>\$ 321,562</u>
Efficiency ratio	67.47%	79.15%	76.17%	72.87%	83.37%	74.01%
Adjusted efficiency ratio including the pre-tax effect of investments in alternative energy partnerships	67.09%	77.88%	73.50%	65.70%	75.46%	70.87%
Effective tax rate utilized for calculating tax effect on tax credit and deferred tax expense	100.00%	32.81%	27.07%	26.98%	42.59%	27.42%