Investor Presentation

2019 First Quarter Earnings

April 23, 2019

Forward-looking Statements

When used in this presentation and in documents filed with or furnished to the Securities and Exchange Commission (the “SEC”), in press releases or other public stockholder communications, or in oral statements made with the approval of an authorized executive officer, the words or phrases “believe,” “will,” “should,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “plans,” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. These statements may relate to future financial performance, strategic plans or objectives, revenue, expense or earnings projections, or other financial items of Banc of California Inc. and its affiliates (“BANC,” the “Company,” “we,” “us” or “our”). By their nature, these statements are subject to numerous uncertainties that could cause actual results to differ materially from those anticipated in the statements.

Factors that could cause actual results to differ materially from the results anticipated or projected include, but are not limited to, the following: (i) an ongoing investigation by the SEC as well as any related litigation or other litigation may result in adverse findings, reputational damage, the imposition of sanctions, increased costs, the diversion of management time and resources, and other negative consequences; (ii) the costs and effects of litigation generally, including legal fees and other expenses, settlements and judgments; (iii) the risk that our performance may be adversely affected by the CEO transition we have recently undergone; (iv) the risk that the benefits we realize from exiting the third party mortgage origination and brokered single-family residential lending business will be less than anticipated and that the costs we incur from exiting that business will be greater than anticipated (v) the risk that the savings we actually realize from our recently announced reduction in force and planned reduction in use of third party advisors will be less than anticipated and the risk that the costs associated with the reduction in force will be greater than anticipated; (vi) the risk that we will not be successful in the implementation of our capital utilization strategy and our other strategies for transitioning to a traditional community bank (vii) risks that the Company’s merger and acquisition transactions may disrupt current plans and operations and lead to difficulties in customer and employee retention, risks that the costs, fees, expenses and charges related to these transactions could be significantly higher than anticipated and risks that the expected revenues, cost savings, synergies and other benefits of these transactions might not be realized to the extent anticipated, within the anticipated timetables, or at all; (viii) the credit risks of lending activities, which may be affected by deterioration in real estate markets and the financial condition of borrowers, and the operational risk of lending activities, including but not limited to the effectiveness of our underwriting practices and the risk of fraud, any of which credit and operational risks may lead to increased loan and lease delinquencies, losses and nonperforming assets in our loan and lease portfolio, and may result in our allowance for loan and lease losses not being adequate to cover actual losses and require us to materially increase our loan and lease loss reserves; (ix) the quality and composition of our securities portfolio; (x) changes in general economic conditions, either nationally or in our market areas, or changes in financial markets; (xi) continuation of or changes in the short-term interest rate environment, changes in the levels of general interest rates, volatility in the interest rate environment, the relative differences between short- and long-term interest rates, deposit interest rates, our net interest margin and funding sources; (xii) fluctuations in the demand for loans and leases, the number of unsold homes and other properties and fluctuations in commercial and residential real estate values in our market area; (xiii) our ability to develop and maintain a strong core deposit base or other low cost funding sources necessary to fund our activities; (xiv) results of examinations of us by regulatory authorities and the possibility that any such regulatory authority may, among other things, limit our business activities, require us to change our business mix, increase our allowance for loan and lease losses, write-down asset values or increase our capital levels, or affect our ability to borrow funds or maintain or increase deposits, any of which could adversely affect our liquidity and earnings; (xv) legislative or regulatory changes that adversely affect our business, including, without limitation, changes in tax laws and policies and changes in regulatory capital or other rules, and the availability of resources to address or respond to such changes; (xvi) our ability to control operating costs and expenses; (xvii) staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our work force and potential associated charges; (xviii) the risk that our enterprise risk management framework may not be effective in mitigating risk and reducing the potential for losses; (xix) errors in estimates of the fair values of certain of our assets and liabilities, which may result in significant changes in valuation; (xx) the network and computer systems on which we depend could fail or experience a security breach; (xxi) our ability to attract and retain key members of our senior management team; (xxii) the dependency of our single family residential mortgage loan origination business on third party mortgage brokers who are not contractually obligated to business with us; (xxiii) increased competitive pressures among financial services companies; (xxiv) changes in consumer spending, borrowing and saving habits; (xxv) the effects of severe weather, natural disasters, acts of war or terrorism and other external events on our business; (xxvi) the ability of key third-party providers to perform their obligations to us; (xxvii) changes in accounting policies and practices, as may be adopted by the financial institution regulatory agencies or the Financial Accounting Standards Board or their application to our business, including additional guidance and interpretation on accounting issues and details of the implementation of new accounting methods; (xxviii) share price volatility and reputational risks, related to, among other things, speculative trading and certain traders shorting our common shares and attempting to generate negative publicity about us; (xxix) war or terrorist activities; and (xxx) other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services and the other risks described from time to time in other documents that we file with or furnish to the SEC. You should not place undue reliance on forward-looking statements, and we undertake 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.

First Quarter 2019 Highlights

Continued Progress Towards a Core Commercial Banking Platform

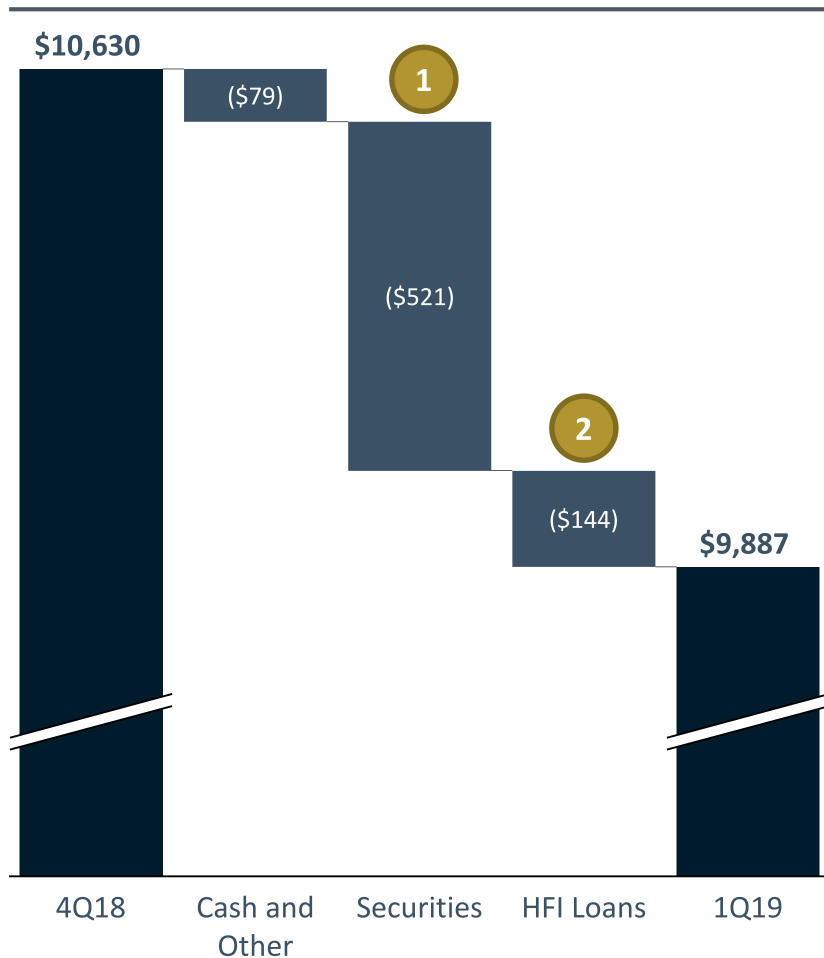
Improving Core Deposit Base	• Demand deposit account ("DDA") balances increased by $114 million, including $97 million of noninterest-bearing, with the growth occurring late in the quarter • Released $248 million of brokered deposits following asset sales
De-emphasizing Low Margin Loan Products	• Held for investment loans decreased by $144 million – Sold $243 million of single family loans • Gross loan commitment originations of $536 million at an average production yield of 5.29% – De-emphasized brokered loan originations in favor of relationship-based loans • Exited the third party mortgage origination ("TPMO") and brokered Single Family Lending business
Normalizing Investment Portfolio	• Reduced securities by $521 million – Collateralized loan obligations ("CLOs") declined $384 million to $1.04 billion – Completed the sale of the entire $132 million portfolio of commercial mortgage-backed securities ("CMBS")
Continued Expense Management	• Noninterest expense totaled $61.8 million • Non-recurring expenses of $5.8 million including $3.0 million of net legal and professional fees and $2.8 million of restructuring expenses associated with the exit from the TPMO and brokered single family lending business and CEO transition
Credit and Capital	• Net charge-offs totaled $0.8 million • NPLs & OREO / Loans[1] of 0.38%, up from 0.32% a year ago, and ALLL / Loans[1] of 0.85%, up from 0.79% a year ago • Total delinquencies (delinquent non-PCI loans to total non-PCI loans) of 0.79%[2] • Common Equity Tier 1 ratio of 9.72% • Board has approved a reduction in the quarterly dividend from $0.13 to $0.06 beginning 2Q19

1 Held for investment.
2 Subsequent to quarter end $21 million of loans cured.

Strategic Asset Re-Mix Progress

De-emphasizing CLOs and Lower Margin Loan Products

Total Assets[1]



Q1 Strategic Asset Re-Mix Activities

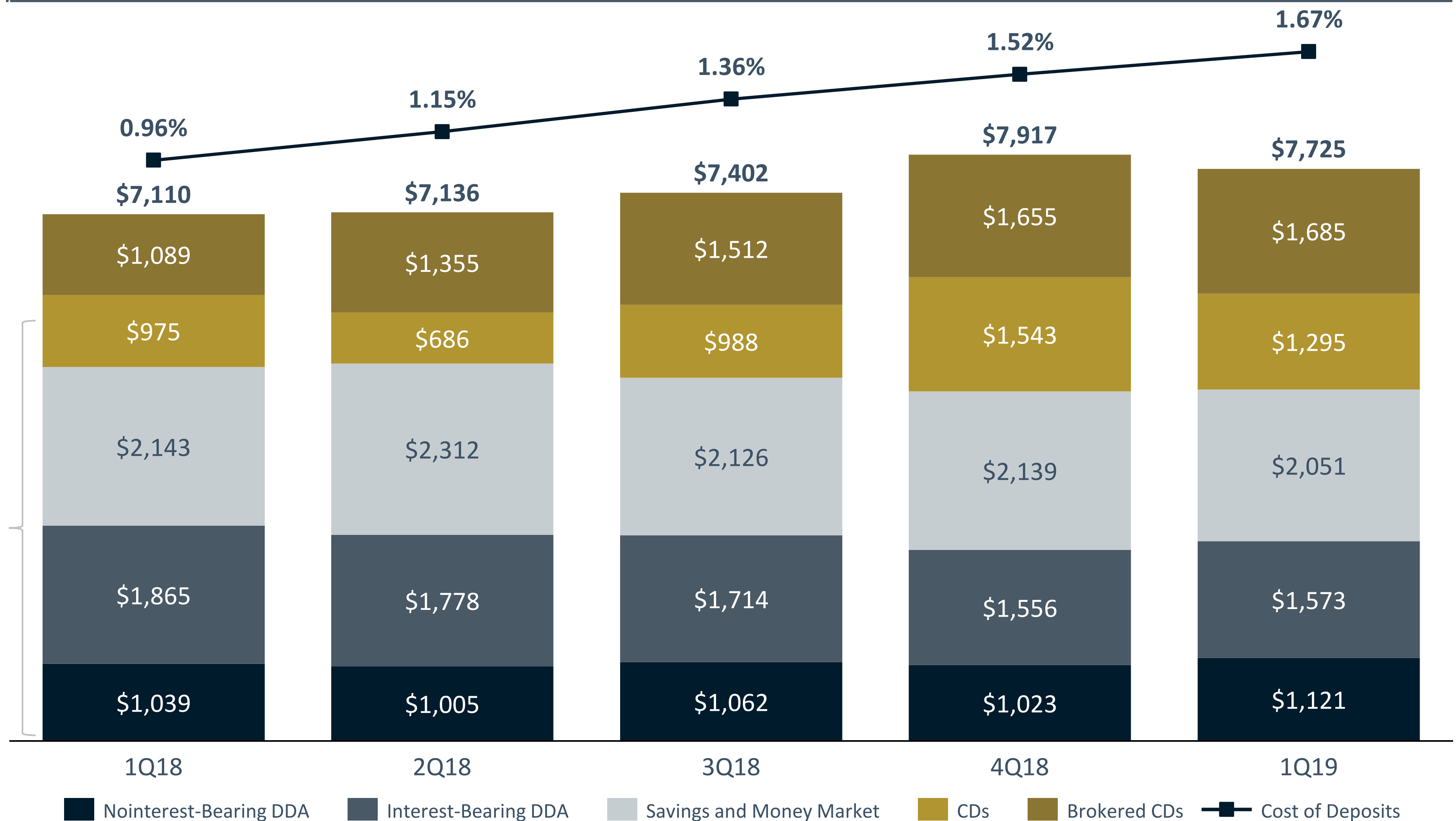
1. Driven by the following activities:
   - $365 million in CLO sales and $19 million in calls/early redemptions
   - $132 million sale of the entire CMBS portfolio
   - $4.8 million in agency MBS sales

2. $243 million of single family loan sales partially offset by net new loans funded

1 Dollars in millions

Improving Deposit Base

Proceeds from Recent Asset Sales Expected to Reduce Future Cost of Deposits

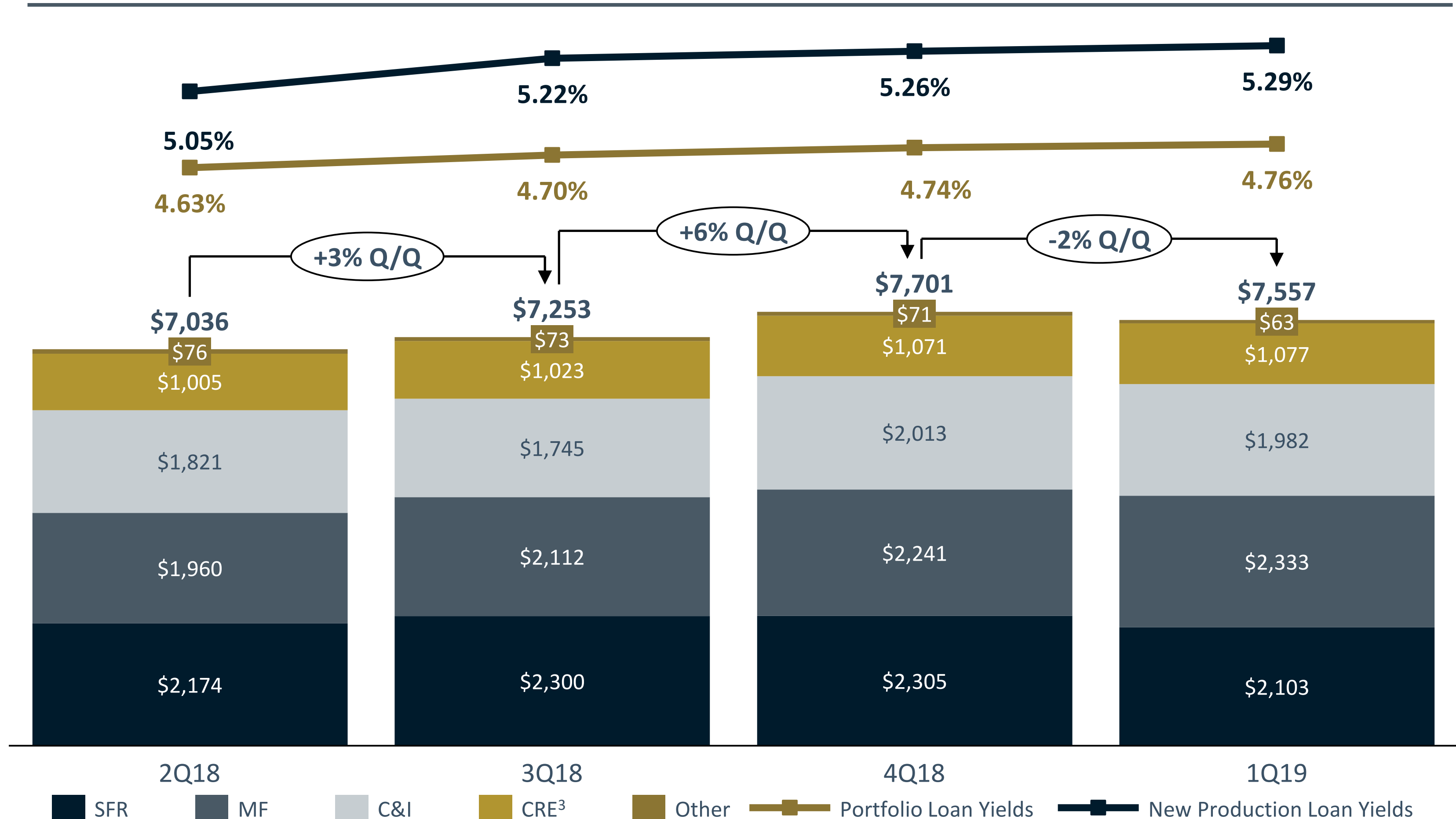


1 Dollars in millions. Institutional-bank outflow of $0.4M in 1Q18 is included in the total but not shown.

Refocusing on Franchise Enhancing Lending

De-emphasizing Low Margin, non-Relationship Lending

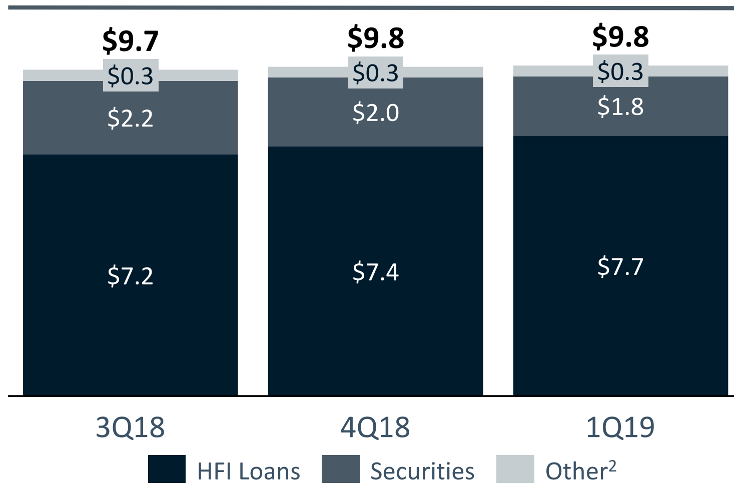
2019 Q1 gross loan production[1] of $536 million at a 5.29% average production yield



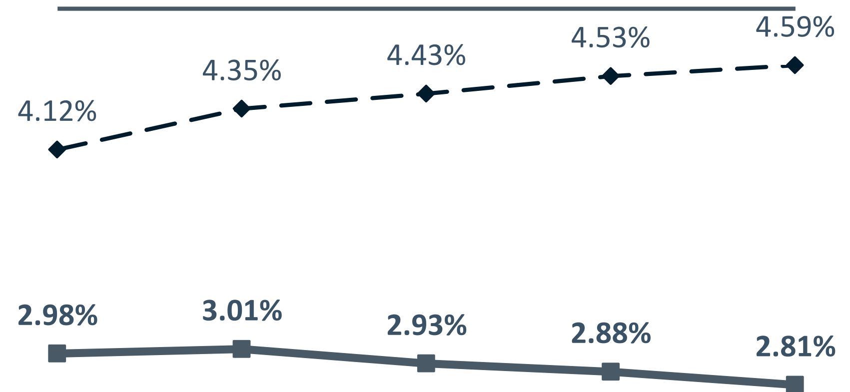
1 Gross loan commitment originations
2 Dollars in millions
3 CRE includes Construction

Net Interest Margin

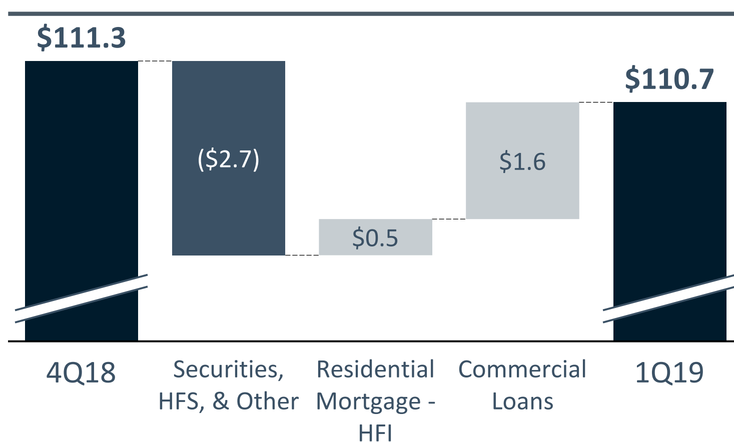
Average Interest-Earning Assets[1]

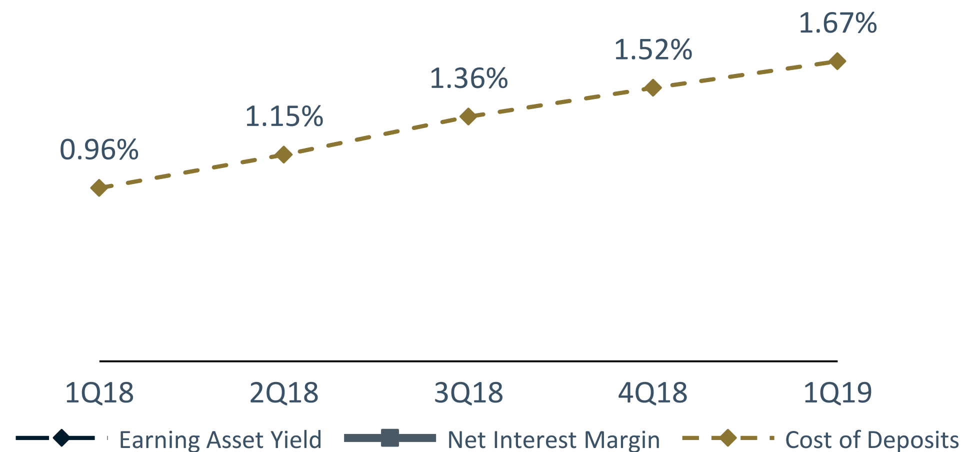


Net Interest Margin Components



Interest Income[3]





1 Dollars in billions
2 Includes loans held for sale and other interest-earning assets
3 Dollars in millions, consolidated operations

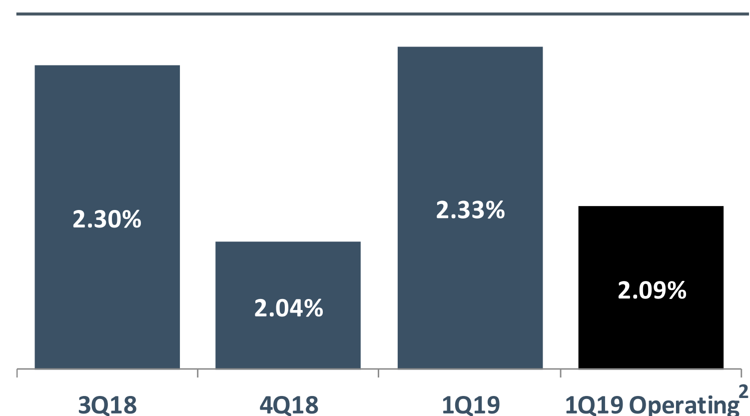
Right-Sizing the Expense Base

Simplifying Operating Model and Delivering Operational Efficiencies

Non-Recurring Adjustments to Continuing Operations Expenses

($ in millions)	Noninterest Expense - Continuing Operations	Q1 non-recurring adjustments	Q1 Operating Expense[2]
Salaries and employee benefits	$ 28.4		$ 28.4
Occupancy and equipment	7.7		7.7
Professional fees	11.0	(3.0)	8.0
Data processing	1.5		1.5
Advertising	2.1		2.1
Regulatory assessments	2.5		2.5
Reversal of provision for loan repurchases	(0.1)		(0.1)
Amortization of intangible assets	0.6		0.6
Restructuring expense	2.8	(2.8)	-
All other expense	3.4		3.4
Total Noninterest Expense (ex-loss on investments in alternative energy partnerships)	**$ 59.9**	**$ (5.8)**	**$ 54.1**
Loss on investments in alternative energy partnerships[1]	**2.0**		
Total Noninterest Expense (reported)	**$ 61.8**		

NIE / Average Assets[3]

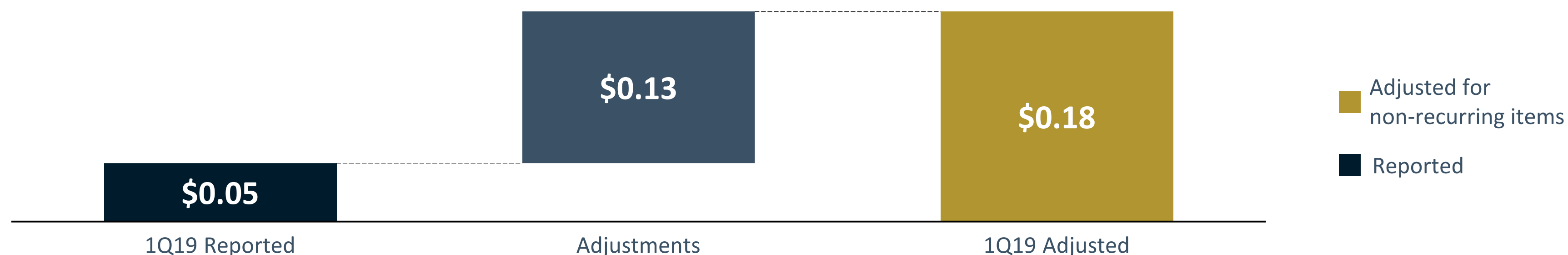


1 Loss on investments in alternative energy partnerships create tax credits to offset expense incurred
2 Continuing operations operating expense less non-recurring adjustments. Non-GAAP measure: Reconciliation table above.
3 Continuing operations noninterest expense excluding loss on investments in alternative energy partnerships, annualized, over average consolidated assets

Focusing on Core, Sustainable Returns

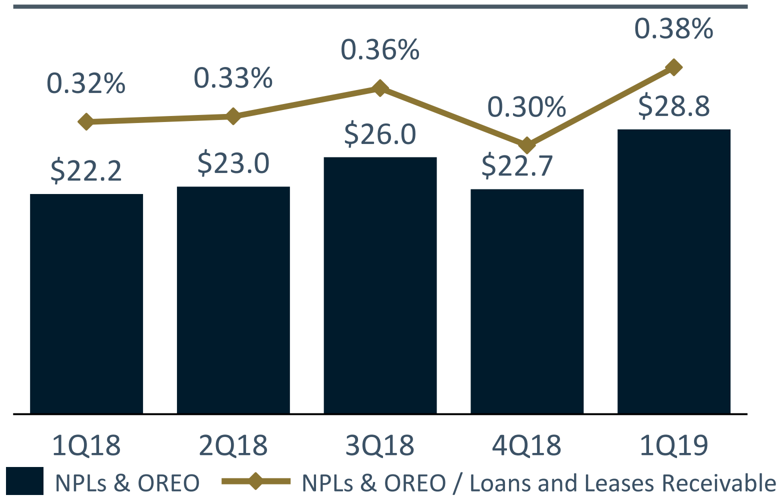
Q1 Included Non-Recurring Items Shown Below

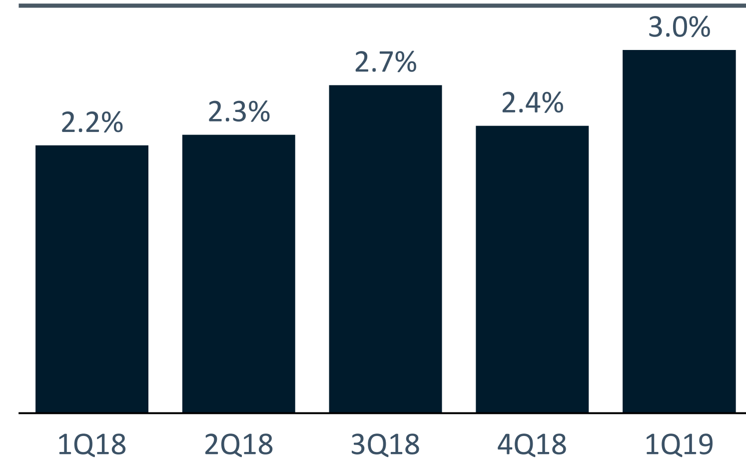
($ in millions)	Continuing Operations (reported)	Q1 adjustments[1]	Q1 Operating Earnings from Continuing Operations Normalized Tax Rate at 20%[2]
Net interest income	$ 67.8		$ 67.8
Provision for loan and lease losses	2.5		2.5
Total noninterest income	6.3	$ (0.2)	6.1
Total noninterest expense (ex-loss on investments in alternative energy partnerships)	59.9	(5.8)	54.1
Loss on investments in alternative energy partnerships[3]	2.0	(2.0)	-
Total noninterest expense	61.9	(7.8)	54.1
Pre-tax income	9.7	7.6	17.3
Income tax expense[3]	2.7	0.8	3.5
Net income	7.0	6.8	13.8
Preferred stock dividends	4.3		4.3
Net income available to common stockholders	$ 2.7		$ 9.5
Diluted earnings per total common share	**$ 0.05**		**$ 0.18**

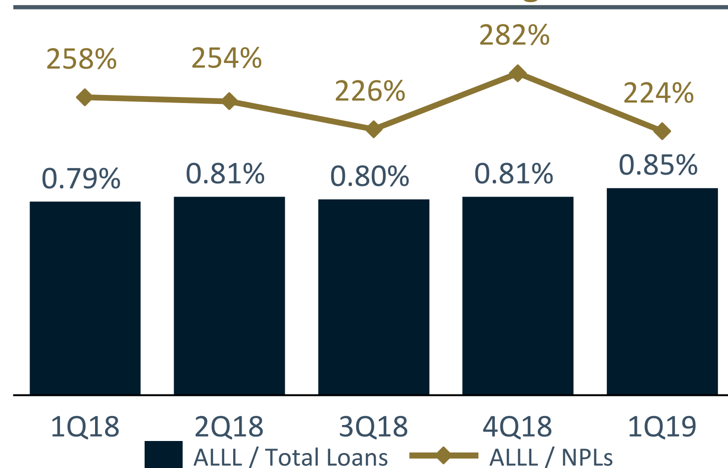


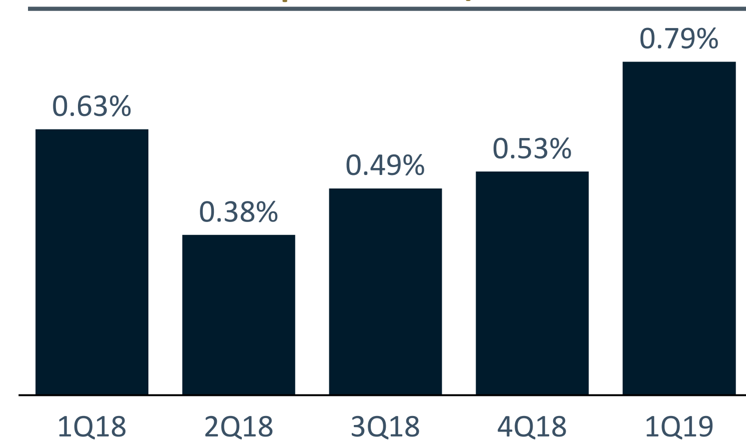
1 Includes non-recurring items, loss on investments in alternative energy partnerships, and income tax expense required to reach a normalized rate of 20%
2 Non-GAAP measure: Reconciliation table above
3 Loss on investments in alternative energy partnerships create tax credits to offset expense incurred. Normalized tax rate to 20%.

Asset Quality







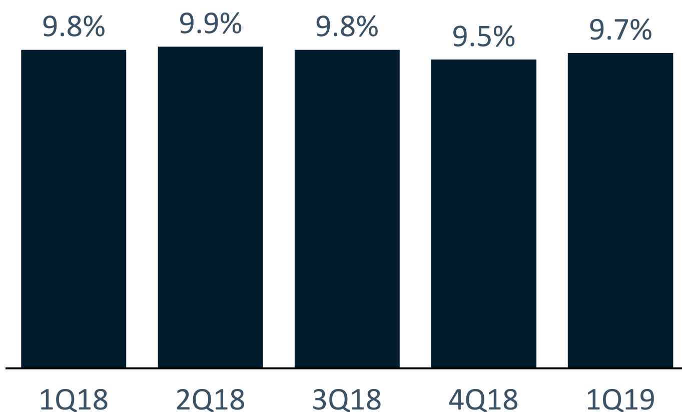


1 NPL: Non-performing loans and leases. OREO: Other real estate owned. Dollars in millions, held for investment.
2 ALLL: Allowance for loan and lease losses
3 $21 million of loans cured after quarter end. Pro forma for the loans cured, the 1Q19 ratio would have been 0.53%.

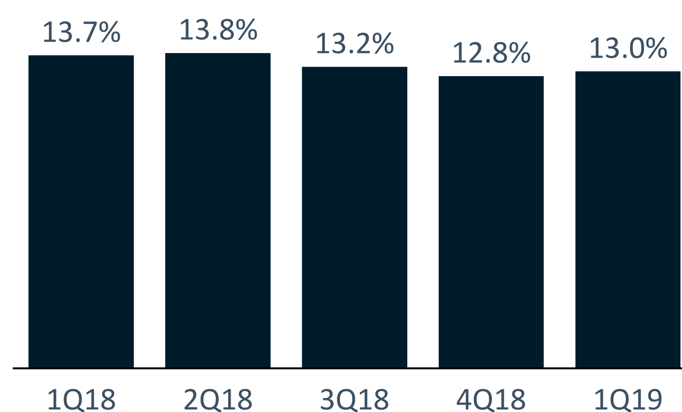
Capital Ratios Exceeding Basel III Guidelines

Tier 1 Risk-Based Capital Ratio Supported by $231 Million of Preferred Equity

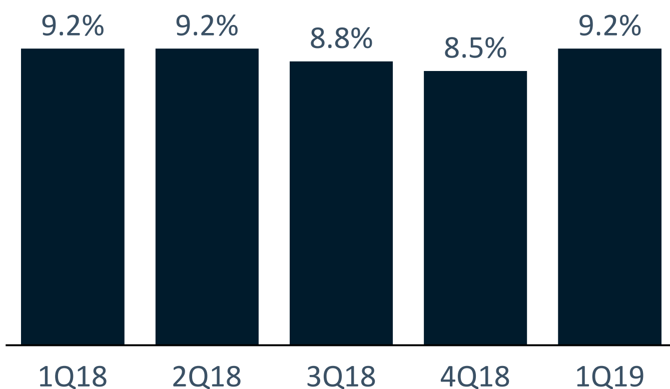
Common Equity Tier 1 Ratio



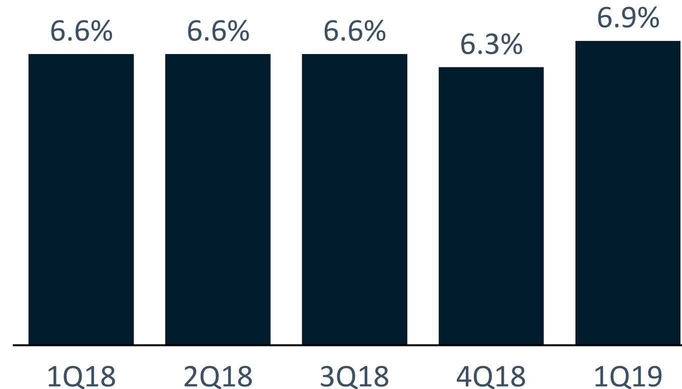
Tier 1 Risk-Based Capital Ratio



Tangible Equity / Tangible Assets[1]



Tangible Common Equity / Tangible Assets[1]



1 Non-GAAP measure. Reconciliation on slide 19.

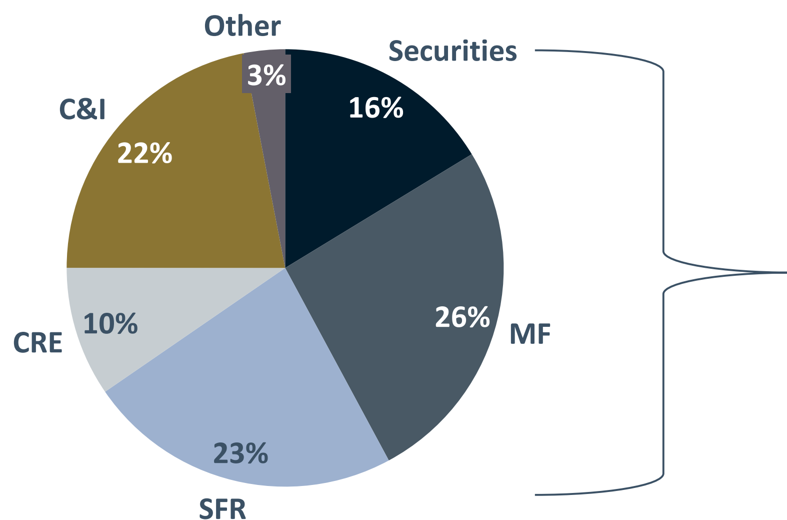
Strategic Direction for BANC

Accelerating the Transformation to a Relationship-Focused Community Bank

New President & CEO	• Jared Wolff joined as President, CEO and a Director on March 18, 2019 • Deep experience in California banking with PacWest Bancorp and City National Bank
Right-Size the Balance Sheet	• Eliminate non franchise-enhancing assets and lines of business • Continue to reduce the size of the CLO portfolio and wind down broker-originated SFR business • Sell down lower yielding multifamily and SFR portfolios and reduce reliance on wholesale funding • Optimize the capital structure; reduce quarterly dividend to $0.06
Lower Deposit Costs through Relationship Focus	• Increased relationship-based lending with deposits and reduced reliance on broker-driven loans • Re-price down high-cost retail CDs and other high cost deposit offerings in connection with asset sales • Best in class treasury management to attract and retain clients
Improve Operational Efficiencies to Reduce Expense Burden	• Right-size expenses to fit asset size • Deploy technology to better serve customers and improve efficiency

Accelerating Balance Sheet Transformation: Assets

Strategy Shifting to Higher Yielding Interest-Earning Assets



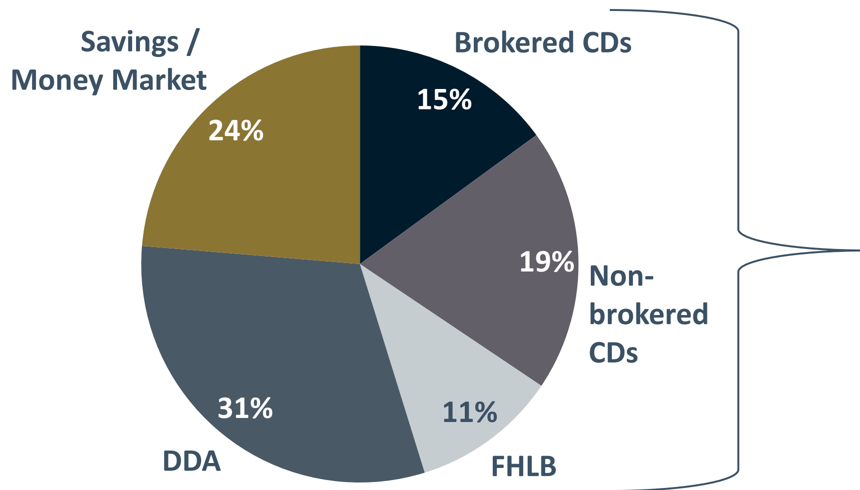
Loans and Securities

($ in thousands)	Yield 1Q19	Ending Balance 1Q19	Ending Balance 4Q18	Q over Q Change
Securities	4.13%	$ 1,471	$ 1,993	$ (521)
Multifamily	4.26%	2,333	2,241	91
SFR Mortgage	4.22%	2,103	2,305	(203)

- Pursuing opportunities to sell lower yielding SFR and MF loans
- Market dependent, CLO sales expected to continue
- Expected result = Higher asset yield

Accelerating Balance Sheet Transformation: Liabilities

Strategy Shifting to Lower Costing Relationship Based Deposits



Deposits and FHLB

	Cost	Ending Balance		
($ in thousands)	1Q19	1Q19	4Q18	Q over Q Change
Brokered CDs	2.43%	$ 1,295	$ 1,543	$ (248)
Non-brokered CDs	2.29%	1,685	1,655	30
FHLB	2.59%	935	1,520	(585)

- Utilize asset sale proceeds to:
  - Pay down FHLB advances
  - Redeem brokered deposits
  - Replace runoff from lowering rates on retail CDs
- Expected result = Lower cost of funds

Appendix

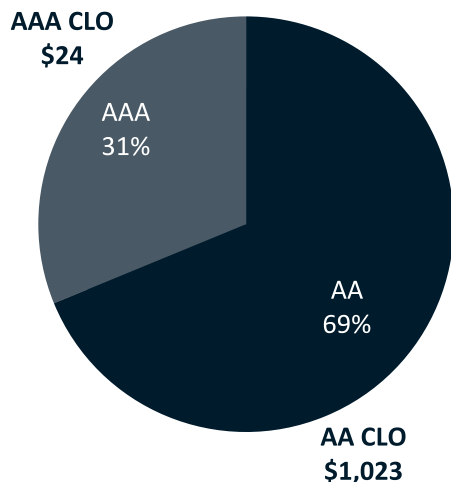
Securities Portfolio

Securities Portfolio Detail[1]

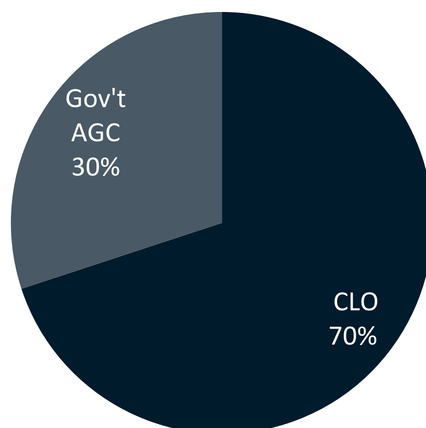
Security Type	Amortized Cost 4Q18	Amortized Cost 1Q19	1Q Change	Fair Value 1Q19	Book Yield 1Q19	Duration 1Q19
Gov't & Agency (Agency MBS)	$ 463	$ 450	($ 13)	$ 435	2.62%	6.89
CLOs	1,431	1,047	(384)	1,036	4.42%	0.32
CMBS	135	0	(135)	0	n/m	n/m
Total Securities	**2,030**	**1,497**	**(533)**	**1,471**	**3.88%**	**2.29**

Portfolio Profile[1]

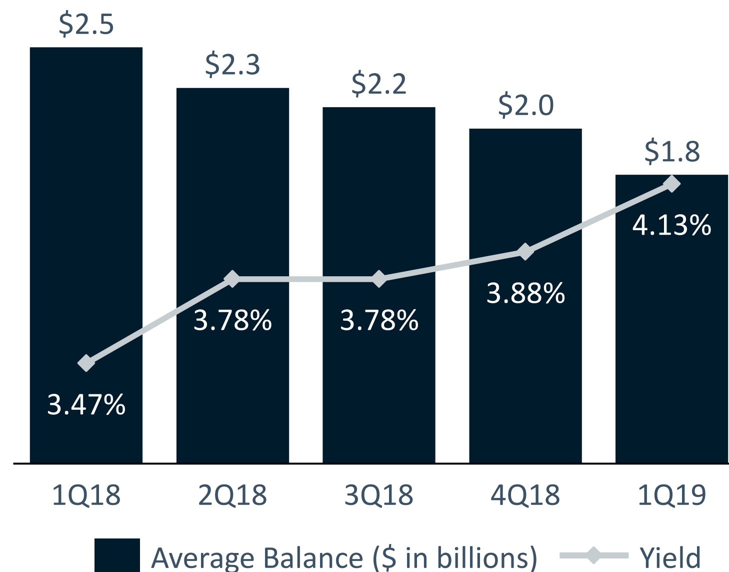
Credit Rating



Composition



Portfolio Average Balances and Yields



1 Dollars in millions. Values that are greater than $0.0 million (or 0.0%) but less than $0.5 million (or 0.5%) are not shown.

BANC Fast Facts & Preferred Equity Capital Structure

(Dollars in millions)[1]	1Q19	4Q18	3Q18	2Q18	1Q18
Total assets[2]	$ 9,887	$ 10,630	$ 10,261	$ 10,319	$ 10,329
Securities available-for-sale	1,471	1,993	2,060	2,297	2,425
Loans and leases receivable	7,557	7,701	7,253	7,036	6,931
Total deposits	7,725	7,917	7,402	7,136	7,110
Net interest income	67.8	70.7	71.2	72.8	71.4
Provision for loan and lease losses	2.5	6.7	1.4	2.7	19.5
Total noninterest income	6.3	2.4	4.8	8.1	8.6
Noninterest expense[3,4]	59.9	48.8	58.4	60.7	59.8
Loss on investments in alternative energy partnerships	2.0	0.8	2.5	1.8	n/m
Total noninterest expense - reported	61.8	49.6	60.9	62.5	59.8
Net Income	7.0	10.8	10.4	13.9	7.1
Diluted earnings per share	$ 0.05	$ 0.12	$ 0.06	$ 0.16	$ 0.03
Return on average assets[2]	0.28%	0.43%	0.43%	0.58%	0.34%
Efficiency Ratio[2,5]	83.00%	67.09%	77.88%	73.50%	65.70%

Preferred Equity	Class / Series	CUSIP	Issue Date	Amount Out ($000)	Dividend Rate / Coupon (%)	First Callable Date
Preferred Equity: Non-Cumulative, Perpetual	E	05990K874	2/8/2016	125,000	7.000%	3/15/2021
Preferred Equity: Non-Cumulative, Perpetual	D	05990K882	4/8/2015	115,000	7.375%	6/15/2020
Total Preferred Equity				**$240,000**		

1 All figures from continuing operations unless noted; dollars in millions unless noted per share or percentage.
2 Consolidated operations; Efficiency ratio adjusted for including the pre-tax effect of investments in alternative energy partnerships.
3 Excluding loss on investments in alternative energy partnerships. 4 Non-GAAP measure. Reconciliation within table above. 5 Non-GAAP measure. Reconciliation on slide 18.

Non-GAAP Financial Information

This presentation contains certain financial measures determined by methods other than in accordance with U.S. generally accepted accounting principles (GAAP). These measures include noninterest expense from continuing operations, operating expense from continuing operations, noninterest expense to average assets, and diluted earnings per common share from continuing operations, adjusted for non-recurring items, each excluding loss on investments in alternative energy partnerships and the latter three adjusted for non-recurring items. Management believes that these particular measures provide useful supplemental information in understanding our core operating performance. These measures should not be viewed as substitutes for measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP measures that may be presented by other companies. Reconciliations of these measures to measures determined in accordance with GAAP are contained on slides 7, 8, 16, 18-21 of this presentation.

Non-GAAP measures in this presentation also include tangible equity to tangible assets, tangible common equity to tangible assets, return on average tangible common equity, and adjusted efficiency ratio including the pre-tax effect of investments in alternative energy partnerships. These particular measures are used by management in its analysis of the Company's capital strength and the performance of the Company’s businesses. Banking and financial institution regulators also exclude goodwill and other intangible assets from total stockholders' equity when assessing the capital adequacy of a financial institution. Management believes the presentation of these measures excluding the impact of these items provides useful supplemental information that is essential to a proper understanding of the capital and financial strength of the Company and the performance of its businesses. These measures should not be viewed as substitutes for results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP measures that may be presented by other companies. Reconciliations of these measures to measures determined in accordance with GAAP are contained on slides 18-21 of this presentation.

Non-GAAP Reconciliation

Adjusted Efficiency Ratio Including the Pre-tax Effect of Investments in Alternative Energy Partnerships

(Dollars in thousands)	1Q19	4Q18	3Q18	2Q18	1Q18
Noninterest expense	$ 61,835	$ 49,578	$ 60,977	$ 62,554	$ 59,812
(Loss) gain on investments in alternative energy partnerships	(1,950)	(786)	(2,484)	(1,808)	34
Adjusted noninterest expense	$ 59,885	$ 48,792	$ 58,493	$ 60,746	$ 59,846
Net interest income	$ 67,808	$ 70,842	$ 71,322	$ 72,953	$ 71,624
Noninterest income	6,295	2,644	5,718	9,168	10,452
Total revenue	74,103	73,486	77,040	82,121	82,076
Tax credit from investments in alternative energy partnerships	-	-	412	1,912	7,323
Deferred tax expense on investments in alternative energy partnerships	-	-	(43)	(211)	(769)
Tax effect on tax credit and deferred tax expense	-	26	180	631	2,422
(Loss) gain on investments in alternative energy partnerships	(1,950)	(786)	(2,484)	(1,808)	34
Total pre-tax adjustments for investments in alternative energy partnerships	(1,950)	(760)	(1,935)	524	9,010
Adjusted total revenue	$ 72,153	$ 72,726	$ 75,105	$ 82,645	$ 91,086
Efficiency ratio	83.44%	67.47%	79.15%	76.17%	72.87%
Adjusted efficiency ratio including the pre-tax effect of investments in alternative energy partnerships	83.00%	67.09%	77.88%	73.50%	65.70%
Effective tax rate utilized for calculating tax effect on tax credit and deferred tax expense	27.00%	27.42%	32.81%	27.07%	26.98%

Non-GAAP Reconciliation

Tangible Common Equity to Tangible Assets and Tangible Equity to Tangible Assets

(Dollars in thousands)	1Q19	4Q18	3Q18	2Q18	1Q18
Tangible common equity to tangible assets ratio					
Total assets	$ 9,886,525	$ 10,630,067	$ 10,260,822	$ 10,319,280	$ 10,329,319
Less goodwill	(37,144)	(37,144)	(37,144)	(37,144)	(37,144)
Less other intangible assets	(5,726)	(6,346)	(6,990)	(7,683)	(8,510)
Tangible assets	$ 9,843,655	$ 10,586,577	$ 10,216,688	$ 10,274,453	$ 10,283,665
Total stockholders' equity	$ 948,325	$ 945,534	$ 946,678	$ 988,688	$ 993,756
Less goodwill	(37,144)	(37,144)	(37,144)	(37,144)	(37,144)
Less other intangible assets	(5,726)	(6,346)	(6,990)	(7,683)	(8,510)
Tangible equity	905,455	902,044	902,544	943,861	948,102
Less preferred stock	(231,128)	(231,128)	(231,128)	(269,071)	(269,071)
Tangible common equity	$ 674,327	$ 670,916	$ 671,416	$ 674,790	$ 679,031
Tangible equity to tangible assets	9.20%	8.52%	8.83%	9.19%	9.22%
Tangible common equity to tangible assets	6.85%	6.34%	6.57%	6.57%	6.60%

Non-GAAP Reconciliation

Return on Average Tangible Common Equity

(Dollars in thousands)	1Q19	4Q18	3Q18	2Q18	1Q18
Return on tangible common equity					
Average total stockholders' equity	$ 956,700	$ 960,242	$1,000,819	$1,000,856	$1,019,961
Less average preferred stock	(231,128)	(231,128)	(260,822)	(269,071)	(269,071)
Less average goodwill	(37,144)	(37,144)	(37,144)	(37,144)	(37,144)
Less average other intangible assets	(6,128)	(6,731)	(7,412)	(8,110)	(8,972)
Average tangible common equity	$ 682,300	$ 685,239	$ 695,441	$ 686,531	$ 704,774
Net income	$ 7,037	$ 11,038	$ 11,096	$ 14,780	$ 8,558
Less preferred stock dividends and impact of preferred stock redemption	(4,308)	(4,308)	(7,277)	(5,113)	(5,113)
Add amortization of intangible assets	620	644	693	827	843
Add impairment on intangible assets	-	-	-	-	-
Less tax effect on amortization and impairment of intangible assets	(130)	(135)	(146)	(174)	(177)
Net income available to common stockholders	$ 3,219	$ 7,239	$ 4,366	$ 10,320	$ 4,111
Return on average equity	2.98%	4.56%	4.40%	5.92%	3.40%
Return on average tangible common equity	1.91%	4.19%	2.49%	6.03%	2.37%
Effective tax rate utilized for calculating tax effect on amortization and impairment of intangible assets	21.00%	21.00%	21.00%	21.00%	21.00%

Non-GAAP Reconciliation

Noninterest Expense / Average Assets

(in millions)	1Q19	4Q18	3Q18	2Q18	1Q18
Operating Expense (NIE)					
Total noninterest expense	$ 61.8	$ 49.6	$ 60.9	$ 62.5	$ 59.8
Less loss on investments in alternative energy partnerships	(2.0)	(0.8)	(2.5)	(1.8)	0.0
Less non-recurring items	(5.8)	3.4	(8.0)	(6.4)	(1.0)
Salaries and employee benefits	-	-	-	-	*0.9*
Professional fees	*(3.0)*	*2.7*	*(5.9)*	*(1.5)*	*(4.4)*
Reversal of provision for loan repurchases	-	-	-	-	*1.8*
Restructuring expense	*(2.8)*	*0.1*	*(0.6)*	*(4.0)*	-
Other expense	-	*0.6*	*(1.5)*	*(0.9)*	*0.7*
Total operating expense (NIE)	$ 54.0	$ 52.2	$ 50.4	$ 54.3	$ 58.8
Total operating expense (NIE) annualized	$ 216.1	$ 208.6	$ 201.8	$ 217.2	$ 235.2
NIE[1] / Average Assets	2.10%	2.04%	1.99%	2.12%	2.29%

1. Continuing operations noninterest expenses excluding loss on investments in alternative energy partnerships, annualized, over average consolidated assets