

BANC OF CALIFORNIA, INC.
Form PRE 14A
April 09, 2018

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

BANC OF CALIFORNIA, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth

the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 10, 2018

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of Banc of California, Inc. (the Company), we invite you to attend the Company's Annual Meeting of Stockholders (the Annual Meeting or the Meeting). The Meeting will be held at 8:00 A.M., Pacific Time, on May 31, 2018 at The Pacific Club, located at 4110 MacArthur Boulevard, Newport Beach, California.

Last year, the Company continued to execute on our vision to be California's Bank and our mission of empowering California through its diverse businesses, entrepreneurs and communities. 2017 ushered in decisive and significant changes for the Company and the Bank, not only on the business front, but also with respect to our Board of Directors, management and governance. We welcomed Richard J. Lashley, W. Kirk Wycoff, Mary A. Curran, Bonnie G. Hill and Douglas H. Bowers to the Board last year, each of whom brings a fresh perspective and expertise across multiple disciplines. As our Chief Executive Officer, Doug has been working diligently to bolster the Company's refreshed executive team with the objective of optimizing our commercial banking business.

On the governance side, the Board undertook a comprehensive review of our governance practices and implemented numerous key changes, including adopting new policies that require a more rigorous review of related party transactions and limit outside business interests, and proposing amendments to the Company's charter that were approved at the 2017 annual meeting of stockholders which will gradually declassify the Board and provide for the annual election of all directors, and which enhanced the ability of stockholders to remove directors, amend the Company's bylaws and approve amendments to the Company's charter.

The Board has continued to focus on corporate governance in 2018. In particular, a number of our stockholders have expressed concerns about the evergreen provision of our current, stockholder-approved 2013 Omnibus Stock Incentive Plan (the 2013 Plan), which automatically increases the available share pool for equity-based awards under the 2013 Plan every time the number of outstanding shares increases, and the authority given to our Board in our charter to change the number of authorized shares of the Company's stock without stockholder approval. The Board has proposed, and is recommending stockholders approve at the Annual Meeting, a new 2018 Omnibus Stock Incentive Plan, which does not contain an evergreen provision and includes other improvements over the 2013 Plan from a corporate governance standpoint. The Board is also recommending stockholders approve at the Annual Meeting a proposed charter amendment that would require stockholder approval of any future changes in the number of authorized shares of the Company's stock.

Your vote is important, regardless of the number of shares you hold. We began mailing a Notice of Internet Availability of Proxy Materials to stockholders on April 10, 2018, informing them of the availability online of our proxy statement and our Annual Report to Stockholders for the fiscal year ended December 31, 2017, along with voting instructions. You may choose to access these materials online, or you may request paper or e-mail copies. By making these materials available online and by paper only upon request, the Company is able to reduce its costs for printing and distributing these proxy materials.

Regardless of whether you plan to attend the Annual Meeting, **please read the enclosed proxy statement and vote your shares as promptly as possible.** You can vote by completing, signing and dating the enclosed proxy card and returning it in the accompanying pre-postage paid return envelope. Registered stockholders, that is, stockholders who hold stock in their own names, can also vote their shares by telephone or via the internet. If your shares are held through a bank, broker or other nominee, please check your proxy card to see if you can also vote by telephone or the

internet. Voting promptly will save the Company additional expense in soliciting proxies and will ensure that your shares are represented at the Meeting.

Our Board is committed to the success of the Company and we are focused on enhancing stockholder value. We greatly appreciate your continued confidence and support.

Sincerely,

/s/ Robert D. Sznewajs

ROBERT D. SZNEWAJS

Chair of the Board

Annual Proxy Statement 2018

BANC OF CALIFORNIA, INC.

3 MacArthur Place

Santa Ana, California 92707

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 31, 2018

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders (the Annual Meeting or the Meeting) of Banc of California, Inc. (the Company) will be held:

DATE	May 31, 2018
TIME	8:00 A.M. Pacific Time
PLACE	The Pacific Club 4110 MacArthur Boulevard, Newport Beach, California
ITEMS OF BUSINESS	<p>Proposal</p> <p>No.</p> <p>I. Election of the two Class III director nominees named in this proxy statement, each for a term of one year expiring at the Company's 2019 annual meeting of stockholders.</p> <p>II. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2018.</p> <p>III. Approval of the Banc of California, Inc. 2018 Omnibus Stock Incentive Plan.</p> <p>IV. Approval of an amendment to the Company's charter to eliminate the ability of the Board of Directors to change the number of authorized shares without stockholder approval.</p>
RECORD DATE	Holders of record of the Company's voting common stock at the close of business on March 29, 2018, will be entitled to vote at the Meeting or any adjournment or postponement of the Meeting.
ANNUAL REPORT	The Company's Annual Report to Stockholders for the fiscal year ended December 31, 2017 accompanies this proxy statement.
AVAILABILITY OF MATERIALS	The Company's proxy statement and the Annual Report are also available on the Internet at www.investorvote.com/BANC .
PROXY VOTING	It is important that your shares be represented and voted at the Meeting. You can vote your shares by completing and returning the enclosed proxy card. Registered stockholders, that is, stockholders who hold stock in their own names, can also vote their shares by telephone or via the internet. If your shares are held through a bank, broker or other nominee, check your proxy card to see if you can also vote by

telephone or the internet. **Regardless of the number of shares you own, your vote is very important. Please act today.**

BY ORDER OF THE BOARD OF DIRECTORS,

/s/ John C. Grosvenor

JOHN C. GROSVENOR

General Counsel and Corporate Secretary

Santa Ana, California

April , 2018

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PROXY STATEMENT SUMMARY

Our Annual Meeting Logistics

BANC OF CALIFORNIA, INC.

3 MacArthur Place
 Santa Ana, California 92707
 (949) 236-5211

	Date and Time	Place
	May 31, 2018 8:00 A.M. Pacific Time	The Pacific Club 4110 MacArthur Boulevard Newport Beach, California
	Record Date	Who Can Vote
	March 29, 2018	Holder s of the Company s Voting Common Stock

Our Annual Meeting Agenda

The Board of Directors of Banc of California, Inc. (Banc of California, the Company, we, us and our) is using this proxy statement to solicit proxies from the holders of the Company s voting common stock, par value \$0.01 per share, for use at the upcoming 2018 Annual Meeting of Stockholders (the Annual Meeting or the Meeting) and any adjournments or postponements of the Meeting. Stockholders are being asked to vote on the following matters:

No. Proposal	Board Vote	Page
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		Recommendation:	
I.	Election of the two Class III director nominees named in this proxy statement, each for a term of one year expiring at the Company's 2019 annual meeting of stockholders.	FOR each director nominee	10
II.	Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2018.	FOR	91
III.	Approval of the Banc of California, Inc. 2018 Omnibus Stock Incentive Plan.	FOR	93
IV.	Approval of an amendment to the Company's charter to eliminate the ability of the Board of Directors to change the number of authorized shares without stockholder approval.	FOR	100

These proposals are described in more detail elsewhere in this proxy statement. In addition to these proposals, stockholders will also consider any other matters that may properly come before the Meeting or any adjournment or postponement of the Meeting, although the Board of Directors knows of no other business to be presented.

By submitting your proxy, you authorize the Company's Board of Directors to represent you and vote your shares at the Meeting in accordance with your instructions. The Board also may vote your shares to adjourn the Meeting from time to time and will be authorized to vote your shares at any adjournments or postponements of the Meeting.

For more information about voting mechanics and other general Meeting matters, see *Information About the 2018 Annual Meeting of Stockholders* beginning on page 101. The accompanying Notice of Annual Meeting of Stockholders and this proxy statement are first being made available to stockholders on or about April 1, 2018.

The Company's Annual Report to Stockholders for the fiscal year ended December 31, 2017 (the Annual Report), which includes the Company's audited financial statements, accompanies this proxy statement. The Annual Report does not constitute a part of the proxy solicitation materials and is not incorporated into this proxy statement by reference.

Additionally, some of the information in this proxy statement and the Annual Report relates to the Company's wholly owned banking subsidiary, Banc of California, National Association (the Bank).

Your vote is important. Whether or not you plan to attend the Annual Meeting, please promptly submit your proxy.

PROXY STATEMENT SUMMARY

Our Strategy

Our vision is to be California's Bank with a mission to empower California's diverse businesses, entrepreneurs and communities. The Company strives to maintain a stable foundation to support execution of its strategic plan. The Company's foundation includes:

a strong and powerful brand;

superior markets in which it operates, primarily California;

the balance sheet size required to be competitive;

strong credit and capital metrics; and

an experienced commercial banking leadership team and enhanced corporate governance.

The Company has outlined the following strategic roadmap, which summarizes its strategic plan and objectives:

BANC Strategic Roadmap

The four guideposts of our strategic roadmap provide objectives for which we believe investors can track our progress and execution against our plan:

Build Core Deposits. Our number one priority is to improve our core deposit funding profile and to further reduce our reliance on wholesale and other high-cost funding sources.

Amplify Lending. In order to grow the long-term earnings power of the franchise, we need to continue to increase loan balances, both as we reduce the level of securities and to drive growth of earning assets over time. As we seek to grow our loan portfolio, we must remain focused on risk management and strong credit quality.

Normalize Expenses. We have taken steps to stabilize our expense base. Going forward, we seek to leverage the expenses we incur today to support a larger balance sheet and increased business volumes.

Creating Stockholder Value. The combination of the actions above, we believe, should enhance value for stockholders over time. We believe the foundation we have in place today, coupled with the plan we have outlined, will result in operating leverage as we grow the franchise and improve the overall earnings profile.

PROXY STATEMENT SUMMARY

Changes to our Board of Directors, Executive Team and Corporate Governance

2017 was a year of significant changes for our Board of Directors, our executive team and our corporate governance practices and policies. Our Board appointed four new independent directors following the departure of three former directors. We also welcomed Douglas H. Bowers as our new Chief Executive Officer and President, and as a member of the Board. Under Mr. Bowers' leadership, we now have a management team, including a number of newly appointed executives, that brings a fresh perspective to the Company.

Along with the changes on the Board and to our executive team, we have implemented numerous improvements to our corporate governance practices and policies. More information about these changes can be found throughout this proxy statement, including *Corporate Governance Matters*, *Corporate Governance Highlights During 2017* and *Compensation Discussion and Analysis - A Fresh Perspective for California's Bank: Focus on Corporate Governance and Recent Changes*.

Stockholder Outreach

Since May 2017, the Company has maintained an open communication with its stockholders, during which time the Company has met with over 75 institutional investors. This dialogue is facilitated by attendance at industry conferences and other institutional investor events. Additionally, during the first quarter of 2018, Mr. Bowers and Timothy R. Sedabres, the Company's Investor Relations Officer, led outreach efforts to the Company's largest stockholders to engage in a dialogue regarding a broad range of governance topics. These outreach efforts targeted stockholders representing collectively over 75 percent of the Company's outstanding voting common shares as of year-end 2017.

The Board values the views of stockholders and relies on these engagement efforts, along with regular dialogue with investors to shape its policies regarding corporate governance, compensation, and other items.

PROXY STATEMENT SUMMARY

2018 Governance Enhancements that are being Submitted to Stockholders for Approval

During our stockholder outreach efforts and in other discussions with stockholders, some stockholders have expressed concerns about the evergreen provision of our current, stockholder-approved 2013 Omnibus Stock Incentive Plan (the 2013 Plan), which automatically increases the available share pool for equity-based awards under the 2013 Plan every time the number of our outstanding shares increases, as well as the authority given to our Board in our charter to change the number of authorized shares of the Company's stock without stockholder approval. As a result of this feedback, as well as our Board's continued review of corporate governance best practices, the Board is recommending that stockholders approve the following proposals at the Annual Meeting, which are intended to further enhance the Company's corporate governance:

A new Banc of California, Inc. 2018 Omnibus Stock Incentive Plan (the 2018 Plan), which does not contain an evergreen provision and includes other improvements over the 2013 Plan from a corporate governance standpoint. If approved by stockholders, the 2018 Plan will replace the 2013 Plan with respect to the issuance of any future equity-based awards. In the event stockholders do not approve the 2018 Plan at the Annual Meeting, we will continue utilizing the 2013 Plan.

The Company recognizes that certain historical equity grant practices in the Company's compensation program resulted in a level of issuances that raised concerns for some stockholders due to the resulting dilution. The refreshed Board and Compensation Committee has slowed the Company's issuance of equity awards since early 2017, and the Company believes the 2017 burn rate of equity awards under the 2013 Plan of 1.70% is more indicative of its expected equity grant practices for the foreseeable future, particularly as compared to the Company's average three-year burn rate under the 2013 Plan from 2015 to 2017 of 2.44%. The significantly lower burn rate for 2017 and the proposed elimination of the evergreen provision that will occur if stockholders approve the 2018 Plan at the Annual Meeting reflect the Company's focus on sound utilization of shares available for equity awards.

A proposed charter amendment that would require stockholder approval of any future changes in the number of authorized shares of the Company's stock.

STOCK OWNERSHIP**Stock Ownership of Greater than 5 Percent Stockholders**

The following table shows the beneficial ownership of the voting common stock by those persons or entities known by management to beneficially own more than five percent of the outstanding shares of our voting common stock as of March 29, 2018, the record date for the Annual Meeting.

Name and Address of Greater than 5% Stockholders	Amount and Nature of Beneficial Ownership	Percent of Voting Common Stock Outstanding ⁽¹⁾
BlackRock, Inc. 55 East 52nd Street New York, New York 10055 ⁽²⁾	5,840,706	11.66%
Wellington Management Group LLP 280 Congress Street Boston, Massachusetts 02210 ⁽³⁾	4,876,685	9.74%
PL Capital Advisors, LLC et al. 47 East Chicago Avenue, Suite 328 Naperville, Illinois 60540 ⁽⁴⁾	3,427,219	6.84%
Legion Partners Asset Management, LLC et al. 9401 Wilshire Boulevard, Suite 705 Los Angeles, California 90212 ⁽⁵⁾	2,938,679	5.87%
Patriot Financial Partners, L.P. et al. Cira Centre 2929 Arch Street, 27th Floor	2,850,564	5.69%

Philadelphia, Pennsylvania 19104 ⁽⁶⁾

State Street Corporation	2,512,813	5.02%
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State Street Financial Center

One Lincoln Street

Boston, Massachusetts 02111 ⁽⁷⁾

(1) The percent was calculated based on 50,079,736 shares of voting common stock issued and outstanding as of the record date of March 29, 2018.

(2) As reported in Amendment No. 2 to Schedule 13G filed with the Securities and Exchange Commission on January 19, 2018 by BlackRock, Inc. (BlackRock). The Amended Schedule 13G reports that BlackRock has (i) sole voting power over 5,744,529 shares and (ii) sole dispositive power over 5,840,706 shares.

(3) As reported in the Schedule 13G filed with the Securities and Exchange Commission on February 8, 2018 by Wellington Management Group LLP (Wellington); Wellington Group Holdings LLP (Wellington Group); Wellington Investment Advisors Holdings LLC (Wellington Advisors); and Wellington Management Company LLP (Wellington Company). The Schedule 13G reports as follows:

Wellington has shared voting power over 4,013,167 shares and shared dispositive power over 4,876,685 shares;

Wellington Group has shared voting power over 4,013,167 shares and shared dispositive power over 4,876,685 shares;

Wellington Advisors has shared voting power over 4,013,167 shares and shared dispositive power over 4,876,685 shares; and

Wellington Company has shared voting power over 3,978,294 shares and shared dispositive power over 4,760,916 shares.

(4) As reported in Amendment No. 3 to Schedule 13D filed with the Securities and Exchange Commission on February 10, 2017 by PL Capital Advisors, LLC (PL Capital Advisors); John W. Palmer; and Richard J. Lashley. The amended Schedule 13D reports as follows:

Messrs. Lashley and Palmer have shared voting and dispositive powers over 3,401,719 shares;

PL Capital Advisors has shared voting and dispositive powers over 3,401,719 shares;

Mr. Lashley has sole voting and dispositive powers over 20,000 shares; and

Mr. Palmer has sole voting and dispositive powers over 5,500 shares.

(5)

As reported in Amendment No. 3 to Schedule 13D filed with the Securities and Exchange Commission on May 23, 2017 by Legion Partners Asset Management, LLC (Legion Partners Asset Management); Legion Partners, L.P. I (Legion Partners I); Legion Partners, L.P. II (Legion Partners II); Legion Partners Special Opportunities, L.P. I (Legion Partners Special I); Legion Partners Special Opportunities, L.P. V (Legion Partners Special V); Legion Partners, LLC; Legion Partners Holdings, LLC (Legion Partners Holdings); Bradley S. Vizi; Christopher S. Kiper; Raymond White; and California State Teachers Retirement System (CalSTERS). The Amended Schedule 13D indicates as follows:

Messrs. Vizi, Kiper and White each have shared voting and dispositive powers over 2,938,679 shares;
Legion Partners Asset Management has shared voting and dispositive power over 2,938,479 shares;

STOCK OWNERSHIP

Legion Partners I has shared voting and dispositive power over 1,121,769 shares;
Legion Partners II has shared voting and dispositive power over 102,181 shares;
Legion Partners Special I has shared voting and dispositive power over 1,538,029 shares;
Legion Partners Special V has shared voting and dispositive power over 176,500 shares;
Legion Partners, LLC has shared voting and dispositive power over 2,938,479 shares;
Legion Partners Holdings has shared voting and dispositive power over 2,938,679 shares; and
CalSTERS has sole voting and dispositive power over 92,349 shares.

- (6) As reported in Amendment No. 3 to Schedule 13D filed with the Securities and Exchange Commission on November 10, 2014 by Patriot Financial Partners, L.P. (Patriot Fund, and together with its affiliated entities, Patriot Partners); Patriot Financial Partners Parallel, L.P. (Patriot Parallel Fund); Patriot Financial Partners GP, L.P. (Patriot GP); Patriot Financial Partners GP, LLC (Patriot LLC); Patriot Financial Partners II, L.P. (Patriot Fund II); Patriot Financial Partners Parallel II, L.P. (Patriot Parallel Fund II), Patriot Financial Partners GP II, L.P. (Patriot II GP); Patriot Financial Partners GP II, LLC (Patriot II LLC); and W. Kirk Wycoff, Ira M. Lubert and James J. Lynch, as updated by the Form 4 filed by Mr. Wycoff on July 18, 2017. The Amended Schedule 13D, as updated by Mr. Wycoff's Form 4, indicates as follows:

Messrs. Wycoff, Lubert and Lynch have shared voting and dispositive power over 2,850,564 shares;
Patriot Fund has shared voting and dispositive powers over 1,184,336 shares;
Patriot Parallel Fund has shared voting and dispositive powers over 204,875 shares;
Patriot GP has shared voting and dispositive powers over 1,639,211 shares;
Patriot LLC has shared voting and dispositive powers over 1,639,211 shares;
Patriot Fund II has shared voting and dispositive powers over 1,204,097 shares;
Patriot Parallel Fund II has shared voting and dispositive powers over 257,256 shares;
Patriot II GP has shared voting and dispositive powers over 1,461,353 shares; and
Patriot II LLC has shared voting and dispositive powers over 1,461,353 shares.

- (7) As reported in the Schedule 13G filed with the Securities and Exchange Commission on February 14, 2018 by State Street Corporation (State Street). The Schedule 13G reports that State Street has shared voting and dispositive power over all 2,512,813 shares.

Stock Ownership of Directors and Executive Officers

The following table shows the beneficial ownership of our voting common stock on the record date of March 29, 2018 by:

each director and director nominee of the Company;

each current and former Named Executive Officer (as defined under *Compensation Discussion and Analysis Introduction*); and

all of the current and former Named Executive Officers, current executive officers who are not Named Executive Officers and current directors of the Company as a group.

The address of each of these beneficial owners is the same main address as that of the Company. To the extent any of the beneficial owners hold fractional shares of voting common stock, such fractional shares have been rounded down to the nearest whole share. As of March 29, 2018, there were 50,079,736 shares of voting common stock issued and outstanding.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage of ownership by that person, shares of voting common stock subject to outstanding rights to acquire shares of voting common stock held by that person that are currently exercisable or exercisable within 60 days are deemed outstanding. Such shares are not deemed outstanding for the purpose of computing the percentage of ownership by any other person.

STOCK OWNERSHIP

Stock Ownership of Directors and Executive Officers (continued)

Directors and Executive Officers	Voting Common Stock	Total Number of Shares Subject to Exercisable Options	Total Number of Shares Subject to Exercisable SARs ⁽¹⁾	Total Number of Shares Beneficially Owned ⁽²⁾	Percent of Voting Common Stock Outstanding
Current Named Executive Officers and Directors					
Douglas H. Bowers President, Chief Executive Officer and Continuing Director	68,666			68,666	0.14%
John A. Bogler Chief Financial Officer	20,000			20,000	0.04%
Hugh F. Boyle Chief Risk Officer, Former Interim Chief Executive Officer	100,385	68,000		168,385	0.34%
John C. Grosvenor General Counsel and Corporate Secretary	62,382	12,000		74,382	0.15%
Jason M. Pendergist Head of Real Estate Banking	3,000			3,000	0.01%
Halle J. Bennett , Continuing Director	21,522	3,342		24,864	0.05%
Mary A. Curran , Continuing Director	50			50	0.00%
Bonnie G. Hill , Director Nominee	1,000			1,000	0.00%
Jeffrey Karish , Director	44,005	3,342		47,347	0.09%
Richard J. Lashley , Continuing Director ⁽³⁾	3,421,719			3,421,719	6.83%
Jonah F. Schnell , Continuing Director	39,525	3,342		42,867	0.09%
Robert D. Szniewajs , Chair and Continuing Director	23,831	3,342		27,173	0.05%
W. Kirk Wycoff , Director Nominee ⁽⁴⁾	2,850,564			2,850,564	5.69%
Former Named Executive Officers					
Brian P. Kuelbs ⁽⁵⁾ Former Chief Investment Officer	58,353			58,353	0.12%
Jeffrey T. Seabold ⁽⁶⁾ Former Management Vice Chair	254,433			254,433	0.51%
Steven A. Sugarman ⁽⁷⁾ Former Chair, Former President and Former Chief Executive Officer	388,786	16,165	1,559,012	1,963,963	3.80%
J. Francisco A. Turner	26,118			26,118	0.05%

Former Interim Chief Financial Officer, Former Interim President and Former Chief Strategy Officer Albert J. Wang						0.00%
Former Principal Financial Officer and Former Chief Accounting Officer						
Current and Former Named Executive Officers, Current Executive Officers who are not Named Executive Officers, and current Directors as a group (20 persons)	7,384,340	109,533	1,559,012	9,052,885		17.49%

STOCK OWNERSHIP

- (1) Includes 1,559,012 shares subject to appreciation rights (SARs) held by Mr. Sugarman, all of which were fully vested as of March 29, 2018. The SARs will be settled, on a net basis, in shares of voting common stock based on the fair market value of the voting common stock on the date of exercise. Assuming a fair market value per share on the date of exercise of \$19.30, which was the per share closing price of the voting common stock on the New York Stock Exchange (NYSE) on March 29, 2018, if Mr. Sugarman were to exercise all 1,559,012 of his currently exercisable SARs, he would be entitled to receive an aggregate of 621,790 shares of voting common stock. Using this net number of shares to calculate Mr. Sugarman's beneficial ownership, rather than the gross number of shares to which the SARs relate (1,559,012), the aggregate shares of voting common stock Mr. Sugarman beneficially owned would be 1,026,741, or 2.05 percent and the aggregate shares of voting common stock all directors, current and former Named Executive Officers and current executive officers that are not also Named Executive Officers of the Company as a group would beneficially own 8,032,460 shares, or 16.0 percent.
- (2) Includes 109,533 shares subject to options and 1,559,012 shares subject to SARs that are exercisable as of, or will become exercisable within 60 days after March 29, 2018.
- (3) Includes 3,401,719 shares owned by PL Capital Advisors (as defined in Note 4 to the *Stock Ownership of Greater than 5 Percent Stockholders* table above) and 20,000 shares held directly by Mr. Lashley. Mr. Lashley is a managing member of PL Capital Advisors and, therefore, Mr. Lashley may be deemed to beneficially own these shares.
- (4) Includes 2,850,564 shares owned by Patriot Partners (as defined in Note 6 to the *Stock Ownership of Greater than 5 Percent Stockholders* table above). As a managing member of Patriot Partners, Mr. Wycoff may be deemed to beneficially own these shares.
- (5) The number of shares listed for Mr. Kuelbs under the *Voting Common Stock* column is based on information known to the Company as of March 29, 2018.
- (6) Does not include 201,922 shares of Class B non-voting common stock currently outstanding and held by Mr. Seabold. The number of shares listed for Mr. Seabold under the *Voting Common Stock* column is based on information known to the Company as of March 29, 2018.
- (7) Does not include 52,284 shares of the Company's Class B non-voting common stock held by Mr. Sugarman (together with his spouse through a living trust), shares underlying a warrant held by Mr. Sugarman (together with his spouse through a living trust) to acquire 260,000 shares of the Company's Class B non-voting common stock, or 4,000 depositary shares (Series C Depositary Shares), each representing a 1/40th ownership interest in a share of the Company's 8.00 percent Non-Cumulative Perpetual Preferred Stock, Series C. The number of shares listed for Mr. Sugarman under the *Voting Common Stock* column and the number of Series C Depositary Shares beneficially owned by Mr. Sugarman is based on information known to the Company as of March 29, 2018.

Class B Non-Voting Common Stock. As of March 29, 2018, there were 508,107 shares of our Class B non-voting common stock issued and outstanding. In addition to the shares of voting common stock reflected in the table above, Messrs. Seabold and Sugarman beneficially own shares of the Company's Class B non-voting common stock. As of March 29, 2018, Mr. Seabold beneficially owned a total 201,922 shares, or approximately 40 percent, of our Class B non-voting common stock, which shares were acquired from his exercise of certain warrants between December 8, 2015 and September 30, 2016.

As of March 29, 2018, Mr. Sugarman (together with his spouse through a living trust) beneficially owned 52,284 shares, or approximately 10 percent, of our Class B non-voting common stock, acquired from the exercise of certain warrants on September 30, 2017. As of March 29, 2018, Mr. Sugarman (together with his spouse through a living trust) held warrants to purchase 260,000 shares of Class B non-voting common stock. These warrants are fully-vested, and expire at various dates between April 1, 2018 and July 1, 2018. If Mr. Sugarman and his spouse fully exercise their warrants by paying the exercise price in cash (i.e., without the netting of shares in payment of the exercise price) Mr. Sugarman would be the beneficial owner of approximately 41 percent of the outstanding shares of Class B non-voting common stock as of March 29, 2018.

For a more detailed description of the warrants to purchase shares of the Company's Class B non-voting common stock, including the initial grant date of the warrants and exercise price, please see Note 18 of the notes to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and *Outstanding Equity Awards at December 31, 2017 Information about Warrants and Stock Appreciation Rights Warrants* below.

Series C Preferred Stock. Mr. Sugarman also beneficially owned 4,000 Series C Depositary Shares at the time of his resignation on January 23, 2017, and was believed by the Company to have beneficially owned such Depositary Shares as of March 29, 2018. This amount represents approximately 0.25 percent of the outstanding Series C Depositary Shares as of March 29, 2018. To the Company's knowledge, none of the other directors or executive officers of the Company beneficially owned any Series C Depositary Shares as of March 29, 2018.

STOCK OWNERSHIP

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10 percent of the Company's voting common stock, to report to the Securities and Exchange Commission their initial ownership of the Company's equity securities and any subsequent changes in that ownership. Specific due dates for these reports have been established by the Securities and Exchange Commission and the Company is required to disclose in this report any late filings or failures to file.

To the Company's knowledge, based solely on our review of the copies of these reports furnished to the Company and written representations that no other reports were required during the fiscal year ended December 31, 2017, all Section 16(a) filing requirements applicable to the Company's officers and directors during 2017 were met, except for an inadvertent failure by Mr. Bowers to timely file his Form 3 following the effective date of his appointment as the Company's President and Chief Executive Officer on May 8, 2017.

PROPOSAL I

Proposal I ELECTION OF DIRECTORS

General

The Company's Board of Directors currently consists of nine directors and is divided into three classes, though the number of directors will be reduced to eight effective at the conclusion of the Annual Meeting as a result of the previously reported decision of Jeffrey Karish not to stand for re-election at the Meeting. The Board intends to evaluate its membership as needed in light of Mr. Karish's departure. Previously, directors in each class were generally elected to serve for three-year terms that expired in successive years. However, at the Company's 2017 annual meeting of stockholders, our stockholders approved an amendment to our charter to progressively declassify the Board. Directors currently serving three-year terms will continue to serve until the end of their respective terms. As the term for each class of directors expires, directors will be elected to one-year terms until each of the current three classes expires, resulting in the entire Board standing for re-election for one-year terms at the 2020 annual meeting of stockholders and at each annual meeting of stockholders thereafter. The chart below depicts the process for the progressive declassification of the Board.

The existing terms of the Class III directors, which include Bonnie G. Hill, Mr. Karish and W. Kirk Wycoff, will expire at the Annual Meeting. Dr. Hill and Mr. Wycoff have both been nominated for re-election, each for a one-year term that will expire at the 2019 annual meeting of stockholders. See *Two Nominees for Director at the Annual Meeting* below.

PROPOSAL I

As noted above, Mr. Karish has declined to stand for re-election, but will continue to serve until the expiration of his term effective at the conclusion of the Annual Meeting. The Board and the Company thank Mr. Karish for his service on the Boards of the Company and the Bank. His leadership, business expertise and historical knowledge of the Company have been invaluable. Under the leadership of Mr. Karish as Chair of the Compensation and Human Capital Committee (the Compensation Committee) since the first quarter of last year, the Company has made significant improvements to its overall compensation structure. Mr. Karish has also been a committed and active member of the Board in seeing the Company through the adversities it has faced in recent years. The Board appreciates his dedication to the Company and its stockholders over the past seven years and wishes him continued success.

Current Board of Directors

Details about the current Board of Directors, including their class, qualifications, and committee memberships are reflected in the table below.

Name	Director			Industry-Related Qualifications	Principal Occupation	Committee Memberships					
	Age ⁽¹⁾	Since	Class ⁽²⁾			A	CHC	NCG	ALCO	CR	ER
Benett	51	2013	II		Managing Director and Head of Diversified Financial Services Investing Melody Capital Partners			C			
Bowers	60	2017	II		President and Chief Executive Officer Banc of California, Inc. and Banc of California, N. A.				C		
Curran	61	2017	I		Former Executive Vice President and Corporate Banking Chief Risk Officer					C	

MUFG Union Bank

*Hill 76 2017 III

President

B. Hill Enterprises, LLC

Karish ⁽³⁾ 44 2011 III

Private Equity Investor and Director

Heritage Development Organization

Lashley 59 2017 I

Principal and Managing Member

PL Capital Advisors, LLC

Schnel 45 2013 I

Chair and President

Fast A/R Funding

Sznewajs 71 2013 II

Former President and Chief Executive Officer

West Coast Bancorp

*Wycoff 59 2017 III

Managing Partner

Patriot Financial Partners

Accounting and Financial Expertise
Banking Industry Experience
Banking Regulatory Experience
Compensation and Employee Benefits
Corporate Governance
Executive Leadership
Risk Management Expertise
Financial Expert

* Director Nominee
A Audit
ALCO ALCO
CHC Compensation and Human Capital
CR Credit
ER Enterprise Risk
NCG Nominating and Corporate Governance
C Chair

PROPOSAL I

- (1) As of March 29, 2018.
- (2) Effective at the conclusion of the Annual Meeting, Class III will be eliminated with all current members reclassified as Class I directors if re-elected at the Annual Meeting. The terms of the remaining director classes will be as follows: Class I, with terms expiring at the 2019 annual meeting of stockholders; and Class II, with terms expiring at the 2020 annual meeting of stockholders.
- (3) As noted above, Mr. Karish has decided not to stand for re-election as a director of the Company at the Annual Meeting or as a director of the Bank at the 2018 annual meeting of the sole stockholder of the Bank. As such, Mr. Karish will continue to serve as a director of the Company and the Bank until his current term ends at the conclusion of the Annual Meeting.

Director Nominations and Proposals by Stockholders

Director nominations by stockholders and stockholder proposals must be made pursuant to timely notice in writing to the Corporate Secretary, as set forth in Section 1.09 of the Company's bylaws. A stockholder's notice must be received by the Company not less than 90 days, nor more than 120 days, prior to the first anniversary of the preceding year's annual meeting to be considered timely. If, however, the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the prior year's date, notice by the stockholder must be delivered not earlier than 120 days prior to the date of the meeting and not later than the close of business on the later of the 90th day prior to the date of the meeting or the 10th day following the day on which notice of the date of the meeting was mailed or public announcement of the date of the meeting was first made. The stockholder's notice must also include the information set forth in Section 1.09 of the Company's bylaws. The Company's bylaws contain additional notification requirements for stockholder proposals, regardless of whether they are submitted for inclusion in the Company's proxy materials.

Two Nominees for Director at the Annual Meeting

As noted above, at the recommendation of the Nominating and Corporate Governance Committee (the Nominating Committee), the Board has nominated Bonnie G. Hill and W. Kirk Wycoff, for re-election, each for a one-year term.

Dr. Hill and Mr. Wycoff have each consented to being named as a director nominee in this proxy statement and agreed to serve if re-elected. Further, Dr. Hill and Mr. Wycoff each qualify as an independent director under the Corporate Governance Listing standards of the NYSE, as applied in accordance with the Company's Corporate Governance Guidelines.

Set forth below is information about the two director nominees, including their principal occupation, business experience and qualifications to serve on the Board of Directors.

The Board of Directors unanimously recommends that you vote FOR Dr. Hill and Mr. Wycoff.

PROPOSAL I

Director Nominees with Terms Expiring at the Annual Meeting

Class III

BONNIE G. HILL

Independent Director Dr. Hill has served as the President of B. Hill Enterprises, LLC, a consulting firm focusing on corporate governance, board organizational and public policy issues since 2001. She is also co-founder of Icon Blue, a brand marketing company founded in 1998 and based in Los Angeles. Dr. Hill has over 25 years of experience serving on numerous corporate boards with a wide-ranging career in business, government, education, and philanthropy. Currently, Dr. Hill is a faculty member of the National Association for Corporate Directors (NACD) Board Advisory Services Program, is a founding member of the Lead Directors Network, and sits on the Ira M. Millstein Center for Global Markets and Corporate Ownership Advisory Committee for Columbia Law School and the National Board of 2020 Women on Corporate Boards. Dr. Hill has also served as a director of numerous publicly-held companies, including the California Water Service Group (NYSE: CWT), The Home Depot, Inc. (NYSE: HD), Yum! Brands, Inc. (NYSE: YUM) and AK Steel Holding Corp. (NYSE: AKS). Dr. Hill also co-chaired the NACD Blue Ribbon Commission Report on Building the Strategic-Asset Board published in 2016; served on the board of Financial Industry Regulatory Authority Investor Education Foundation; and is a former member of Public Company Accounting Oversight Board Investor Advisory Group.

Class III

Age: 76

From 1997 to 2001, Dr. Hill served as President and Chief Executive Officer of The Times Mirror Foundation and as Senior Vice President, Communications and Public Affairs, for the Los Angeles Times. From 1992 to 1997 she served as Dean of the McIntire School of Commerce at the University of Virginia, and prior to that, Secretary of the State and Consumer Services Agency for the State of California. Dr. Hill has held a variety of presidential appointments, including Vice Chair of the Postal Rate Commission and Assistant Secretary in the U.S. Department of Education under President Reagan, and as Special Adviser to President George H. W. Bush for Consumer Affairs. She has chaired the Consumer Affairs Advisory Committee for the Securities and Exchange Commission and served on the board of directors of NASD Regulation, Inc. Prior to working in Washington, D.C., Dr. Hill served as a Vice President with Kaiser Aluminum and Chemical Corporation.

Dr. Hill has a Bachelor of Arts degree from Mills College, a Master of Science degree from California State University, Hayward, and a Doctorate of Education from the University of California at Berkeley.

Dr. Hill's extensive background in board leadership and corporate governance has significantly supported the Company's ongoing efforts to improve its corporate governance practices as well as to broaden the Board's perspective in business and throughout the communities the Company serves.

PROPOSAL I
W. KIRK WYCOFF

Independent Director Mr. Wycoff is Managing Partner of Patriot Financial Partners, a private equity fund headquartered in Philadelphia holding committed capital of \$650 million, maintaining a long only, value-oriented buy and hold strategy designed to provide growth capital to financial services companies that require additional equity to grow. Prior to joining Patriot Financial Partners, Mr. Wycoff served as Chairman and Chief Executive Officer of Continental Bank Holdings, a de novo community bank serving the Philadelphia metro market, from 2005 to 2007, and from 1991 to 2004 he served as Chairman, Chief Executive Officer and President of Progress Financial Corp. and Progress Bank. He currently serves on the boards of Porter Bancorp (NASDAQ: PBIB), Radius Bank and U.S. Century Bank, and recently served as a director of Guaranty Bancorp (NASDAQ: GBNK) and its subsidiary, Guaranty Bank and Trust Company, and Heritage Commerce Corp. (NASDAQ: HTBK) and its subsidiary, Heritage Bank of Commerce. Previous board positions held by Mr. Wycoff include Square 1 Financial, Inc., NewSpring Ventures-Fund I, NewSpring Mezzanine Fund as well as service on the boards of The Lincoln Center during which he served as Chair of its Finance Committee. He received a Bachelor of Arts degree in Business Administration and Finance from Franklin & Marshall College.

Class III

Age: 59

Mr. Wycoff's 39 years in the banking industry, which includes 18 years of experience as an executive officer and more than 10 years in various director positions, brings extensive leadership and community banking experience to our Board, including executive management, risk, credit and resolution experience, risk assessment skills and public company expertise. As the Managing Partner of Patriot Financial Partners, he also provides the perspective of a significant investor in the Company.

PROPOSAL I

Continuing Directors

Set forth below is information about the directors whose terms of office continue beyond the Meeting, including each individual's principal occupation, business experience and qualifications to serve on the Board of Directors.

Class I

Terms to Expire at the 2019 Annual Meeting

MARY A. CURRAN

Independent Director

Ms. Curran spent 25 years at MUFG Union Bank, N.A., during which time she held several executive level positions, including Executive Vice President, Corporate Banking Chief Risk Officer from 2011 to 2014, and Executive Vice President, Head of The Private Bank at Union Bank from 2006 to 2011. During her time with Union Bank, Ms. Curran worked closely with its board and management to build an infrastructure focused on a strong, proactive, integrated and effective risk management. Ms. Curran was also tasked with improving the performance of Union Bank's Wealth Management practice, a business unit with offices throughout California, Washington and Oregon.

Class I

Age: 61

Ms. Curran currently serves as Chair of San Diego State University's Campanile Foundation Board and Executive Committee in addition to serving on the Nominating & Governance Committee and the Athletics Committee. She also serves on the Board of Directors and Nominating/Governance Committee for Hunter Industries, a privately held global irrigation and landscape lighting manufacturing company. Previous board service includes: Chair of the California Bankers Association where she remains involved on the Banker Benefits Board and Chair of the San Diego Sports Commission. Ms. Curran is a current member of the Corporate Directors Forum, San Diego, The Corporate Director's Roundtable of Orange County, Women Corporate Directors and the NACD. Ms. Curran is a NACD Governance Fellow, and holds a Bachelor of Science degree in Journalism from the University of Colorado, Boulder and a Master's from San Diego State University.

Ms. Curran's broad range of experience in risk management and community involvement within the financial services industry, especially in California, in addition to her prior business

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and other leadership positions, have enhanced the Board's perspective.

PROPOSAL I

RICHARD J. LASHLEY

Independent Director Mr. Lashley is Managing Member of PL Capital Advisors, LLC, a Securities and Exchange Commission registered investment advisory firm, and co-founder of PL Capital, LLC, a firm founded in 1996. PL Capital Advisors specializes in the banking industry and was named by the *American Banker* as one of the top community bank investors in the country. PL Capital is also one of the Company's largest stockholders. Mr. Lashley's primary responsibilities at PL Capital Advisors include portfolio management and research. Mr. Lashley has extensive experience serving on the boards of directors of numerous publicly-held and privately-held banks throughout the United States, including current service on the boards of directors of MutualFirst Financial, Inc. (NASDAQ: MFSF) and its subsidiary bank, MutualBank, and prior service on the boards of directors of Metro Bancorp, Inc. State Bancorp, Inc. and BCSB Bancorp, Inc. Mr. Lashley also has diverse experience as Chairman and/or member of numerous board committees. From 1994 to 1996, he was a Director in KPMG LLP's corporate finance group, where he led a team providing merger and acquisition advisory services to banks throughout the country. From 1984 to 1993 he worked for KPMG LLP as a CPA providing professional accounting services to banks and other financial services companies in New York and New Jersey. From 1992 to 1993 he served as the Assistant to the Chairman of the AICPA Savings Institution Committee in Washington D.C. Mr. Lashley received his Master's from Rutgers University and a Bachelor of Science degree from Oswego State University. He is licensed as a CPA in New Jersey (status inactive).

Class I

Age: 59

Mr. Lashley's extensive experience at KPMG providing professional accounting and advisory services, as well as his service on numerous bank boards and his experience at PL Capital managing investments in the banking industry enable him to be a significant contributor to the Board. Mr. Lashley has been designated by the Board as an audit committee financial expert and is currently the Chair of the Audit Committee. Mr. Lashley was appointed as a director pursuant to a Cooperation Agreement between the Company and PL Capital Advisors and its affiliates dated as of February 8, 2017. For additional information, regarding the Cooperation Agreement, see *Transactions with Related Persons*.

PROPOSAL I

JONAH F. SCHNEL

Independent Director

Class I

Age: 45

Mr. Schnel is the Chairman and President of Fast A/R Funding, a private company focused on lending to small businesses throughout the United States. Presently, Mr. Schnel also manages Timco CNG, a company operating public-access, compressed, natural gas stations in Southern California. Previously, Mr. Schnel led the recapitalization of National Capital Management, an acquirer and servicer of distressed consumer debt, and assisted management during that company's significant growth through its acquisition by Portfolio Recovery Group, Inc. in 2012. Prior to that, Mr. Schnel was a Partner at ITU Ventures for seven years, a venture capital firm making early-stage investments in technology companies associated with innovation emerging from leading research universities in the United States. Earlier in his career, Mr. Schnel worked as a manager at SunAmerica Investments, Inc. in the real estate investment division with a primary focus on first lien lending in a diversified range of commercial real estate assets. Mr. Schnel currently serves as the Chair and President of the Southern California Chapter of the Tourette Association of America. Mr. Schnel completed the director training and certification program at the UCLA Anderson School of Management and received his Bachelor's degree, summa cum laude, from Tulane University.

Mr. Schnel's diverse experience in founding and managing numerous privately-held companies and investments in various industries such as specialty finance and lending, alternative energy, gaming and technology, as well as his proficiency in commercial real estate and managerial oversight of a diverse set of finance-related businesses, has considerably strengthened the Board. His leadership, knowledge and experience are key assets to the oversight and risk-management of the Company's strategic plan and regulatory obligations as Chair of the Enterprise Risk Committee.

PROPOSAL I**Class II****Terms to Expire at the 2020 Annual Meeting****HALLE J. BENETT**

Mr. Benett has been the Managing Director and Head of Financial Services Investing at Melody Capital Partners effective September 2016, for which his work frequently brings him to California. Prior to that, Mr. Benett was the Managing Director and Head of Diversified Financials Investment Banking at Keefe, Bruyette & Woods, a Stifel Company. Mr. Benett has completed over 100 equity and debt capital raises in addition to having participated in more than 40 merger and acquisition transactions. Before joining Keefe, Bruyette & Woods in 2014, Mr. Benett was a Senior Advisor for Ares Management, working with the firm's capital markets, private debt, private equity and real estate groups. Prior to that, Mr. Benett spent 16 years at UBS Financial Institutions, Investment Banking in the Americas serving as the head from 2011 through 2013 and as co-head from 2008 through 2010. Prior to that, Mr. Benett headed Global Specialty Finance at PaineWebber/UBS Investment Bank after having advanced from his role with the company as Managing Director. Mr. Benett began his career at Ryan, Beck & Co. and received his Masters of International Affairs from Columbia University and a Bachelor's degree in Political Science and History from Rutgers University.

Independent Director

Class II

Age: 51

Mr. Benett's wide range of experience in the financial services industry, including having worked with banks, thrifts, mortgage companies, insurance companies, alternative asset management companies and specialty finance companies, has considerably broadened the Board's perspective. More recently, Mr. Benett has played a significant role in the Board's objective to further enhance corporate governance and the Company's stockholder outreach efforts. Mr. Benett also serves as a board-designated audit committee financial expert as a member of the Audit Committee.

DOUGLAS H. BOWERS

Mr. Bowers was appointed as President and Chief Executive Officer of the Company and the Bank, and as a director of the Bank effective May 8, 2017 and was appointed as a director of the Company effective at the conclusion of the Company's 2017 annual meeting of stockholders on June 9, 2017. Mr. Bowers is a veteran banking executive with over 35 years of banking experience and previously served as Chief Executive Officer of Square 1 Bank from

Non- Independent
Director

Class II

2011 until its sale to PacWest Bancorp in October 2015, and then served as President of Square 1 Bank, a division of Pacific Western Bank, until April 2016. Prior to that, Mr. Bowers held roles at Lone Star/Hudson Advisors, a leading private equity firm, and at Bank of America, where he spent nearly thirty years leading various divisions, including Commercial Banking, Corporate Banking, Leasing and Specialized Products. Mr. Bowers holds a Bachelor's degree in Finance and Economics from Ball State University.

Age: 60

Mr. Bowers' deep and comprehensive background and his practical experience in growing commercial banking businesses directly align with the Company's current focus, and ideally position him to make substantial contributions to the Board, both as a director and as the leader of the Company's executive team.

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Annual Proxy Statement 2018

PROPOSAL I

ROBERT D. SZNEWAJS

Chair, Independent Director

Class II

Age: 71

Mr. Sznewajs was the President and Chief Executive Officer of West Coast Bancorp from 2000 to 2013, an Oregon-based bank holding company which was sold in 2013 with \$2.5 billion in assets. Mr. Sznewajs has held a variety of executive level roles in large financial services institutions, including Vice Chair of U.S. Bancorp; President and Chief Operating Officer of BankAmericard; Executive Vice President and Manager of Valley National Bancorp; and President and Chief Executive Officer of Michigan National Bank. In addition to nearly 40 years of experience in the areas of regulatory matters, operations and technology, consumer and commercial banking, sales and marketing, management of investment portfolios and mergers and acquisitions, Mr. Sznewajs has also served on several boards and executive committees, namely Outerwall, Inc. (formerly Coinstar); the Portland Branch Board of the Federal Reserve Bank of San Francisco; the Oregon's Bankers Association; the United Way; the Association for Corporate Growth; and the Bates Group, LLC. Mr. Sznewajs received both his Master's and Bachelor's degrees from the University of Detroit and is a licensed CPA (status inactive).

In addition to Mr. Sznewajs's responsibilities as the Board Chair, he is one of the Company's Board-designated audit committee financial experts and served as Chair of the Audit Committee prior to Mr. Lashley's appointment to that position. His broad and deep experience in the banking industry, including having been the Chief Executive Officer of a publicly-held bank holding company, makes him a particularly valued member of the Board.

CORPORATE GOVERNANCE MATTERS

The Board of Directors and management are committed to sound and effective corporate governance practices. The Company has established a corporate governance framework, with policies and programs that not only satisfy applicable regulatory requirements but also are expected to build value for the Company's stockholders.

Corporate Governance Highlights During 2017

The chart below summarizes the key actions taken by the Board with respect to corporate governance during 2017.

APPOINTMENTS

Appointed an **Independent Board Chair**

We separated the positions of the Board Chair and Chief Executive Officer by appointing Robert D. Szniewajs as our independent Board Chair on January 23, 2017.

Appointed **Two Independent Directors** who are also **Significant Stockholders**

We appointed two new independent directors to the Board in February 2017, Richard J. Lashley and W. Kirk Wycoff, who filled the seats vacated by the former Chair and Chief Executive Officer, who resigned in January 2017, and former Vice Chair and Lead Independent Director, who retired in February 2017. The appointment of Messrs. Lashley and Wycoff has resulted in the increase of stockholder representation on the Board and added expertise.

Appointed **Two Independent Directors** both of whom add greater **Diversity** on the Board

We engaged Korn Ferry (Korn/Ferry) to assist the Board to search for additional, qualified directors as well as consulted with a significant stockholder, Legion Group, to add two independent directors to the Board. In March 2017, Mary A. Curran and Bonnie G. Hill were appointed to the Board effective at the conclusion of the 2017 annual meeting of stockholders. The appointments of both Ms. Curran and Dr. Hill have added greater diversity and expertise to the Board.

Appointed a **New President and Chief Executive Officer**

After considering candidates identified through a separate search conducted by Korn/Ferry, Douglas H. Bowers was appointed to serve as President and Chief Executive Officer of the Company and the Bank and as a director of the Bank, effective May 8, 2017. Mr. Bowers became a director of the Company effective at the conclusion of the 2017 annual meeting of stockholders on June 9, 2017.

ADOPTIONS

Adopted a New Related Party Transaction Policy

We adopted a new, more rigorous Related Party Transaction Policy.

Adopted a New Outside Business Activities Policy

We adopted a new Outside Business Activities Policy that tightens controls on activities raising actual or apparent conflicts of interest.

Adopted a Revised Public Communications Policy

We adopted a revised form of Public Communications Policy which allows for more oversight and involvement by the Board and enhances the shared accountability for, and the review of, all public communications by the Company.

ASSESSMENTS

Revised the Director Compensation Program

On February 7, 2017, we revised the director compensation program to lower overall director compensation and impose higher stock ownership thresholds. Shortly thereafter and in consideration of the reorganization of the Board and its committees, the director compensation program was further revised effective July 11, 2017.

Assessed and Revised the Executive Compensation Program

We began an overall review, evaluation and revision of our executive compensation program, in part, on input received from our stockholders.

CORPORATE GOVERNANCE MATTERS

AMENDMENTS

Bylaws Amended

We amended our bylaws to lower the number of directors required to call a special meeting of the Board (other than special meetings called by the Chair) to two directors as compared to the prior requirement that special meetings be called by one-third of the directors.

Amended Our Charter as Approved by the Board

We amended our bylaws to more closely align the majority voting provisions for director elections with the advisory proposal approved by stockholders in 2016.

We amended our bylaws to make it easier for stockholders to submit proposals or nominate director candidates at future annual meetings by (i) simplifying the information that must be provided to the Company; and (ii) changing the general submission period for such proposals and nominations from between 150 days and 180 days before the first anniversary of the preceding year's annual meeting to between 90 days and 120 days before such anniversary date.

Based on feedback received from our stockholder outreach efforts, the Board approved several proposed amendments to our charter, which stockholders approved at the 2017 annual meeting of stockholders. These amendments will progressively declassify our Board to provide for the annual election of all directors starting in 2020 and enhanced the ability of stockholders to remove directors, amend the Company's bylaws and approve amendments to the Company's charter by generally eliminating super-majority voting requirements for those items and by allowing stockholders to remove directors with or without cause.

The charter amendments approved at the 2017 annual meeting of stockholders were part of a number of corporate governance enhancements intended to give the Company's stockholders greater control over the Company's governance. Consistent with these enhancements, the Board has proposed that stockholders approve at the Annual Meeting an amendment

to the Company's charter that would eliminate the current ability of the Board to amend the charter to change the number of authorized shares of the Company's stock without stockholder approval. See *Proposal IV Approval of an Amendment to the Company's Charter to Eliminate the Ability of the Board of Directors to Change the Number of Authorized Shares without Stockholder Approval*.

Corporate Governance Framework

The key components of our corporate governance framework are set forth below:

Corporate Governance Guidelines. The Board of Directors has adopted Corporate Governance Guidelines to provide a framework for effective governance of the Company and its subsidiaries. These Corporate Governance Guidelines are reviewed periodically by the Nominating Committee, and, based upon their review, any revisions that are believed to be in the best interest of the Company are then recommended to the Board for review and approval.

Related Party Transaction Policy. In February 2017, the Board adopted a new Related Party Transaction Policy that restricts transactions with related parties by imposing rigorous standards, with the expectation that such transactions will be rare. The new policy establishes protocols for prior review of proposed related party transactions and requires that they be in, or not inconsistent with, the best interests of the Company and its stockholders. For more information about this policy, see *Transactions with Related Persons*.

Code of Business Conduct and Ethics. The Company's Code of Business Conduct and Ethics (the Code), applies to all directors, officers and employees of the Company and its subsidiaries. The Code is intended to require that all employees and directors adhere to high ethical standards and is reviewed by the Board on a regular basis.

Outside Business Activities Policy. The Board adopted a new Outside Business Activities Policy in February 2017, which supplements the Code, tightens controls on outside business activities of officers and employees and requires non-employee directors to refrain from engaging in outside business activities that create an actual or apparent conflict of interest. For more

CORPORATE GOVERNANCE MATTERS

Stock Ownership Guidelines. The Board has determined that long-term, significant equity ownership by all directors and senior officers is in the best interest of the Company and serves to align the interests of the directors and senior officers with the interests of the Company's stockholders. To that end, the Board has adopted the following stock ownership guidelines:

As required by the Company's Corporate Governance Guidelines as it was updated in February 2017, directors are expected to own stock or stock equivalents with a value equal to five times the then-current annual base cash retainer by the end of the fifth fiscal year following their appointment to the Board. We evaluate stock ownership of our directors annually, on the last day of our fiscal year. As of December 31, 2017, based on the NYSE closing stock price on December 29, 2017, all of the directors were in compliance with the Stock Ownership Guidelines then in effect.

Stock ownership guidelines are also applicable to senior officers as described in more detail below, under the section titled *Stockholder Relations and Corporate Governance Stock Ownership Guidelines*.

Directors are expected to be long-term stockholders and to refrain from selling stock other than for legitimate tax, estate planning, or portfolio diversification purposes. Other than the case of sales through Rule 10b5-1 plans or other similar automated selling programs or sales to pay taxes on compensation paid by the Company, directors are required to provide six-months' notice of any planned sale by such director (or any of his or her affiliates or immediate family members) unless prior approval is received by the Board of Directors.

Evaluating the Board's Effectiveness

information about this policy, see *Transactions with Related Persons*.

Public Communications Policy. The Board adopted a revised form of Public Communications Policy overseen by the Audit Committee which allows for more oversight and involvement by the Board and enhances the shared accountability for, and the review of, all public communications by the Company.

Insider Trading Policy. Directors, officers and employees are obligated to comply in all respects with the Code and the Company's Insider Trading Policy, as well as all Company black-outs or similar trading restrictions as communicated by General Counsel.

The Board and each of its principal standing committees (Audit, Compensation and Nominating) conduct an annual self-assessment aimed at enhancing their effectiveness. As part of the self-assessment process, each Board and committee member provides feedback on a range of topics relevant to the performance and effectiveness of the Board and the applicable committee. In addition, members of the Board participate in a peer evaluation of their fellow directors and provide comments on their own skills and qualifications. The Chair of the Board meets separately with each director to discuss the results of the peer evaluations and individual self-assessments.

The results of the self-assessment process are aggregated and summarized for the Board and for each of the principal standing committees. Comments in the summaries are not attributed to individual Board or committee members to promote candor. The aggregated results and summary of the Board's self-assessment are presented to the Board for its review and discussion at a full Board meeting, at which time the Board considers what, if any, actions might be implemented to enhance future performance of the Board. In addition, each of the principal standing committees discusses the results of its self-assessment and any actions that might be taken to improve the committee's future performance.

The Nominating Committee considers the results of the self-assessment process when it periodically evaluates the size, structure and composition of the Board, as well as the role, composition and allocation of responsibilities among Board committees.

CORPORATE GOVERNANCE MATTERS

Director Education

In accordance with the Company's Corporate Governance Guidelines, all directors are expected to maintain the necessary continuing educational requirements which include, but are not limited to: (i) a component covering professional development in corporate governance; and (ii) a component which covers educational development in subject matter areas that are deemed relevant to the Company's business. In support of continuing education, the Company incurs reasonable expenses to facilitate any mandatory educational and professional development programs or any voluntary programs which the Nominating Committee deem appropriate.

Additionally, each director is required to participate in the Company's compliance training program, wherein the Board is expected to complete annual compliance training overseen by the Company's Chief Compliance Officer.

Corporate Governance Documents

The full texts of the Corporate Governance Guidelines, the Code of Business Conduct and Ethics, and the charters of the Board's standing committees are publicly available under the "About Us" section on the Company's website at www.bancofcal.com by selecting *Investor Relations/Governance Documents* or you may obtain free copies by contacting the Company at:

Banc of California, Inc.

c/o Timothy R. Sedabres

Head of Investor Relations

3 MacArthur Place

Santa Ana, California 92707

(855) 361-2262

IR@bancofcal.com

Director Independence

In accordance with the NYSE Corporate Governance Listing Standards and the Company's Corporate Governance Guidelines, the Board conducted its review of all relationships between the Company and each director and director nominee and has affirmatively determined that, with the exception of Mr. Bowers, none of them has a material relationship with the Company or any other relationship that would preclude his or her independence under the NYSE

Corporate Governance Listing Standards. Accordingly, the Board has determined that each of our current directors other than Mr. Bowers, is an independent director under the NYSE Corporate Governance Listing Standards, as applied in accordance with the Company's Corporate Governance Guidelines. Additionally, the Board has affirmatively determined that each member of the Audit Committee meets the independence and financial literacy requirements for audit committee membership under the NYSE Corporate Governance Listing Standards and Securities and Exchange Commission Rule 10A-3(b)(1), and each member of the Compensation Committee meets the independence and other requirements for compensation committee membership as set forth in the NYSE Corporate Governance Listing Standards. See *Corporate Governance Matters Role and Composition of the Audit Committee and Role and Composition of the Compensation and Human Capital Committee* for specific independence requirements.

Board Leadership Structure

On January 23, 2017, the Board of Directors determined it was in the best interests of the Board and the Company to separate the roles of the Chief Executive Officer and Chair of the Board. The Board believes this structure increases the Board's independence from management and, in turn, leads to better monitoring and oversight of management. Although the Board believes that the Company is currently best served by separating the role of Board Chair and Chief Executive Officer, the Board reviews and discusses the continued appropriateness of this structure on an annual basis.

The Chair of the Board presides at meetings of the Board of Directors and at executive sessions of independent (non-employee) directors, and exercises leadership of Board operations. On January 23, 2017, Mr. Szniewajs, who was initially appointed as a director effective May 15, 2014, was appointed to serve as the Chair of the Board.

Prior to January 23, 2017, the Board maintained a combined role of Chair and Chief Executive Officer and, as a result of the combined role, the Board also maintained the position of Vice Chair and Lead Independent Director. With the separation of the roles of Chair of

the Board and Chief Executive Officer, the Board determined that it was no longer necessary to designate a Vice Chair or Lead

CORPORATE GOVERNANCE MATTERS

Independent Director. In addition, the Board determined that the Chair of the Nominating Committee will discharge the duties of the Chair of the Board in the event that the Chair is unavailable or unable to act.

Risk Oversight

The Boards of Directors of the Company and the Bank oversee the risk profile of the Company and the Bank and management's process for assessing and managing risks, both as a whole as well as through the Boards' committees. The Boards have two primary methods for overseeing risk. The first method is oversight by each Board as a whole and the second method is through the Enterprise Risk Committee, Credit Committee and ALCO Committee of the Boards of the Company and the Bank. The Enterprise Risk Committee is primarily focused on assisting the Boards in discharging their oversight duties with respect to risk management activities, including the establishment of the Company's enterprise risk management framework and associated policies and practices. The Credit Committee is mainly focused on assisting the Boards in their monitoring and oversight of credit processes and asset quality, and compliance with applicable regulatory requirements. The ALCO Committee assists the Boards in their monitoring and oversight of asset and liability strategies, liquidity and capital management and compliance with related regulatory requirements. In accordance with its charter, the Enterprise Risk Committee is responsible for ensuring that the Company has in place an appropriate enterprise-wide framework and processes to identify, prioritize, measure and monitor significant risks, including, without limitation, operational, technology, information security, compliance, legal, reputational, strategic, credit, interest rate and liquidity risks, with the management of credit risk and interest rate risk primarily being overseen by the Credit Committee and ALCO Committee, respectively.

During 2017, the Enterprise Risk Committee, Credit Committee, ALCO Committee and the full Board received reports from executive management and employees who oversee day-to-day risk management duties on the most critical strategic issues and risks facing the Company. The Boards, Enterprise Risk Committee, Credit Committee and ALCO Committee also received reports from the Company's Chief Risk Officer, Chief Compliance Officer, Chief Financial Officer, Chief Internal Audit Officer, the Company's independent auditors, third-party advisors, and other executive management regarding compliance with applicable laws and regulations, risk-related policies, procedures and limits in order to ensure compliance by properly evaluating the effectiveness of the Company's risk controls.

Cybersecurity risk is a key consideration in the operational risk management capabilities at the Company. Under the direction of its Chief Information Security Officer, the Company maintains a formal information security management program, which is subject to oversight by, and reporting to, the Enterprise Risk Committee. Given the nature of the Company's operations and business, including the Company's reliance on relationships with various third-party providers in the delivery of financial services, cybersecurity risk may manifest itself through various business activities and channels, and it is thus considered an enterprise-wide risk which is subject to control and monitoring at various levels of management throughout the business. The Enterprise Risk Committee oversees and reviews reports on significant matters of corporate security, including cybersecurity. The Company also maintains specific cyber insurance through its corporate insurance program, the adequacy of which is subject to review and oversight by the Enterprise Risk Committee as well.

Each of the Company and Bank Boards receives regular reports from the chairs of the Enterprise Risk Committee, Credit Committee and ALCO Committee regarding the committees' considerations and actions. The Enterprise Risk Committee, Credit Committee and ALCO Committee may address risks directly with management, or, where

appropriate, may elevate a risk for consideration by the full Boards, respectively. In addition to these committees, the other Board committees monitor risk aspects relevant to their respective areas of responsibility through direct interactions with management.

Board Composition and Meetings

During 2017, each director attended at least 75 percent of the aggregate of the total number of meetings of the Company's Board of Directors held during the portion of the year he or she was a director and the total number of meetings held by all Board committees on which he or she served during the periods he or she served, other than former director, Eric L. Holoman, who declined to stand for re-election and resigned as a director effective at the conclusion of the 2017 annual meeting of stockholders.

The Board of Directors generally requests that directors attend the Company's annual meeting of stockholders although not required and that the Board Chair attends the Meeting and, if the Chair is not an independent director, the Board generally requests that an independent (non-employee) director attend the Meeting to represent such directors. The 2017 annual meeting of stockholders was attended by six of the seven directors serving at that time as well as the three directors whose appointments were effective at the conclusion of that meeting.

The current composition of the Company Board is reflected below. All members of the Company Board also currently serve as directors of the Bank, each for a one-year term.

CORPORATE GOVERNANCE MATTERS

Robert D. Szniewajs, Chair

Halle J. Benett	Jeffrey Karish
Douglas H. Bowers	Richard J. Lashley
Mary A. Curran	Jonah F. Schnel
Bonnie G. Hill	W. Kirk Wycoff

CORPORATE GOVERNANCE MATTERS

Regular meetings of the Company's Board of Directors were held on a quarterly basis during 2017, with additional (special) meetings held as needed, which also provided for executive sessions of directors without the presence of management. Likewise, separate sessions of only independent directors were held when required or determined by the independent directors to be necessary. Meetings held during the fiscal year ended December 31, 2017, as well as actions taken in the form of a Unanimous Written Consent by the Company's Board of Directors in lieu of holding a special meeting is set forth below.

Company Board Meetings and Actions	Total
Regular Meetings	4
Special Meetings	32
Actions by Unanimous Written Consent	5
Annual Total	41

Committee Composition of the Board of Directors and Meeting Attendance

The Board of Directors of the Company currently has six standing committees. Since all current members of the Company Board also serve as directors of the Bank, each of these committees is a joint committee of the Boards of Directors of the Company and the Bank. The Nominating Committee is responsible for evaluating the structure, composition and duties of each Board committee and recommending any changes to the Board.

In January 2017, the Board separated the compensation, nominating and governance functions into two committees, the Compensation Committee and the Nominating Committee. Shortly thereafter, further changes were made to the composition and structure of the Board's committees including the elimination of the Strategic Committee as well as the Executive Committee in order to facilitate greater participation by all members of the Board in a full range of Company matters.

Additionally and at the recommendation of the Nominating Committee, the Board changed the name of the Compensation Committee to the Compensation and Human Capital Committee wherein oversight of the talent planning and executive recruiting processes was added to the committee's responsibilities under its charter. At that same time and due to the increasing responsibilities of the Enterprise Risk Committee, the ALCO Committee and Credit Committee were formed and consequently, the duties of the Enterprise Risk Committee were trifurcated among the Enterprise Risk Committee, the ALCO Committee and the Credit Committee, respectively. The table below reflects the current composition of the Board committees.

	Audit	ALCO	Compensation and Human Capital	Credit	Enterprise Risk	Nominating and Corporate Governance
Meetings Held in 2017	20	2	22	2	9	22
Actions by Unanimous Written Consent in 2017	1					

CORPORATE GOVERNANCE MATTERS
Role and Composition of the Audit Committee

The following table reflects further information regarding the principal roles and responsibilities of the Audit Committee. For a more comprehensive description, please refer to the Audit Committee charter, which is publicly available under the "About Us" section on the Company's website at www.bancofcal.com by selecting *Investor Relations/Governance Documents*. The Audit Committee's Report is included on page 90 of this proxy statement.

Name, Composition and	Responsibilities	Required Meeting	Frequency
Board Determinations Audit Committee	Hiring, terminating and/or reappointing the Company's independent registered public accounting firm.	Not less than four times annually.	
Richard J. Lashley, Chair			
Halle J. Benett	Monitoring and oversight of the qualifications, independence and performance of the Company's internal auditors and independent registered public accounting firm.	May convene additional meetings from time to time as necessary or appropriate.	
Jeffery Karish			
Robert D. Sznawajs			

After review of each individual's employment experience and other relevant factors, the Board has determined that each member has met the independence and financial literacy requirements set forth in the NYSE Listed Company Manual as well as the regulations of the Federal Deposit Insurance Corporation, and any additional requirements specific to audit committee membership. Further, the Board has affirmatively determined that each member of the Audit Committee is financially literate and at least one member is designated as an audit committee financial expert as defined by the Securities and Exchange Commission.

Approving non-audit and audit services to be performed by the independent registered public accounting firm.

Reviewing the annual audit report prepared by the Company's independent registered public accounting firm.

Monitoring and oversight of the integrity of the Company's financial statements and financial accounting practices.

Monitoring and oversight of the accounting and financial reporting processes of the Company and the audits of the Company's financial statements.

Monitoring and oversight of the effectiveness of the Company's internal control over financial reporting and compliance with legal and regulatory requirements.

Reviewing and assessing the adequacy of the Audit Committee charter on an annual basis.

Based on the recommendations of the Nominating Committee, the Board has determined that Messrs. Lashley, Benett and

Sznewajs each qualify as an audit committee financial expert, as defined in Item 407(d)(5) of Securities and Exchange Commission Regulation S-K, and that each member of the committee meets the independence and financial literacy requirements for audit committee membership under the NYSE Listed Company Manual.

The Board made qualitative assessments of the levels of knowledge and experience of Messrs. Lashley, Bennett and Sznewajs based on a variety of factors.

In the case of Mr. Lashley, the Board considered his extensive experience in providing professional accounting and advisory services, as well as his service on numerous bank boards and audit committees and his experience at PL Capital managing investments in the banking industry for more than 20 years. Mr. Lashley is a certified public accountant (status inactive).

CORPORATE GOVERNANCE MATTERS

Name, Composition and	Responsibilities	Required
Board Determinations		Meeting
		Frequency

In the case of Mr. Benett, the Board considered his approximately 23 years of experience working as an investment banker with financial services companies, through which he has acquired a broad and deep knowledge of financial, accounting and audit-related matters and extensive experience analyzing and evaluating financial statements.

In the case of Mr. Sznewajs, the Board considered his formal education, extensive finance background, expertise in the areas of management, operations and technology, consumer and commercial banking, sales and marketing, investment portfolios and regulatory matters in addition to mergers and acquisitions. With more than 39 years in banking, Mr. Sznewajs has held a variety of executive level positions in financial services organizations across the United States in community and large banks and was the Chief Executive Officer of a publicly held bank holding company. Mr. Sznewajs is a certified public accountant (status inactive).

Role and Composition of the Compensation and Human Capital Committee

The following table reflects further information regarding the principal roles and responsibilities of the Compensation Committee. For a more comprehensive description, please refer to the Compensation Committee's charter, which is publicly available under the "About Us" section on the Company's website at www.bancocal.com by selecting *Investor Relations/Governance Documents*. The Compensation Committee's Report is included on page 73 of this proxy statement.

Name, Composition and Board Determinations Compensation and Human Capital Committee	Responsibilities	Required Meeting Frequency Not less than two times annually.
Jeffrey Karish, Chair	Reviewing and approving director and officer compensation plans, policies and programs.	May convene additional meetings from time to time as necessary or appropriate.
Bonnie G. Hill	Determining, or recommending to the Board for its determination, the compensation of the Company's Chief Executive Officer and other executive officers of the Company, as well as all other officers with total compensation of \$1,000,000 or more.	
Robert D. Szniewajs	Making recommendations to the Board as to the appropriate level of compensation and the suitable mix of cash and equity compensation for directors.	
After review of each member's experience and other relevant factors, the Board has determined that:		
each member is independent, as defined in the NYSE Listed Company Manual, including the additional independence requirements specific to the Compensation Committee membership set forth in the NYSE Listed Company Manual;		
at least two members are non-employee directors as defined in Rule 16b-3(b)(3)(i) promulgated under the Securities Exchange Act of 1934, as amended;	Reviewing and recommending to the Board for approval, subject as necessary or appropriate to stockholder approval, stock option plans and other equity based compensation plans that permit payment in or based upon the Company's stock.	
all members are outside directors as defined for purposes of Section 162(m) and the regulations thereunder; and	Administering the Company's stock option plans and other equity based compensation plans that permit payment in or based upon the Company's stock.	

CORPORATE GOVERNANCE MATTERS

Name, Composition and Board Determinations	Responsibilities	Required Meeting Frequency
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each member meets the considerations specifically relevant to independence from management in connection with performing their duties relating to compensation as defined under the charter.

Overseeing the talent planning and executive recruiting processes.

Produce a report on executive compensation for inclusion in the Company's annual proxy statement and/or annual report on Form 10-K.

The charter of the Compensation Committee does not specifically provide for delegation of any of the authorities or responsibilities of the committee as it relates to compensation, other than the ability of the committee to form and delegate authority to subcommittees when appropriate. This includes the delegation of approval of award grants and other transactions and other responsibilities regarding the administration of compensatory programs to a subcommittee consisting solely of members of the Committee who are (i) non-employee directors as defined in Rule 16b-3(b)(3)(i) under the Securities Exchange Act of 1934, as amended; and/or (ii) outside directors as defined for purposes of Section 162(m). For information about the role of the Chief Executive Officer with respect to the Compensation Committee see *Compensation Discussion and Analysis Role of the Chief Executive Officer and Interim Chief Executive Officer*. None of the Company's executive officers, including the Chief Executive Officer, has any role in determining the amount of director compensation. Director compensation is determined by the full Board after considering the recommendations of the Compensation Committee.

Additionally, the charter of the Compensation Committee authorizes the committee to select and retain compensation consultants, legal counsel or other advisors to advise the committee in carrying out its duties. See *Director Compensation Overview and Previous Director Compensation Arrangements in Effect During 2017*. See also *Compensation Discussion and Analysis Role of Compensation Consultants*.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee is a current or former officer or employee of the Company or any of its subsidiaries. No executive officer has served as a member of the Compensation Committee (or other board committee performing equivalent functions) or as a director of any other entity that has an executive officer serving as a member of the Compensation Committee or the Company's Board of Directors.

For information regarding certain transactions to which the Company is a party in which Mr. Wycoff who is a member of the Compensation Committee, has or may have a direct or indirect material interest. See *Transactions with*

Related Persons.

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CORPORATE GOVERNANCE MATTERS
Role and Composition of the Nominating and Corporate Governance Committee

The following table reflects further information regarding the principal roles and responsibilities of the Nominating Committee. For a more comprehensive description, please refer to the Nominating Committee's charter, which is publicly available under the "About Us" section on the Company's website at www.bancofcal.com by selecting *Investor Relations/Governance Documents*.

Name, Composition and Board Determinations Nominating and Corporate Governance Committee	Responsibilities <u>Nominating</u>	Required Meeting Frequency Not less than two times annually.
Halle J. Benett, Chair	Annually assess the independence of the Board members.	May convene additional meetings from time to time as necessary or appropriate.
Bonnie G. Hill	Identifying, screening and recommending to the Board candidates for membership on the Board, including director nominees proposed by stockholders, in accordance with the Company's bylaws and applicable law. Nominations from stockholders will be considered and evaluated using the same criteria as all other nominations. Final approval of any candidate shall be determined by the full Board.	May convene additional meetings from time to time as necessary or appropriate.
Richard J. Lashley	Identifying, screening and recommending to the Board candidates for membership on the Board, including director nominees proposed by stockholders, in accordance with the Company's bylaws and applicable law. Nominations from stockholders will be considered and evaluated using the same criteria as all other nominations. Final approval of any candidate shall be determined by the full Board.	May convene additional meetings from time to time as necessary or appropriate.
Jonah F. Schnel	Actively seek individuals qualified to become Board members for recommendation to the Board for appointment or nomination for election as directors.	May convene additional meetings from time to time as necessary or appropriate.

After review of each member's experience and other relevant factors, the Board has determined that each member is independent, as defined under the NYSE Listed Company Manual.

Asset forth in the Company's Corporate Governance Guidelines, the following are the minimum requirements for Board membership: (a) the director must possess a breadth and depth of management, business, governmental, nonprofit or professional experience, preferably in a leadership or policymaking role, that indicates the ability to make a meaningful contribution to the Board's discussion of and decision making on the array of complex issues which the Company faces and expects to face in the future; (b) the director must possess sufficient financial literacy or other professional business experience relevant to an understanding of the Company and its business that will enable such individual to provide effective oversight as a director; (c) the director must possess the ability to think and act independently, as well as the ability to work constructively in a collegial environment; (d) the director must demonstrate behavior that indicates that he or she is committed to the highest ethical standards; (e) the director must possess the ability to devote sufficient time and energy to the performance of his or her duties as a director; and (f) the director may not simultaneously serve on the board of directors or equivalent body of an organization that the Board reasonably determines (i) is a

CORPORATE GOVERNANCE MATTERS

Name, Composition and Board Determinations	Responsibilities	Required Meeting Frequency
	<p>significant competitor or potential significant competitor of the Company or of a key vendor of the Company; or (ii) would otherwise benefit from access to the Company's intellectual property, strategic or other confidential or proprietary information. It is also desired that individual directors possess special skills, expertise and background that would complement the attributes of the other directors and promote diversity and the collective ability of the Board to function effectively; and While the Board does not have a specific diversity policy, as stated above our Corporate Governance Guidelines provide that the Nominating Committee should seek to promote diversity on the Board and the committee considers age, gender, race, ethnicity and cultural background when considering and recommending candidates to the Board.</p>	

Corporate Governance

Developing and recommending to the Board a set of corporate governance guidelines and other policies and guidelines which the committee determines necessary and appropriate for adoption by the Company.

Reviewing and approving any insider or related party transactions (as defined in Item 404 of Regulation S-K), in accordance with the Company's Related Party Transaction Policy.

Leading the Board in its annual review of the Board's performance, and the performance of various Committees of the Board.

Recommending to the Board the membership of each Board committee.

Communications with the Board

Stockholders and other interested parties who wish to communicate with the Board or any specific director, including any committee of the Board, or with the chair of any committee, may do so by writing to the address below and the attention of the Corporate Secretary who will then sort the Board correspondence to ensure that the appropriate director(s) receive the communications as applicable.

Banc of California, Inc.

c/o John C. Grosvenor

General Counsel and Corporate Secretary

3 MacArthur Place

Santa Ana, California 92707

DIRECTOR COMPENSATION

Overview

The Compensation Committee is responsible for the periodic review of compensation paid to non-employee directors and recommending changes to the Board, when the Compensation Committee deems appropriate. As indicated below under *Employee Directors*, directors who are also employees of the Company and/or the Bank receive no compensation for their service as directors.

The existing elements of the Company's director compensation program are a combination of cash and stock-based incentives to attract and retain qualified candidates to serve on the Boards of the Company or its subsidiaries. In determining the components of non-employee director compensation, the Compensation Committee considers the significant amount of time directors expend to fulfill their duties, the skill level required of Board members and the nature of the Company's business objectives.

In conjunction with the Board refresh and governance overhaul that took place at the beginning of 2017 and the restructuring of the Board's various committees in June 2017, the Board, upon the recommendations of the Compensation Committee modified several components of the Company's previous director compensation programs during 2017. In making its recommendations, the Compensation Committee considered various business objectives of the Company and the Bank for 2017, reallocation of responsibilities among the Board's committees, and reviewed director compensation programs of several of the Company's peers. Under the guidance of a compensation consultant, Pearl Meyer and Partners (Pearl Meyer), and consideration of compensation data provided by Equilar, Inc. (Equilar), both of whom were engaged by the Compensation Committee, the Compensation Committee recommended revising the Company's director compensation program effective February 7, 2017, and again effective July 11, 2017 following the joint Organizational Meeting of the Boards of the Company and the Bank. These recommended modifications, which were approved by the Board, resulted in a \$25 thousand reduction in the annual retainer for each director in 2017, and a reduction of the amounts payable to certain committee chairs and committee members. The components of the director compensation programs in effect from January 1, 2017 through December 31, 2017 are each summarized in the tables below.

Current Components of Director Compensation, effective July 11, 2017

As discussed above, the composition of the Boards of the Company and the Bank changed considerably during 2017. These changes included:

resignation of the former Board Chair;

retirement of the Lead Independent Director and Vice Chair; and

resignation of another director who opted not to stand for re-election.

As a result of these departures, the Boards of the Company and the Bank appointed:

four independent directors; and

one non-independent, employee director (the new President and Chief Executive Officer of the Company and the Bank, Mr. Bowers).

These changes to the Board's membership also required substantial changes to the composition of the Boards committees. Accordingly, the Compensation Committee reassessed the components of the director compensation program to (i) include the new ALCO Committee and new Credit Committee of the Company and Bank Boards; (ii) decrease the additional compensation paid to the directors serving on the Audit Committee; and (iii) decrease the additional compensation paid to directors serving on the Enterprise Risk Committee as a result of the trifurcation of duties among the Enterprise Risk Committee, the new ALCO Committee and the new Credit Committee which were previously overseen by the Enterprise Risk Committees of the Company and the Bank.

DIRECTOR COMPENSATION

On July 11, 2017, the Compensation Committee recommended, and the Board adopted, the changes to the director compensation program which appear in the chart below, effective immediately. We do not provide non-equity incentive plan awards, deferred compensation or retirement plans for non-employee directors.

Schedule of Current Director Fees effective July 11, 2017

Compensation Element	Cash ⁽¹⁾	Equity ⁽²⁾
Annual Retainer	\$ 87,500	\$ 87,500
	Additional Compensation	
Chair of the Board	\$ 43,750	\$ 43,750
Committee Chair		
Audit	\$ 10,000	\$ 10,000
ALCO	\$ 7,500	\$ 7,500

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Compensation and Human Capital	\$ 7,500	\$ 7,500
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Credit	\$ 7,500	\$ 7,500
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Enterprise Risk	\$ 7,500	\$ 7,500
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Nominating and Corporate Governance	\$ 7,500	\$ 7,500
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Non-Chair Committee Member

Audit	\$ 5,000	\$ 5,000
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ALCO	\$ 3,750	\$ 3,750
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Compensation and Human Capital	\$ 3,750	\$ 3,750
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Credit	\$ 3,750	\$ 3,750
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Enterprise Risk	\$ 3,750	\$ 3,750
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Nominating and Corporate Governance	\$ 3,750	\$ 3,750
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- (1) Cash compensation is payable in equal monthly installments, up to the maximum amount of the specified annual retainer; provided, however, that no monthly cash retainer will be paid after any termination of service; provided further, that with respect to any amounts not paid as a result of a period less than 12 months having elapsed since the previous annual meeting of stockholders, any such unpaid amount will become due and payable upon the subsequent annual meeting of stockholders. Additionally, cash compensation is paid for the entire month of service if one day is served by a director during that month with the exception of committee composition reassignments; the daily rate for service on any assigned committee(s) apply until the effective date of the change to their respective committee assignments.
- (2) Equity awards are currently payable in the form of restricted stock units that will fully vest on the one year anniversary of the grant date, subject to acceleration upon a Change of Control or qualifying termination of service.

Previous Director Compensation Arrangements in Effect During 2017

Director Compensation from January 1, 2017 through February 6, 2017. As approved by the Boards of the Company and the Bank effective July 1, 2016, the table below summarizes the schedule of fees for non-employee directors for their service on the Boards of the Company and the Bank from January 1, 2017 through February 6, 2017.

Schedule of Director Fees from July 1, 2016 to February 6, 2017

Compensation Element	Company	Bank
Annual Retainer	\$100,000 in restricted shares ⁽¹⁾	\$100,000 in cash ⁽²⁾

Additional Compensation

Committee Chair Fees	\$20,000 in restricted shares ⁽¹⁾	\$20,000 in cash ⁽²⁾
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Committee Vice Chair Fees (other than the Lead Independent Director)	\$10,000 in restricted shares ⁽¹⁾	\$10,000 in cash ⁽²⁾
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Lead Independent Director Fees	\$25,000 in restricted shares ⁽¹⁾	\$25,000 in cash ⁽²⁾
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Vice Chair of the Board	\$25,000 in restricted shares ⁽¹⁾	\$25,000 in cash ⁽²⁾
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DIRECTOR COMPENSATION

- (1) Restricted shares were granted and vest in equal annual installments over a five year period, subject to acceleration upon a Change of Control or qualifying termination of service, commencing on the first anniversary of the date of grant and continuing on each anniversary thereafter until fully vested.
- (2) Cash compensation was payable in monthly installments equal to 1/12th of the specified annual retainer amount, up to the maximum amount of the specified annual retainer; provided, however, that no monthly cash retainer could be paid after any termination of service; provided further, however, that any amounts not paid as a result of a period of less than 12 months having elapsed since the previous Annual Meeting of Stockholders became due and payable upon such subsequent Annual Meeting of Stockholders.

Director Compensation from February 7, 2017 through July 10, 2017. In connection with the Board refresh and governance overhaul that took place in the first quarter of 2017, the newly formed Compensation Committee conducted a more extensive review of the Company's director compensation program. The Compensation Committee utilized the resources provided by Equilar, including their annual reports on compensation, disclosure and governance trends, in conjunction with consultations with Pearl Meyer, to assess the Company's overall director compensation program. In doing so, the Compensation Committee considered several factors, including renewed objectives of the Company and the Bank in the areas of corporate governance, stockholder relations and retail and commercial banking. With the assistance of Pearl Meyer and Equilar, the Compensation Committee recommended that the Boards change the director compensation program by decreasing overall director compensation. The changes recommended by the Compensation Committee were approved by the Boards on February 7, 2017, and went into effect immediately.

The schedule below summarizes the components of fees paid to non-employee directors for their service on both the Company Board and the Bank Board from February 7, 2017 through July 10, 2017. See *Corporate Governance Matters Board Composition and Meetings* for the existing composition of the Company Board and the Bank Board.

Schedule of Director Fees from February 7, 2017 to July 10, 2017

Compensation Element	Cash ⁽¹⁾	Equity ⁽²⁾
Annual Retainer	\$ 87,500	\$ 87,500
	Additional Compensation	
Chair of the Board	\$ 43,750	\$ 43,750
Committee Chair		
Audit	\$ 15,000	\$ 15,000
Company Enterprise Risk ⁽³⁾	\$ 10,000	\$ 10,000
Compensation	\$ 7,500	\$ 7,500
Nominating and Corporate Governance	\$ 7,500	\$ 7,500
Non-Chair Committee Member		
Audit	\$ 5,000	\$ 5,000
Company Enterprise Risk ⁽³⁾	\$ 5,000	\$ 5,000
Compensation	\$ 3,750	\$ 3,750
Nominating and Corporate Governance	\$ 3,750	\$ 3,750

(1)

Cash compensation was payable in equal monthly installments, up to the maximum amount of the specified annual retainer; provided, however, that no monthly cash retainer could be paid after any termination of service; provided further, that with respect to any amounts not paid as a result of a period less than 12 months having elapsed since the previous annual meeting of stockholders, any such unpaid amount will become due and payable upon the subsequent annual meeting of stockholders.

- (2) Equity awards will fully vest on the one year anniversary of the grant date, subject to acceleration upon a Change of Control or qualifying termination of service.
- (3) Fee was only payable to directors serving on the Company's Enterprise Risk Committee, and not to directors serving on the Bank's Enterprise Risk Committee, prior to the consolidation of these committees into a joint committee effective in June 2017.

DIRECTOR COMPENSATION

Employee Directors

Directors who were also employees of the Company or the Bank during 2017 received no compensation for their service as directors. Mr. Bowers, the Company's President and Chief Executive Officer served on the Boards of each of the Company and the Bank.

As of the date of this proxy statement, eight out of the nine directors of the Company are independent and are not employees of the Company or the Bank. The one employee director who is non-independent is Mr. Bowers, who was appointed to serve as the Company's and the Bank's President and Chief Executive Officer and as a director of the Bank, effective May 8, 2017, and as a director of the Company, effective June 9, 2017. Per his employment agreement, Mr. Bowers does not receive compensation for his Board service. See *Employment Agreements* for more detail regarding Mr. Bowers' employment agreement.

2017 Summary Table of Director Compensation

The following table provides information regarding 2017 compensation paid to the non-employee directors of the Company and the Bank. Information regarding executive compensation paid to Mr. Bowers in 2017 is reflected in the Summary Compensation Table on page 74 of this proxy statement.

Name ⁽¹⁾	Fees Earned or Paid in	Stock	All Other	Total (\$)
	Cash (\$) ⁽²⁾	Awards (\$) ⁽³⁾⁽⁴⁾	Compensation (\$) ⁽⁵⁾	
Current Non-Employee Directors				
Benett	\$ 136,555	\$ 103,750	\$ 7,919	\$248,224
Curran	\$ 56,955	\$ 98,750		\$155,705
Hill	\$ 55,396	\$ 95,000		\$150,396
Karish ⁽⁶⁾	\$ 133,430	\$ 100,000	\$ 8,464	\$241,894
Lashley	\$ 87,937	\$ 105,000		\$192,937
Schnel	\$ 134,147	\$ 102,500	\$ 10,986	\$247,633
Sznewajs	\$ 172,904	\$ 140,000	\$ 8,737	\$321,641
Wycoff	\$ 84,922	\$ 98,750		\$183,672
Former Non-Employee Directors				
Brownstein	\$ 24,167	\$ 372,146 ⁽⁷⁾	\$ 2,986	\$399,299
Holoman	\$ 64,335	\$ 397,703 ⁽⁷⁾	\$ 4,668	\$466,707

⁽¹⁾ The amounts reported in this table represent amounts paid to each non-employee director for their service on the Company Board, Bank Board and all applicable committee assignments for each director during the fiscal year ended December 31, 2017. For those directors that either resigned from or were appointed to the Board in 2017,

the amounts reported are for service during the following periods:

for Mr. Brownstein, service from January 1, 2017 to February 7, 2017;

for Messrs. Lashley and Wycoff, service from February 16, 2017 to December 31, 2017;

for Ms. Curran and Dr. Hill, service from June 9, 2017 to December 31, 2017; and

for Mr. Holoman, service from January 1, 2017 to June 9, 2017.

- (2) Amount also reflects additional fees paid to the independent directors who served on the Special Committee of the Company Board established on October 27, 2016. Messrs. Benett, Karish, Schnel and Sznawajs each received a one-time additional fee in 2017 in the amount of \$30,000 and Mr. Holoman received a one-time additional fee in 2017 in the amount of \$15,000 based upon the recommendation and approval of the independent, non-Special Committee members of the Company Board.
- (3) Represents the grant date fair value, determined in accordance with ASC Topic 718, of restricted stock units (RSUs) issued on July 14, 2017 to each of our current non-employee directors. These include (a) RSUs granted for service on Board committees, as applicable; and (b) RSUs for the equity portion of the annual retainer.

The assumptions used in the fair value calculations are included in Note 16 to the notes to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the years ended December 31, 2017, filed with the Securities and Exchange Commission on February 28, 2018. The grant date fair value is calculated using the closing market price of the Company's voting common stock on the business day preceding the grant date, which is then recognized as an expense, subject to market value changes, over the scheduled vesting period of the award.

DIRECTOR COMPENSATION

(4) The following table presents: (a) the aggregate number of RSUs granted to each current non-employee director during 2017, the grant date fair values of which are reflected in the table above; (b) the number of RSAs that were accelerated in vesting for each of Messrs. Brownstein and Holoman in connection with their respective departures from the Board; (c) the aggregate number of outstanding unvested RSAs and RSUs held by the current non-employee directors at December 31, 2017; and (d) the aggregate number of outstanding options (both vested and unvested) held by the current non-employee directors at December 31, 2017. The RSUs granted to the current non-employee directors during 2017 are scheduled to vest in full on July 1, 2018. Other than the RSAs that were accelerated for Messrs. Brownstein and Holoman, all other awards listed below generally vest in substantially equal annual installments over a period of five years beginning on the first anniversary of the grant date.

Name	Awards Reflected in the Table Above		Aggregate Awards Outstanding as of December 31, 2017	
	Number of Unvested RSUs	Number of Vested Shares of RSAs	Aggregate Number of Unvested RSAs and RSUs Outstanding	Aggregate Number of Options Outstanding
Current Non-Employee Directors				
Benett	4,988		17,085	7,452
Curran	4,748		4,748	
Hill	4,568		4,568	

Karish	4,808	17,707	7,452
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Lashley	5,049	5,049	
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Schnel	4,928	21,515	7,452
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Sznewajs	6,731	20,071	7,452
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Wycoff	4,748	4,748	
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Former Non-Employee Directors

Brownstein	22,972 ^(a)		
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Holoman	17,955 ^(a)		
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^(a)Represents previously unvested restricted stock awards (RSAs) that were accelerated upon Mr. Brownstein's retirement in February 2017 and the expiration of Mr. Holoman's term as a director at the conclusion of the Company's 2017 annual meeting of stockholders. See note 7 below.

⁽⁵⁾ Amount reflects cash dividend equivalents paid during 2017 on unvested shares of restricted stock awards.

- (6) Mr. Karish has decided not to stand for re-election as a director of the Company at the Annual Meeting or as a director of the Bank at the 2018 annual meeting of the sole stockholder of the Bank. Mr. Karish will continue to serve as a director of the Company and the Bank until the expiration of his current terms effective at the conclusion of the Annual Meeting.

DIRECTOR COMPENSATION

(7) For Messrs. Brownstein and Holoman, the amount reported represents the incremental fair value of previously unvested RSAs that were accelerated in connection with Mr. Brownstein's retirement and the expiration of Mr. Holoman's term as a director. In addition to the accelerated RSAs, 5,598 unvested stock options held by each of Messrs. Brownstein and Holoman accelerated and became fully vested upon their respective departures from the Board, per the terms of their respective stock option agreements. Both Messrs. Brownstein and Holoman exercised their outstanding stock options in full during 2017, and, as of December 31, 2017, did not have any outstanding stock options. The following table sets forth each accelerated RSA and the incremental fair value of the accelerated RSA, calculated in accordance with ASC Topic 718, on the date of acceleration:

Name	Initial Grant Date	Unvested RSAs (#)	Incremental Fair Value on Date of Acceleration
Brownstein^(a)	7/1/2014	2,478	\$40,144
	7/1/2014	3,855	\$62,451
	7/1/2015	2,619	\$42,428
	7/1/2015	4,073	\$65,983
	7/1/2016	5,525	\$89,505
	7/1/2016	553	\$8,959

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	7/1/2016	1,105	\$17,901
	7/1/2016	1,382	\$22,388
	7/1/2016	1,382	\$22,388
		22,972	\$372,146

Holoman^(b)

7/1/2014	3,028	\$67,070
7/1/2014	2,478	\$54,888
7/1/2015	3,200	\$70,880
7/1/2015	2,619	\$58,011
7/1/2016	1,105	\$24,476
7/1/2016	5,525	\$122,379
	17,955	\$397,703

^(a)Incremental fair value of the RSAs accelerated for Mr. Brownstein is based on the closing price of the Company's voting common stock on February 6, 2017 of \$16.20 per share.

^(b)Incremental fair value of the RSAs accelerated for Mr. Holoman is based on the closing price of the Company's voting common stock on June 8, 2017 of \$22.15 per share.

Expiration of Term of Jeffrey Karish

As previously reported, on March 8, 2018 Mr. Karish notified the Company of his decision not to stand for re-election at the Annual Meeting and instead would allow his term to expire. The Compensation Committee has elected to accelerate the vesting of all of Mr. Karish's previously issued, but unvested equity awards, effective May 31, 2018, the date of the Annual Meeting. The accelerated awards are each listed in the table below:

Karish Awards Accelerated in Vesting on May 31, 2018

Award Type	Number of Shares of Restricted Stock or	Exercise Price
	Number of Shares Underlying Options	
RSA	12,899	N/A
RSU	4,808	N/A
Option	736	\$10.90

Option	3,372	\$13.75
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EXECUTIVE OFFICERS
Designation of Executive Officers

The Board periodically evaluates the persons who are designated as executive officers of the Company. As of April 1, 2018 the Company's executive officers include its Chief Executive Officer and Chief Financial Officer as well as other individuals whom the Board determined perform a policy-making function or are in charge of a principal business unit, division or function. These executive officers, all of whom are subject to reporting requirements under Section 16 of the Securities Exchange Act of 1934, as amended, are referred to herein as "executive officers".

Douglas H. Bowers, President and Chief Executive Officer

John A. Bogler

Chief Financial Officer

Hugh F. Boyle

Chief Risk Officer

Rita H. Dailey

Head of Deposits and Treasury

Management

Kris A. Gagnon

Chief Credit Officer

John C. Grosvenor

General Counsel and

Corporate Secretary

(1)

Jason M. Pendergist

Head of Real Estate

Banking

Angelee J. Harris

General Counsel

effective

April 15, 2018

(1) Effective April 15, 2018, Mr. Grosvenor will retire from his role as General Counsel and Corporate Secretary and will no longer be considered an executive officer. Concurrently with Mr. Grosvenor's retirement, Ms. Harris will assume the role of General Counsel and Rachel L. Fisher will assume the role of Corporate Secretary.

In addition to the Chief Executive Officer and Chief Financial Officer, the executive officers are appointed by, and serve at the discretion of the Board, subject to applicable employment agreements.

Executive Officer Biographies

Douglas H. Bowers

*President and Chief Executive
Officer*

Age: 60

See *Proposal I Election of Directors* for Mr. Bowers biography.

John A. Bogler

Chief Financial Officer

Age: 52

Mr. Bogler was appointed Chief Financial Officer of the Company and the Bank effective September 5, 2017, and brings nearly 30 years of experience and a deep set of experiences across accounting, finance, treasury and capital markets functions. Previously, Mr. Bogler served as the Chief Financial Officer at each of Sabal Financial Group, L.P., Sabal Capital Partners, LLC and Sabal Investment Advisors, LLC from 2014 until joining the Company and the Bank in 2017. Mr. Bogler is a founder of Sabal Capital Partners and Sabal Investment Advisors and previously served on the board of Sabal Capital Partners. His responsibilities across the Sabal companies included developing and implementing the corporate support functions, oversight of all financial functions and developing and implementing strategic

EXECUTIVE OFFICERS

initiatives for each company. From 2012 until its sale to PacWest Bancorp in 2014, Mr. Bogler served as Executive Vice President and Chief Financial Officer of CapitalSource Inc. (NYSE: CSE), the holding company for CapitalSource Bank, after having served as Executive Vice President and Chief Financial Officer of CapitalSource Bank from 2008 to 2011. Mr. Bogler holds a Bachelor's degree in Accounting from Missouri State University. Mr. Bogler is a CPA and holds the Chartered Financial Analyst designation.

Hugh F. Boyle

Chief Risk Officer

Age: 58

Mr. Boyle was appointed Executive Vice President and Chief Risk Officer of the Company and the Bank, effective September 30, 2013, and served as Interim Chief Executive Officer of the Company and Interim Chief Executive Officer and President of the Bank from January 23, 2017 until the appointment of Mr. Bowers in May 2017. Prior to joining the Company, Mr. Boyle served as Chief Risk Officer for Flagstar Bank from 2012 to 2013 and as Chief Risk Officer (Caribbean Region) of Canadian Imperial Bank of Commerce from 2009 to 2012. Mr. Boyle has over 30 years of enterprise risk management and credit, capital markets, and investment banking experience, as well as deep consumer and commercial banking and residential mortgage lending experience in both domestic and international markets. Mr. Boyle's investment banking background includes 16 years in credit risk at Goldman Sachs and Lehman Brothers where he worked closely with financial

Rita H. Dailey

Head of Deposits and Treasury Management

Age: 57

Ms. Dailey was appointed Executive Vice President, Deposits and Treasury Management in October 2017, and leads the Company's deposit generation team and product strategies, with responsibility for deposits, specialty markets, treasury product sales and operations. Prior to joining the Company, Ms. Dailey served in several positions for MUFG Union Bank, N.A. from 1993 to 2016 including Managing Director of Investment Banking and Markets, Division Manager Specialized Markets, Division Manager Commercial Treasury Services, as well as senior positions in the areas of corporate and commercial lending and credit underwriting. Ms. Dailey currently serves as a board member for South Coast Repertory Theater and previously served as a board member for Big Brothers/Big Sisters Los Angeles and the National Organization for Women Business Owners. Ms. Dailey holds a Bachelor's degree in Economics from University of Notre Dame and a

institutions globally supporting their debt and equity capital market transactions, trading, M&A and strategic and credit rating advisory work. Mr. Boyle has senior executive experience managing risk and credit at CIBC First Caribbean International Bank and Washington Mutual. Mr. Boyle holds a Master's degree and Bachelor of Science degree from Pennsylvania State University.

Master's in Finance from University of California, Los Angeles.

Kris A. Gagnon

Chief Credit Officer

Age: 66

Mr. Gagnon was appointed Chief Credit Officer on February 7, 2018. Mr. Gagnon has extensive banking experience including

John C. Grosvenor

General Counsel and Corporate Secretary

Age: 68

Mr. Grosvenor was appointed Executive Vice President and General Counsel of the Company effective August 22, 2012

EXECUTIVE OFFICERS

several years of commercial banking centered in key credit roles for numerous institutions, as well as extensive knowledge of the Southern California market as well as diversified business sectors and verticals. Mr. Gagnon's expertise is centered on building and refining commercial credit policies, systems and administration. Prior to joining the Company and the Bank, Mr. Gagnon served as Chief Credit Officer at OneWest Bank/CIT Bank from 2011 to 2016 and brings considerable expertise as a top tier credit executive in commercial banking. He also held various senior leadership roles at Bank of America for 30 years, including serving as Enterprise Credit Risk Executive, Chief Risk Officer of the Global Corporate and Commercial Bank and as Chief Credit Officer for the Commercial Banking, ABL, Leasing and Global Treasury Services divisions. He holds a Bachelor's degree from California State University Fullerton.

and appointed as the Corporate Secretary effective June 2, 2014. Prior to his employment with the Company, Mr. Grosvenor served as a partner at the law firm of Manatt, Phelps & Phillips, LLP from 2000 to 2012, where his clients included the Company. While in private practice, Mr. Grosvenor specialized in capital markets transactions, including public and private offerings of equity and debt securities, representing underwriters and issuers, including commercial banks, specialty finance companies, thrift institutions and equity and mortgage real estate investment trusts. In addition, Mr. Grosvenor has substantial experience in merger and acquisition transactions, particularly in the financial services industry, and advised frequently on regulatory aspects of transactions involving depository institutions. Mr. Grosvenor has also represented numerous boards of directors as corporate governance counsel. Mr. Grosvenor holds a Bachelor's degree from UCLA and a Juris Doctor from Loyola Law School, Master of Laws (in Taxation) from George Washington University National Law Center and is a member of the California and Washington D.C. bars.

Jason M. Pendergist

Head of Real Estate Banking

Age: 42

Mr. Pendergist was appointed Executive Vice President, Head of Real Estate Banking on September 6, 2017. Prior to joining the Company, Mr. Pendergist served as Executive Vice President and Chief Lending Officer of Luther Burbank Savings from 2014 to 2015, and as President Consumer & Commercial Banking in 2015 to 2017. He also spent

Angelee J. Harris

General Counsel, effective April 15, 2018

Age: 48

Ms. Angelee J. Harris has served as Executive Vice President, General Counsel Banking for the Company since 2013 and, effective April 15, 2018, will begin serving as General Counsel for the Company and the Bank. Ms. Harris is a highly credentialed corporate attorney with expertise in corporate securities, M&A and bank operations and a track record of success in

more than twelve years at JP Morgan Chase serving in a variety of roles within the Commercial Term Lending business from 2002 to 2014. At JP Morgan Chase, Mr. Pendergist served as Senior Vice President overseeing the California market and later as Managing Director and Head of the Eastern Region. Mr. Pendergist currently serves as Vice-Chairman of Miracles for Kids, a nonprofit organization serving children with life-threatening illnesses and the families that care for them, and previously served as Chairman of the Commercial Real Estate Council for the American Bankers Association. Mr. Pendergist holds a Bachelor's degree in communication and a Master's degree in Finance from the University of Colorado, Boulder.

managing in-house responsibilities of a publicly traded bank holding company. Ms. Harris was a partner and associate with the law firm of Manatt, Phelps & Phillips, LLP for more than 11 years where she represented public and private companies in connection with mergers and acquisitions, capital market transactions and corporate governance. Additionally, for a period of three years prior to its acquisition, Ms. Harris acted as Executive Vice President and General Counsel of the publicly traded company Placer Sierra Bancshares, the holding company of a commercial bank with more than \$2 billion in assets. Ms. Harris has more than 14 years' experience as a senior counselor and business partner and is adept at providing practical legal advice and identifying potential legal risks. Ms. Harris earned her Bachelor's degree from Brigham Young University and her Juris Doctor from the University of Utah and is licensed to practice law in both California and Utah.

TRANSACTIONS WITH RELATED PERSONS

General

The Company and the Bank may engage in transactions with the Company's directors and executive officers, beneficial owners of more than 5 percent of the outstanding shares of the Company's voting common stock and certain persons related to them. Except for loans by the Bank, which are governed by a separate policy, those transactions that constitute related party transactions under Item 404 of the Securities and Exchange Commission's Regulation S-K are subject to the review, oversight and approval by a Board committee comprised solely of independent directors. In 2016 and prior years, the committee which approved such transactions was the then-acting Compensation, Nominating and Corporate Governance Committee.

In January 2017, our Board of Directors undertook certain actions to enhance corporate governance, which included separating the Compensation, Nominating and Corporate Governance Committee functions into two separate board committees, the Nominating and Corporate Governance Committee (previously defined as the Nominating Committee) focused on governance, including oversight responsibility for related party transactions and the Compensation and Human Capital Committee (previously defined as the Compensation Committee) on compensation. The Board also adopted a new, written **Related Party Transaction Policy**, which was further enhanced in February 2017 and was re-approved in March 2018, which restricts transactions with related parties to ensure such transactions meet more rigorous standards, and are in, or do not conflict with, the best interest of the Company or the Bank. Additionally, the Board adopted an **Outside Business Activity Policy** in February 2017, which was re-approved in November 2017, which tightens controls on outside business activities of officers and employees and requires non-employee directors to refrain from engaging in outside business activities that create an actual or apparent conflict of interest.

Related Party Transaction Policy

All related party transactions, as defined under the policy and other than certain pre-approved, routine transactions, must either be approved in advance or ratified by the following:

the Nominating Committee; or

a sub-committee of the Nominating Committee, none of the members of which have had any related party transaction (other than certain pre-approved related party transactions as defined under the policy, which include indemnification payments), during the current year or the two calendar years prior to their appointment to the sub-committee.

- The subcommittee must approve the transaction if any members of the Nominating Committee have had any related party transactions (other than pre-approved related party transactions as defined under the policy), during the current year or either of the two preceding years.
- The decisions of the sub-committee are subject to review and approval by the Nominating Committee, which coordinates its oversight of related party transactions with the Audit Committee through regular reports to the Audit Committee, including sessions with the Company's independent auditors.

Related party transactions are broadly construed under the policy:

to include any transaction in which a related party or a family member of a related party has a direct or indirect material interest, which is defined to include any interest having a value in excess of \$100,000.

Related party transactions must meet more rigorous standards.

The policy provides that in reviewing related party transactions, the Nominating Committee (or sub-committee) should consider the following factors:

- Are the terms of the related party transaction arms length and no more favorable to the related party or the related party's family member than terms generally available to an unaffiliated third party?
- What is the financial risk to the Company of the related party transaction?
- What is the reputational risk to the Company from public disclosure of the related party transaction?
- Would participation in the related party transaction materially impair the ability of the related party to faithfully discharge his or her duties to the Company?
- Is the related party transaction in (or not inconsistent with) the best interests of the Company and its stockholders?

TRANSACTIONS WITH RELATED PERSONS

The policy further provides that in reviewing proposed loans to related parties, their family members and any entity in which the related party or their family members have a material interest, the Nominating Committee (or sub-committee) should consider the following criteria:

- Will the loan be made in the ordinary course of the Bank's business?
- Does the loan involve a material risk of collectability or other unfavorable features?
- Loans to directors and certain officers must comply with Regulation O of the Board of Governors of the Federal Reserve System.
- The loan must not violate the Sarbanes-Oxley Act of 2002 or any other applicable laws.

Outside Business Activity Policy. The Board recognizes that outside business activities may create conflicts of interest and may interfere with an individual's responsibilities to the Company. The Outside Business Activity Policy is intended to control the participation of employees in outside activities in order to mitigate such risks. As in the past, the Company continues to encourage active participation on the part of directors, officers and employees in service clubs and organizations fostering the betterment of the community, and the active use of various social memberships in maintaining a proper image of the Company's organization within the community. Under the policy:

All officers and employees of the Company and its subsidiaries may not engage in outside business activities, as defined in the policy, without prior written permission;

Directors shall refrain from engaging in outside business activities which create an actual or apparent conflict of interest between the director and the Company unless they receive a written waiver; and

The policy is administered by the Nominating Committee.

Loans to Officers and Directors

The Bank has granted loans to certain executive officers and directors and their related interests. Excluding the loan amounts described in detail below, loans outstanding to executive officers and directors and their related interests amounted to \$249 thousand at December 31, 2017 and 2016, all of which were performing in accordance with their respective terms as of those dates. These loans were made in the ordinary course of business and on substantially the same terms and conditions, including interest rates and collateral, as those of comparable transactions with non-insiders prevailing at the time, in accordance with the Bank's underwriting guidelines, and do not involve more than the normal risk of collectability or present other unfavorable features. The Bank has an Employee Loan Program

which is available to all employees and offers executive officers, directors and principal stockholders that meet the eligibility requirements the opportunity to participate on the same terms as employees generally, provided that any loan to an executive officer, director or principal stockholder must be approved by the Bank's Board of Directors. The sole benefit provided under the Employee Loan Program is a reduction in loan fees.

Deposits from executive officers, directors, and their related interests amounted to \$2.2 million and \$2.4 million at December 31, 2017 and 2016, respectively. There are certain deposits described below, which are not included in the foregoing amounts.

Transactions with Current Related Persons

The Company and the Bank have engaged in transactions described below with the Company's directors, executive officers, and beneficial owners of more than 5 percent of the outstanding shares of the Company's voting common stock and certain persons related to them.

Indemnification for Costs of Counsel in Connection with Special Committee Investigation, SEC Investigation and Related Matters. On November 3, 2016, in connection with an investigation by the Special Committee of the Company's Board of Directors, the Company Board authorized and directed the Company to provide indemnification, advancement and/or reimbursement for the costs of separate independent counsel retained by any then-current officer or director, in their individual capacity, with respect to matters related to the investigation, and to advise them on their rights and obligations with respect to the investigation. At the direction of the Company Board, this indemnification, advancement and/or reimbursement is, to the extent applicable, subject to the indemnification agreement that each officer and director previously entered into with the Company, which includes an undertaking to

TRANSACTIONS WITH RELATED PERSONS

repay any expenses advanced if it is ultimately determined that the officer or director was not entitled to indemnification under such agreements and applicable law. In addition, the Company is providing indemnification, advancement and/or reimbursement for costs related to (i) a formal order of investigation issued by the SEC on January 4, 2017 directed primarily at certain of the issues that the Special Committee reviewed and (ii) any related civil or administrative proceedings against the Company as well as officers currently or previously associated with the Company. During the years ended December 31, 2017 and 2016, the fees and expenses the fees and expenses paid by the Company included \$501 thousand and \$0, respectively, incurred by the Company's General Counsel John Grosvenor. For indemnification costs paid for former executive officers or directors, see *Transactions with Related Persons Transactions with Former Related Persons*.

Company's Sale of Shares to and Purchase of Shares from SECT. As reported in a Schedule 13G filed with the SEC on February 13, 2017, Evercore Trust Company, as trustee of the SECT (which was later succeeded as trustee by Newport Trust Company, N.A.), beneficially owned 2,500,000 shares of the Company's voting common stock as of December 31, 2016, which Evercore Trust Company stated represented more than 5 percent of the total number of shares of the Company's voting common stock outstanding as of that date. These shares were sold by the Company to the SECT on August 3, 2016 when the Company originally established the SECT. On December 28, 2017, in order to effectuate the early termination of the SECT, the Company purchased the 2,500,000 shares of voting common stock held by the SECT, all as more fully described in Note 18 to the consolidated financial statements contained in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Sabal Loan. On September 5, 2017 John A. Bogler became the Chief Financial Officer of the Company and the Bank. Mr. Bogler is a founding member, and since 2015 and up until his employment with the Company, was a board member and Chief Financial Officer, of Sabal Capital Partners, LLC. Sabal Capital Partners, LLC is the sole owner of Sabal Opportunities Fund I, LLC, which in turn is the sole owner of Sabal TL1, LLC (together, Sabal). Mr. Bogler remains a material owner of Sabal. Effective June 26, 2015, the Bank provided a \$35.0 million committed revolving repurchase facility, which was increased to \$40.0 million effective June 11, 2017, to Sabal TL1, LLC, with a maximum funding amount of \$100.0 million in certain situations.

Under the Sabal repurchase facility, commercial mortgage loans originated by Sabal are purchased from Sabal by the Bank, together with a simultaneous agreement by Sabal to repurchase the commercial mortgage loans from the Bank at a future date. The advances under the Sabal repurchase facility are secured by commercial mortgage loans that have a market value in excess of the balance of the advances under the facility. During the years ended December 31, 2017 and 2016, the largest aggregate amount of principal outstanding under the Sabal repurchase facility was \$94.7 million and \$55.1 million, respectively. The amount outstanding as of December 31, 2017 and 2016 was \$23.6 million and \$22.6 million, respectively.

Interest on the outstanding balance under the Sabal repurchase facility accrues at the six month LIBOR rate plus a margin. \$600.4 million and \$514.1 million in principal, respectively, and \$1.1 million and \$1.1 million, respectively, in interest was paid by Sabal on the facility to the Bank during the years ended December 31, 2017 and 2016.

Underwriting Services. Keefe, Bruyette & Woods, Inc., a Stifel company, acted as an underwriter of public offerings of the Company's securities in 2016 and 2015, and also acted as financial advisor for the Company's sale of its Commercial Equipment Finance Division in 2016. Halle J. Bennett, a director of the Company and the Bank, was employed as a Managing Director and Head of the Diversified Financials Group at Keefe, Bruyette & Woods, Inc. until August 31, 2016 and is entitled to receive compensation for certain deals that close subsequent to August 31,

2016 that he originated or actively managed (none involving the Company or the Bank). In addition, Mr. Benett agreed to provide unpaid consulting services to Keefe, Bruyette & Woods, Inc., for a small number of transactions (none involving the Company or the Bank) through December 31, 2016.

The details of the financial advisory services are as follows:

On October 27, 2016, the Company sold its Commercial Equipment Finance Division to Hanmi Bank, a wholly owned subsidiary of Hanmi Financial Corporation. Beginning on February 1, 2016, Keefe, Bruyette & Woods provided financial advisory and investment banking services to the Company with respect the possible sale of the division and, contingent upon the closing of the sale, received a non-refundable contingent fee from the Company of \$516 thousand (less expenses, the amount was \$500 thousand).

The details of the underwritten public offerings are as follows:

On March 8, 2016, the Company issued and sold 5,577,500 shares of its voting common stock. Pursuant to an underwriting agreement entered into with the Company for that offering on March 2, 2016, Keefe, Bruyette & Woods, Inc. received gross underwriting fees and commissions from the Company of approximately \$1.0 million (less estimated expenses, the amount was \$846 thousand).

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On February 8, 2016, the Company issued and sold 5,000,000 depositary shares (Series E Depositary Shares) each representing a 1/40th ownership interest in a share of 7.00 percent Non-Cumulative Perpetual Preferred Stock, Series E, with a liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share). Pursuant to an underwriting agreement entered into with the Company for that offering on February 1, 2016, Keefe, Bruyette & Woods, Inc. received gross underwriting fees and commission from the Company of approximately \$944 thousand (less estimated expenses, the amount was \$849 thousand).

On April 8, 2015, the Company issued and sold 4,600,000 depositary shares (Series D Depositary Shares) each representing 1/40th ownership interest in a share of 7.375 percent Non-Cumulative Perpetual Preferred Stock, Series D, with a liquidation preference of \$1,000 per share (equivalent to \$25 per depositary share). Pursuant to an underwriting agreement entered into with the Company for that offering on March 31, 2015, Keefe, Bruyette & Woods, Inc. received gross underwriting fees and commissions from the Company of approximately \$590 thousand (less expenses, the amount was \$515 thousand).

On April 6, 2015, the Company issued and sold \$175.0 million aggregate principal amount of its 5.25 percent Senior Notes due April 15, 2025. Pursuant to a purchase agreement entered into with the Company for that offering on March 31, 2015, Keefe, Bruyette & Woods, Inc. received gross underwriting fees and commissions from the Company of approximately \$263 thousand (less expenses, the amount was \$221 thousand).

Legion Affiliates. As reported in an amendment to a Schedule 13D filed with the Securities and Exchange Commission on May 23, 2017, Legion Partners Asset Management, LLC (Legion Partners), Legion Partners, L.P. I, Legion and its affiliates (collectively, the Legion Group) beneficially owned 2,938,679 shares of the Company's voting common stock as of May 19, 2017, which the Legion Group reported represented 5.6 percent of the Company's total shares outstanding.

Cooperation Agreement. On March 13, 2017, the Company entered into a cooperation agreement with the Legion Group (the Legion Group Cooperation Agreement). Under the terms of such agreement, among other things:

The Legion Group agreed to irrevocably withdraw its notice of director nomination and submission of a business proposal.

The Company agreed to conduct a search for two additional independent directors in collaboration with the Legion Group. In accordance with this provision, following a search initiated by the Company Board and (following entry into the Legion Group Cooperation Agreement) conducted in consultation with Legion Group, the Company Board appointed Mary A. Curran and Bonnie G. Hill as new independent directors, for terms that became effective on June 9, 2017 at the conclusion of the Company's 2017 annual meeting of stockholders. Ms. Curran is serving as a Class I director, for a term to expire at the Company's 2019 annual meeting of stockholders and Dr. Hill is serving as a Class III director, for a term to expire at the Company's 2018 annual meeting of stockholders. Simultaneously with the effectiveness of their appointments to the Company Board, each of Ms. Curran and Dr. Hill was appointed as a director of the Bank.

From March 13, 2017 until June 10, 2017, the day after the Company's 2017 annual meeting of stockholders, the Legion Group agreed to vote all the shares of the Company's voting common stock that it beneficially owned (i) in favor of the Company's slate of directors, (ii) against any stockholder's nominations for directors not approved and recommended by the Board and against any proposals or resolutions to remove any director and (iii) in accordance with the Board's recommendations on all other proposals of the Board set forth in the Company's proxy statement.

The Legion Group agreed to certain standstill provisions that restricted the Legion Group and its affiliates, associates and representatives, from March 13, 2017 until June 10, 2017, from, among other things, acquiring additional voting securities of the Company that would result in the Legion Group having ownership or voting interest in 10 percent or more of the outstanding shares of voting common stock, engaging in proxy solicitations in an election contest, subjecting any shares to any voting arrangements except as expressly provided in the Legion Group Cooperation Agreement, making or being a proponent of a stockholder proposal, seeking to call a meeting of stockholders or solicit consents from stockholders, seeking to obtain representation on the Board except as otherwise expressly provided in the Legion Group Cooperation Agreement, seeking to remove any director from the Board, seeking to amend any provision of the governing documents of the Company, or proposing or participating in certain extraordinary corporate transactions involving the Company.

TRANSACTIONS WITH RELATED PERSONS

The Company agreed to reimburse the Legion Group up to \$100 thousand for its legal fees and expenses incurred in connection with its investment in the Company.

PL Capital Affiliates. As reported in an amendment to a Schedule 13D filed with the Securities and Exchange Commission on February 10, 2017, PL Capital Advisors, LLC and certain of its affiliates (collectively, the PL Capital Group) owned 3,427,219 shares of the Company's voting common stock as of February 7, 2017, which the PL Capital Group reported represented 6.9 percent of the Company's total shares outstanding.

Cooperation Agreement. On February 7, 2017, Richard J. Lashley, a co-founder of PL Capital Advisors, LLC, was appointed to the Boards of Directors of the Company and the Bank, which appointments became effective February 16, 2017. Mr. Lashley was appointed as a Class I director of the Company, for a term that will expire at the Company's 2019 annual meeting of stockholders. In connection with the appointment of Mr. Lashley to the Boards, on February 8, 2017, the PL Capital Group and Mr. Lashley entered into a cooperation agreement with the Company (PL Capital Cooperation Agreement), in which PL Capital Group agreed, among other matters:

From February 8, 2017 until June 10, 2017 (PL Capital Restricted Period), the PL Capital Group agreed to vote all the shares of the Company's voting common stock that it beneficially owned (i) in favor of the Company's slate of directors, (ii) against any stockholder's nominations for directors not approved and recommended by the Company's Board and against any proposals or resolutions to remove any director and (iii) in accordance with the recommendations by the Company's Board on all other proposals of the Company's Board set forth in the Company's proxy statement.

In addition, during the PL Capital Restricted Period, the PL Capital Group agreed to certain standstill provisions that restricted the PL Capital Group and its affiliates, associates and representatives, during the PL Capital Restricted Period, from, among other things, acquiring additional voting securities of the Company that would result in the PL Capital Group having ownership or voting interest in 10 percent or more of the outstanding shares of voting common stock, engaging in proxy solicitations in an election contest, subjecting any shares to any voting arrangements except as expressly provided in the PL Capital Cooperation Agreement, making or being a proponent of a stockholder proposal, seeking to call a meeting of stockholders or solicit consents from stockholders, seeking to obtain representation on the Company's Board except as otherwise expressly provided in the PL Capital Cooperation Agreement, seeking to remove any director from the Company's Board, seeking to amend any provision of the governing documents of the Company, or proposing or participating in certain extraordinary corporate transactions involving the Company.

Pursuant to the PL Capital Cooperation Agreement, during the three months ended March 31, 2017, the Company reimbursed PL Capital Group \$150 thousand for a portion of its legal fees and expenses incurred in connection with its investment in the Company.

Patriot Affiliates. As reported in a Schedule 13D amendment filed with the SEC on November 10, 2014, Patriot's last public filing reporting ownership of the Company's securities, Patriot Financial Partners, L.P. (together with its affiliates referred to as Patriot Partners) owned 3,100,564 shares of the Company's voting common stock as of November 7, 2014, which Patriot Partners reported represented 9.3 percent of the Company's outstanding voting

common stock as of that date. For the details of the transaction in which Patriot Partners acquired certain of these shares, see *Patriot Affiliates Securities Purchase Agreement with Patriot*. In connection with the appointment of W. Kirk Wycoff, a managing partner of Patriot Partners, to the Boards of Directors of the Company and the Bank (described below), Mr. Wycoff filed a Form 3 with the SEC on February 24, 2017, which reported total holdings for Patriot Partners of 2,850,564 shares.

Director. On February 9, 2017, Mr. Wycoff was appointed to the Boards of Directors of the Company and the Bank, which appointment became effective on February 16, 2017. Mr. Wycoff was appointed as a Class III director of the Company, for a term that will expire at the Company's 2018 annual meeting of stockholders.

From 2010 to 2015, Mr. Wycoff was a director of, and Patriot Partners was a stockholder of, Square 1 Financial, Inc. (Square 1). Douglas H. Bowers, who became President and Chief Executive Officer of the Company and the Bank and a director of the Bank effective May 8, 2017 and a director of the Company on June 9, 2017 at the conclusion of the Company's 2017 annual meeting of stockholders, served as President and Chief Executive Officer of Square 1 from 2011 to 2015. There are no arrangements or understandings between Mr. Bowers and either Mr. Wycoff or Patriot Partners pursuant to which Mr. Bowers was selected as a director and an officer of the Company.

Securities Purchase Agreement with Patriot. As noted above, as reported in a Schedule 13D amendment filed on November 10, 2014 with the SEC, Patriot Partners owned 3,100,564 shares of the Company's voting common stock as of November 7, 2014,

TRANSACTIONS WITH RELATED PERSONS

which Patriot Partners reported represented 9.3 percent of the Company's total shares outstanding as of the dates set forth in the Schedule 13D. On April 22, 2014, the Company entered into a Securities Purchase Agreement (Patriot SPA) with Patriot Partners to raise a portion of the capital to be used to finance the acquisition of select assets and assumption of certain liabilities by the Bank from Banco Popular North America (BPNA) comprising BPNA's network of 20 California Branches (the BPNA Branch Acquisition), which was completed on November 8, 2014. The Patriot SPA was due to expire by its terms on October 31, 2014. Prior to such expiration, the Company and Patriot Partners entered into a Securities Purchase Agreement, dated as of October 30, 2014 (New Patriot SPA). Pursuant to the New Patriot SPA, substantially concurrently with the BPNA Branch Acquisition, Patriot Partners purchased from the Company (i) 1,076,000 shares of its voting common stock at a price of \$9.78 per share and (ii) 824,000 shares of its voting common stock at a price of \$11.55 per share, for an aggregate purchase price of \$20.0 million. In consideration for Patriot Partners' commitment under the New SPA and pursuant to the terms of the New SPA, on the closing of the sale of such shares on November 7, 2014, the Company paid Patriot Partners an equity support payment of \$538 thousand and also reimbursed Patriot Partners \$100 thousand in out-of-pocket expenses.

On October 30, 2014, concurrent with the execution of the New Patriot SPA, Patriot and the Company entered into a Settlement Agreement and Release (the Patriot Settlement Agreement) in order to resolve, without admission of any wrongdoing by either party, a prior dispute regarding, among other things, the proper interpretation of certain provisions of the SPA, including but not limited to the computation of the purchase price per share (the Dispute). Pursuant to the Patriot Settlement Agreement, Patriot and the Company released any claims they may have had against the other party with respect to the Dispute. In addition, Patriot and the Company agreed for the period beginning on the date of the Patriot Settlement Agreement and ending on December 31, 2016, that neither Patriot nor the Company would disparage the other party or its affiliates.

During the period beginning on the date of the Patriot Settlement Agreement and ending on December 31, 2016, Patriot also agreed not to:

institute, solicit, assist or join, as a party, any proxy solicitation, consent solicitation, board nomination or director removal relating to the Company against or involving the Company or any of its subsidiaries, affiliates, successors, assigns, directors, officers, employees, agents, attorneys or financial advisors;

take any action relative to the governance of the Company that would violate its passivity commitments or vote the shares of voting common stock held or controlled by it on any matters related to the election, removal or replacement of directors or the calling of any meeting related thereto, other than in accordance with management's recommendations included in the Company's proxy statement for any annual meeting or special meeting;

form or join in a partnership, limited partnership, syndicate or other group, or solicit proxies or written consents of stockholders or conduct any other type of referendum (binding or non-binding) with respect to, or from the holders of, the voting common stock and any other securities of the Company entitled to vote in the election of directors, or securities convertible into, or exercisable or

exchangeable for, voting common stock or such other securities (such other securities, together with the voting common stock, being referred to as Voting Securities), or become a participant in or assist, encourage or advise any person in any solicitation of any proxy, consent or other authority to vote any Voting Securities; or

enter into any negotiations, agreements, arrangements or understandings with any person with respect to any of the foregoing or advise, assist, encourage or seek to persuade any person to take any action with respect to any of the foregoing.

The Company also agreed, during the same period, not to:

institute, solicit, assist or join, as a party, any proxy solicitation, consent solicitation, board nomination or director removal relating to Patriot against or involving Patriot or any of its subsidiaries, affiliates, successors, assigns, officers, partners, principals, employees, agents, attorneys or financial advisors; or

enter into any negotiations, agreements, arrangements or understandings with any person with respect to any of the foregoing or advise, assist, encourage or seek to persuade any person to take any action with respect to any of the foregoing.

TRANSACTIONS WITH RELATED PERSONS

Transactions with Former Related Persons

In addition to the transactions described above with former related parties, the Company and the Bank have engaged in transactions described below with the Company's then (now former) directors, executive officers, and beneficial owners of more than 5 percent of the outstanding shares of the Company's voting common stock and certain persons related to them.

Indemnification for Costs of Counsel for Former Executive Officers and Former Directors in Connection with Special Committee Investigation, SEC Investigation and Related Matters. As noted above, on November 3, 2016, in connection with the investigation by the Special Committee of the Company's Board of Directors, the Company Board authorized and directed the Company to provide indemnification, advancement and/or reimbursement for the costs of separate independent counsel retained by any then-current officer or director, in their individual capacity, with respect to matters related to the investigation, and to advise them on their rights and obligations with respect to the investigation. At the direction of the Company Board, this indemnification, advancement and/or reimbursement is, to the extent applicable, subject to the indemnification agreement that each officer and director previously entered into with the Company, which includes an undertaking to repay any expenses advanced if it is ultimately determined that the officer or director was not entitled to indemnification under such agreements and applicable law. In addition, the Company is also providing indemnification, advancement and/or reimbursement for costs related to (i) a formal order of investigation issued by the SEC on January 4, 2017 directed primarily at certain of the issues that the Special Committee reviewed and (ii) any related civil or administrative proceedings against the Company as well as officers currently or previously associated with the Company.

During the year ended December 31, 2017 (excluding fees paid in January 2017), the fees and expenses paid by the Company included \$3.0 million incurred by the Company's then- (now former) Chair, President and Chief Executive Officer Steven A. Sugarman; \$1.4 million incurred by the Bank's then- (now former) Management Vice Chair Jeffrey T. Seabold; \$631 thousand jointly incurred by the Company's then- (now former) Interim Chief Financial Officer and Chief Strategy Officer J. Francisco A. Turner and the Company's then- (now former) Chief Financial Officer James J. McKinney; and \$509 thousand incurred by the Company's then- (now former) director Chad Brownstein. For the year ended December 31, 2016, fees and expenses incurred under the arrangement described above (which were paid in January 2017) included \$573 thousand incurred by Mr. Sugarman; \$57 thousand incurred by Mr. Seabold; \$135 thousand incurred jointly by Messrs. Turner and McKinney; and \$29 thousand incurred by Mr. Brownstein. Indemnification was paid on behalf of other former executive officers and former directors in lesser amounts for the years ended December 31, 2017 and 2016.

Settlement Agreement. On September 5, 2017, Jeffrey T. Seabold, the Bank's former Management Vice Chair, submitted a notice of termination of employment pursuant to his employment agreement with the Bank and, that same day, filed a complaint in the Superior Court of the State of California, County of Los Angeles, against the Company and the Bank and multiple unnamed defendants asserting claims for breach of contract, wrongful termination, retaliation and unfair business practices. On January 19, 2018, the parties reached a settlement in principle through mediation and a final settlement agreement was entered into by the Company, the Bank and Mr. Seabold on February 14, 2018 (the Settlement Agreement). Under the Settlement Agreement, which provides for a mutual release of claims and the dismissal of Mr. Seabold's complaint with prejudice, Mr. Seabold received lump sum cash payments from the Company and the Bank aggregating \$4.3 million, less applicable withholdings for the portions of such

payments representing employee compensation. Included within this amount were cash payments totaling \$576 thousand representing a benefit with respect to Mr. Seabold's unvested stock options and restricted stock awards. Mr. Seabold also received a cash payment of \$38 thousand as reimbursement for his premiums for health care coverage for the period October 1, 2017 through March 2019. In addition, the Settlement Agreement provides for the payment by the Company and/or the Bank of \$650 thousand of attorneys' fees incurred by Mr. Seabold in connection with his lawsuit and the Settlement Agreement. The Settlement Agreement contains certain standstill provisions that, prior to December 31, 2018, generally restrict Mr. Seabold and his affiliates from, among other things, acquiring beneficial ownership of any shares of the Company's common stock or common stock equivalents to the extent this would result in Mr. Seabold beneficially owning in excess of 4.99 percent of the total number of shares of common stock outstanding, soliciting proxies in opposition to any matter not recommended by the Company's Board of Directors or in favor of any matter not approved by the Company's Board of Directors or initiating any stockholder proposal.

Banc of California Stadium Naming Rights and Sponsorship and Los Angeles Football Club Loans. Effective August 8, 2016, the Bank provided \$40.3 million out of a \$145.0 million committed construction line of credit (the Stadco Loan) to LAFC Stadium Co, LLC (Stadco) for the construction of a soccer-specific stadium for the LAFC in Los Angeles, California as well as to fund the interest and fees that become due under the Stadco Loan. LAFC is a Major League Soccer expansion franchise scheduled to debut in 2018. Also effective August 8, 2016, the Bank provided \$9.7 million out of a \$35.0 million committed senior secured line of credit (the Team Loan) to LAFC Sports, LLC (Team) to fund distributions to LAFC Partners, LLLP (Holdco) that will be used for stadium construction,

TRANSACTIONS WITH RELATED PERSONS

funding interest and fees that become due under such Team Loan and to pay all other fees, costs and expenses payable by the Team in connection with project costs related to the stadium construction.

All of the outstanding equity interests in Stadco and Team are held by Holdco, and Holdco serves as sole guarantor of the Team Loan described above. Minority limited partnership interests in Holdco are held by, among others: (i) Jason Sugarman, who is the brother of the Company's and the Bank's then- (now former) Chairman, President and Chief Executive Officer, Steven A. Sugarman; and (ii) Jason Sugarman's father-in-law, who currently serves as Executive Chairman and a member of Holdco's board of directors, which is appointed by Holdco's general partner and primarily functions in an advisory capacity. The foregoing statements are based primarily on information provided to the Company by Holdco through its legal counsel.

As of December 31, 2017 and 2016, there were \$23.3 million and \$0 outstanding advances, respectively, by the Bank under the Stadco Loan. During the years ended December 31, 2017 and 2016, the largest amount of principal outstanding under the Stadco Loan was \$23.5 million and \$0, respectively. The Bank collected \$295 thousand and \$59 thousand, respectively, in unused loan fees during the years ended December 31, 2017 and 2016. Interest on the outstanding balance under the Stadco Loan accrues at LIBOR plus a margin. During the years ended December 31, 2017 and 2016, \$325 thousand and \$0 interest, respectively, was paid by Stadco to the Bank on the Stadco Loan.

As of December 31, 2017 and 2016, there were \$5.4 million and \$0 outstanding advances, respectively, by the Bank under Team Loan. During the years ended December 31, 2017 and 2016, the largest aggregate amount of principal outstanding under the Team Loan was \$5.5 million and \$0, respectively. The Bank collected \$140 thousand and \$18 thousand, respectively, in unused loan fees during the years ended December 31, 2017 and 2016. Interest on the outstanding balance under the Team Loan accrues at LIBOR plus a margin. During the years ended December 31, 2017 and 2016, \$83 thousand and \$0 interest, respectively, was paid by Team to the Bank on the Team Loan.

Team obtained a corporate credit card with a \$100 thousand line of credit from a third party unaffiliated with the Bank. Effective November 24, 2017, the Bank provided a guaranty for the card by obtaining a standby letter of credit issued by another institution unaffiliated with the Bank in the amount of \$100 thousand for the benefit the issuer of the credit card. This letter of credit had not been drawn upon as of December 31, 2017.

Following the closing of the Stadco Loan and the Term Loan, the Bank on August 22, 2016 reached agreement with the Team concerning, among other things, the Bank's right to name the stadium to be operated by Stadco as Banc of California Stadium. The August 22, 2016 agreement, which contemplated the negotiation and execution of more detailed definitive agreements between the Bank, on the one hand, and Stadco and the Team on the other hand (LAFC Transaction), also included a sponsorship relationship between the Bank and the Team with an initial term ending on the completion date of LAFC's 15th full Major League Soccer (MLS) season, and the Bank having a right of first offer to extend the term for an additional 10 years (LAFC Term). On February 28, 2017, the Bank executed more detailed definitive agreements with LAFC and Stadco relating to the LAFC Transaction, which are subject to MLS rules and/or approval (the LAFC Agreements).

The LAFC Agreements provide that, during the LAFC Term, the Bank will have the exclusive right to name the Banc of California Stadium and will be the exclusive provider of financial services to (and the exclusive financial services sponsor of) the Team and Stadco. In connection with its right to name the Banc of California Stadium, the Bank will receive, among other rights, signage (including prominent exterior signage) and related branding rights throughout the exterior and interior of the Banc of California Stadium facility (including exclusive branding rights within certain

designated areas and venues within the facility), will receive the right to locate a Bank branch within the Banc of California Stadium facility, will receive the exclusive right to install and operate ATMs in the Banc of California Stadium facility, and will receive the exclusive right to process payments and provide other financial services (with certain exceptions) throughout the facility. In addition, the Bank will receive suite access for LAFC and certain other events held at the Banc of California Stadium and will receive certain hospitality, event, media and other rights ancillary to its naming rights relating to the Banc of California Stadium and its sponsorship rights relating to the Team. In conjunction with the LAFC Agreements, the Company expects to decrease its other planned marketing and sponsorship expenses. In exchange for the Bank's rights as set forth in the LAFC Agreements, the Bank (i) paid the Team \$10.0 million on March 31, 2017 and (ii) has agreed to pay the following annual aggregate amounts: for the Team's 2018 MLS season, \$5.3 million; for 2019, \$5.4 million; for 2020, \$5.5 million; for 2021, \$5.6 million; for 2022, \$5.7 million; for 2023, \$5.8 million; for 2024, \$5.9 million; for 2025, \$6.0 million; for 2026, \$6.1 million; for 2027, \$6.2 million; for 2028, \$6.3 million; for 2029, \$6.4 million; for 2030, \$6.5 million; for 2031, \$6.6 million; and for 2032, \$6.7 million.

As of December 31, 2017 and 2016, the various entities affiliated with LAFC held \$33.1 million and \$76.0 million, respectively, of deposits at the Bank.

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Legal Fees and Other Matters. During July 2017, the Company and the Bank became aware that the former Chair, President and Chief Executive Officer of the Company and the Bank, Steven A. Sugarman, became of counsel to Michelman & Robinson, LLP, a law firm that previously provided legal services to the Bank. For legal services that were performed for the Bank over a period of more than four months, the Bank paid Michelman & Robinson, LLP approximately \$330 thousand in fees during the three months ended March 31, 2017. No legal services were provided and \$0 was paid to Michelman & Robinson, LLP during the nine-month period from April 1, 2017 to December 31, 2017. Michelman & Robinson, LLP currently has three outstanding letters of credit with the Bank, none of which was drawn upon as of December 31, 2017, which were issued under a line of credit that was originally extended to Michelman & Robinson, LLP prior to 2008. One letter of credit was canceled on February 13, 2017. Michelman & Robinson, LLP elected to pay in full all outstanding borrowings under the line of credit in June 2017 and, thereafter, the line of credit was terminated. During the three months ended March 31, 2017, the Bank reimbursed Michelman & Robinson, LLP \$100 thousand in connection with a matter concerning funds wired by a third party to a deposit account Michelman & Robinson, LLP held at the Bank.

Consulting Agreement for the Bank. On August 4, 2016, the Bank entered into a Management Services Agreement with Carlos Salas, who was, at the time, the Chief Executive Officer of COR Clearing LLC (COR Clearing) and Chief Financial Officer of COR Securities Holding, Inc. (CORSHI). Steven A. Sugarman, the then- (now former) Chairman, President and Chief Executive Officer of the Company and the Bank, is believed by the Company to be the Chief Executive Officer, as well as a controlling equity owner, of both COR Clearing and CORSHI. For management consulting and advisory services provided to the Bank through the termination of the Management Services Agreement on November 30, 2016, Mr. Salas earned \$108 thousand in fees. On December 1, 2016, Mr. Salas became a full-time employee of the Bank and tendered his resignation from his positions as Chief Executive Officer of COR Clearing and Chief Financial Officer of CORSHI effective upon the orderly transition of his duties, but in no case later than March 31, 2017. Mr. Salas earned \$17 thousand as a full time employee of the Bank during the year ended December 31, 2016. Mr. Salas separated from the Bank on February 1, 2017.

TCW Affiliates. TCW Shared Opportunity Fund V, L.P. (SHOP V Fund), an affiliate of The TCW Group, Inc., initially became a holder of the Company's voting common stock and non-voting common stock as a lead investor in the November 2010 recapitalization of the Company (the Recapitalization). In connection with its investment in the Recapitalization, SHOP V Fund also was issued by the Company an immediately exercisable five-year warrant (the SHOP V Fund Warrant) to purchase 240,000 shares of non-voting common stock or, to the extent provided therein, shares of voting common stock in lieu of non-voting common stock. SHOP V Fund was issued shares of non-voting common stock in the Recapitalization because at that time, a controlling interest in TCW Asset Management Company, the investment manager to SHOP V Fund, was held by a foreign banking organization, and in order to prevent SHOP V Fund from being considered a bank holding company under the Bank Holding Company Act of 1956, as amended, the number of shares of voting common stock it purchased in the Recapitalization had to be limited to 4.99 percent of the total number of shares of voting common stock outstanding immediately following the Recapitalization. For the same reason, the SHOP V Fund Warrant could be exercised by SHOP V Fund for voting common stock in lieu of non-voting common stock only to the extent SHOP V Fund's percentage ownership of the voting common stock at the time of exercise would be less than 4.99 percent as a result of dilution occurring from additional issuances of voting common stock subsequent to the Recapitalization.

In 2013, the foreign banking organization sold its controlling interest in TCW Asset Management Company, eliminating the need to limit SHOP V Fund's percentage ownership of the voting common stock to 4.99 percent. As a result, on May 29, 2013, the Company and SHOP V Fund entered into a Common Stock Share Exchange Agreement,

dated May 29, 2013 (Exchange Agreement), pursuant to which SHOP V Fund could from time to time exchange its shares of non-voting common stock for shares of voting common stock issued by the Company on a share-for-share basis, provided that immediately following any such exchange, SHOP V Fund's percentage ownership of voting common stock did not exceed 9.99 percent. The shares of non-voting common stock that could be exchanged by SHOP V Fund pursuant to the Exchange Agreement included the shares of non-voting common stock it purchased in the Recapitalization, the additional shares of non-voting common stock SHOP V Fund acquired subsequent to the Recapitalization pursuant to the Company's Dividend Reinvestment Plan and any additional shares of non-voting common stock that SHOP V Fund acquired pursuant to its exercise of the SHOP V Fund Warrant.

On December 10, 2014, SHOP V Fund and two affiliated entities, Crescent Special Situations Fund Legacy V, L.P. (CSSF Legacy V) and Crescent Special Situations Fund Investor Group, L.P. (CSSF Investor Group), entered into a Contribution, Distribution and Sale Agreement pursuant to which SHOP V Fund agreed to transfer shares of non-voting common stock and portions of the SHOP V Fund Warrant to CSSF Legacy V and CSSF Investor Group. Also on December 10, 2014, SHOP V Fund, CSSF Legacy V, CSSF Investor Group and the Company entered into an Assignment and Assumption Agreement pursuant to which all of SHOP V Fund's rights and obligations under the Exchange Agreement with respect to the shares of non-voting common stock transferred by it to CSSF Legacy V and CSSF Investor Group pursuant to the Contribution, Distribution and Sale Agreement were assigned to CSSF Legacy V and CSSF

TRANSACTIONS WITH RELATED PERSONS

Investor Group, including the right of SHOP V Fund to exchange such shares for shares of voting common stock on a one-for-one basis.

Based on a Schedule 13G amendment filed with the SEC on February 12, 2015, The TCW Group's last public filing reporting ownership of the Company's securities, as of December 31, 2014, The TCW Group, Inc. and its affiliates held 1,318,462 shares of voting common stock (which included, for purposes of this calculation, the 240,000 shares of stock underlying the as yet unexercised SHOP V Fund Warrant). On June 3, 2013, January 5, 2015, January 20, 2015, and March 16, 2015, SHOP V Fund or CSSF Legacy V or CSSF Investor Group exchanged 550,000 shares, 522,564 shares, 86,620 shares, and 934 shares, respectively, of non-voting common stock for the same number of shares of voting common stock. In addition, on August 3, 2015, the SHOP V Fund Warrant, which was held in separate portions by CSSF Legacy V and CSSF Investor Group, was exercised in full using a cashless (net) exercise, resulting in a net number of shares of non-voting common stock issued in the aggregate of 70,690, which were immediately thereafter exchanged for an aggregate of 70,690 shares of voting common stock. Based on automatic adjustments to the original \$11.00 exercise price of the SHOP V Fund Warrant, the exercise price at the time of exercise was \$9.13 per share. As a result of these exchanges and exercises The TCW Group, Inc. and its affiliates no longer hold any shares of non-voting common stock or warrants to acquire stock. Based on TCW Group's prior report of owning 1,318,462 shares of the Company's voting common stock, TCW Group, Inc. would have owned 3.5 percent of the Company's outstanding voting common stock as of December 31, 2015.

Oaktree Affiliates. As reported in a Schedule 13G filed with the SEC on January 16, 2015, OCM BOCA Investor, LLC (OCM), an affiliate of Oaktree Capital Management, L.P., owned 3,288,947 shares of the Company's voting common stock as of November 7, 2014, which OCM reported represented 9.9 percent of the Company's total shares outstanding as of the dates set forth in the Schedule 13G. For the details of the transaction in which OCM acquired these shares, see *Oaktree Affiliates Securities Purchase Agreement with Oaktree*. However, as reported in a Schedule 13G amendment filed with the SEC on February 12, 2016 OCM and its affiliates owned 671,702 shares of the Company's voting common stock as of December 31, 2015, which OCM reported represented less than 5 percent of the Company's total shares outstanding.

Loans. Effective September 30, 2015, the Bank provided a \$15.0 million committed revolving line of credit, which was increased to \$20.0 million effective as of March 7, 2017, to Teleios LS Holdings DE, LLC and Teleios LS Holdings II DE, LLC (Teleios), which generate income through the purchase, monitoring, maintenance and maturity of life insurance policies. At the time the facility was executed, the Teleios entities were hedge funds in which Oaktree Capital Management L.P. or one of its affiliates was a controlling investor.

Advances under the Teleios line of credit are secured by life insurance policies purchased by Teleios that have a market value in excess of the balance of the advances under the line of credit. As of December 31, 2017 and 2016, outstanding advances by the Bank under the Teleios line of credit were \$16.0 million and \$15.0 million, respectively. During the years ended December 31, 2017 and 2016, the largest aggregate amount of principal outstanding under the Teleios line of credit was \$16.0 million and \$15.0 million, respectively. Interest on the outstanding balance under the Teleios line of credit accrues at the Prime Rate plus a margin. During the years ended December 31, 2017 and 2016, \$4.0 million and \$2.0 million principal, respectively, and \$1.0 million and \$462 thousand in interest, respectively, was paid by Teleios on the line of credit to the Bank.

Effective June 26, 2015, the Bank provided a \$35.0 million committed revolving repurchase facility, which was increased to \$40.0 million (the Sabal repurchase facility) effective June 11, 2017, to Sabal TL1, LLC, a Delaware

limited liability company, with a maximum funding amount of \$100.0 million in certain situations. At the time the facility was executed, Sabal TL1, LLC was controlled by an affiliate of Oaktree Capital Management, L.P. and effective September 15, 2015, Sabal was no longer controlled by Oaktree Capital Management, L.P. For more information about the facility, see above under *Transactions with Current Related Parties Sabal Loan*.

Securities Purchase Agreement with Oaktree. As noted above, as reported in a Schedule 13G filed with the SEC on January 16, 2015, OCM owned 3,288,947 shares of the Company's voting common stock. OCM purchased these shares from the Company on November 7, 2014 at a price of \$9.78 per share pursuant to a securities purchase agreement entered into on April 22, 2014 (and amended on October 28, 2014) in order for the Company to raise a portion of the capital to be used to finance the BPNA Branch Acquisition, which was completed on November 8, 2014. In consideration for its commitment under the securities purchase agreement, OCM was paid at closing an equity support payment from the Company of \$1.6 million.

Management Services. Approximately nine months before OCM became a stockholder of the Company, certain affiliates of Oaktree Capital Management, L.P. (collectively, the Oaktree Funds) entered into a management agreement, effective January 30, 2014, as amended (the Management Agreement), with The Palisades Group, which was then a wholly owned subsidiary of the Company.

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Pursuant to the Management Agreement, The Palisades Group serves as the credit manager of pools of SFR mortgage loans held in securitization trusts or other vehicles beneficially owned by the Oaktree Funds. Under the Management Agreement, The Palisades Group is paid a monthly management fee primarily based on the amount of certain designated pool assets and may earn additional fees for advice related to financing opportunities.

During the period from January 1, 2016 through May 5, 2016 (the date the Company sold its membership interests in The Palisades Group) and the years ended December 31, 2015 and 2014, the Oaktree Funds paid The Palisades Group \$1.0 million, \$5.1 million, and \$5.3 million as management fees, respectively, which in some instances represents fees for partial year services. In addition to the Management Agreement, the Bank may from time to time in the future enter into lending transactions with portfolio companies of investment funds managed by Oaktree Capital Management, L.P.

Consulting Services to The Palisades Group. The Company completed the sale of its subsidiary, The Palisades Group, on May 5, 2016, which it originally acquired on September 10, 2013. The information included herein is based on information known to the Company as of May 5, 2016, the date the Company completed the sale of The Palisades Group. Effective as of July 1, 2013, prior to the Company's acquisition of The Palisades Group, The Palisades Group entered into a consulting agreement with Jason Sugarman, the brother of the Company's and the Bank's then- (now former) Chairman, President and Chief Executive Officer, Steven A. Sugarman. Jason Sugarman has historically provided advisory services to financial institutions and other institutional clients related to investments in residential mortgages, real estate and real estate related assets and The Palisades Group entered into the consulting agreement with Jason Sugarman to provide these types of services. The consulting agreement is for a term of five years, with a minimum payment of \$30 thousand owed at the end of each quarter (or \$600 thousand in aggregate quarterly payments over the five-year term of the agreement). These payments do not include any bonuses that may be earned under the agreement. Effective as of March 26, 2015, the bonus amount earned by Jason Sugarman for consulting services he provided during the year ended December 31, 2014 was credited in satisfaction and full discharge of all then currently accrued but unpaid quarterly payments as well as any future quarterly payments specified under the consulting agreement, but not against any future bonuses that he may earn under the consulting agreement. During the period from January 1, 2016 through May 5, 2016 (the date the Company sold its membership interests in The Palisades Group), no bonus amounts were earned by Jason Sugarman under the consulting agreement. For the years ended December 31, 2015, 2014 and 2013 base and bonus amounts earned by Jason Sugarman under the consulting agreement totaled \$30 thousand, \$1.2 million, and \$121 thousand, respectively.

The consulting agreement may be terminated at any time by either The Palisades Group or Jason Sugarman upon 30 days prior written notice. The consulting agreement with Jason Sugarman was reviewed as a related party transaction and approved by the then-acting Compensation, Nominating and Corporate Governance Committee and approved by the disinterested directors of the Board. As of May 5, 2016, the Company has no direct or indirect obligation under the consulting agreement, as the agreement was entered into between Jason Sugarman and The Palisades Group, and the Company completed the sale of The Palisades Group on that date.

CS Financial Acquisition. Effective October 31, 2013, the Company acquired CS Financial, which was controlled by Jeffrey T. Seabold and in which certain relatives of Steven A. Sugarman (the then- (now former) Chairman, President and Chief Executive Officer of the Company and the Bank) directly or through their affiliated entities also owned certain minority, non-controlling interests. Mr. Seabold previously served as Management Vice Chair of the Bank and also held prior positions as a director of the Company and the Bank; on September 5, 2017, Mr. Seabold submitted a notice of termination of employment as Management Vice Chair of the Bank pursuant to his employment agreement

with the Bank effective immediately. The Company's acquisition of CS Financial (the CS Financial Merger) was effected pursuant to an Agreement and Plan of Merger (the CS Financial Merger Agreement) with CS Financial, the stockholders of CS Financial (Sellers) and Mr. Seabold, as the Sellers' Representative.

Subject to the terms and conditions set forth in the CS Financial Merger Agreement, which was approved by the Board of Directors of each of the Company, the Bank and CS Financial, at the effective time of the CS Financial Merger, the outstanding shares of common stock of CS Financial were converted into the right to receive in the aggregate: (i) upon the closing of the CS Financial Merger, (a) 173,791 shares (Closing Date Shares) of voting common stock, par value \$0.01 per share, of the Company, and (b) \$1.5 million in cash and \$3.2 million in the form of a noninterest-bearing note issued by the Company to Mr. Seabold that was due and paid by the Company on January 2, 2014; and (ii) upon the achievement of certain performance targets by the Bank's lending activities following the closing of the CS Financial Merger that are set forth in the CS Financial Merger Agreement, up to 92,781 shares (Performance Shares) of voting common stock ((i) and (ii), together, CS Financial Merger Consideration).

The Sellers under the CS Financial Merger Agreement included Mr. Seabold, and the following relatives of Steven A. Sugarman: Jason Sugarman (brother), Elizabeth Sugarman (sister-in-law), and Michael Sugarman (father), who each owned minority, non-controlling

TRANSACTIONS WITH RELATED PERSONS

interests in CS Financial. Upon the closing of the CS Financial Merger and pursuant to the terms of the CS Financial Merger Agreement, the aggregate shares of voting common stock issued as the consideration to the Sellers was 173,791 shares, which was allocated by the Sellers and issued as follows: (i) 103,663 shares to Mr. Seabold; (ii) 16,140 shares to Jason Sugarman; (iii) 16,140 shares to Elizabeth Sugarman; (iv) 3,228 shares to Michael Sugarman; and (v) 34,620 shares to certain employees of CS Financial. Of the 103,663 shares to be issued to Mr. Seabold, as allowed under the CS Financial Merger Agreement and in consideration of repayment of a certain debt incurred by CS Financial owed to an entity controlled by Elizabeth Sugarman, Mr. Seabold requested the Company to issue all 103,663 shares directly to Elizabeth Sugarman, and such shares were so issued by the Company to Elizabeth Sugarman.

On October 31, 2014, certain of the Performance Shares were issued as follows: (i) 28,545 shares to Mr. Seabold; (ii) 1,082 shares to Jason Sugarman; (iii) 1,082 shares to Elizabeth Sugarman; and (iv) 216 shares to Michael Sugarman. An additional portion of the Performance Shares was issued on November 2, 2015 as follows: (i) 28,545 shares to Mr. Seabold; (ii) 1,082 shares to Jason Sugarman; (iii) 1,082 shares to Elizabeth Sugarman; and (iv) 216 shares to Michael Sugarman. The final tranche of the Performance Shares were issued on October 31, 2016 as follows: (i) 28,547 shares to Mr. Seabold; (ii) 1,083 shares to Jason Sugarman; (iii) 1,083 shares to Elizabeth Sugarman and (iv) 218 shares to Michael Sugarman.

All decisions and actions with respect to the CS Financial Merger Agreement and the CS Financial Merger (including without limitation the determination of the CS Financial Merger Consideration and the other material terms of the CS Financial Merger Agreement) were under the purview and authority of special committees of the Board of Directors of each of the Company and the Bank, each of which was composed exclusively of independent, disinterested directors of the Boards of Directors, with the assistance of outside financial and legal advisors. Mr. Sugarman abstained from the vote of each of the Boards of Directors of the Company and the Bank to approve the CS Financial Merger Agreement and the CS Financial Merger.

COMPENSATION DISCUSSION AND ANALYSIS**Introduction**

In this section, we describe the material components of our executive compensation program, the material compensation policy decisions made under those programs since January 1, 2017 and the measurable factors we took into consideration in making compensation decisions for our Named Executive Officers set forth below, whose compensation earned or paid for 2017 is set forth in a series of tables following this section.

During 2017, significant management changes provided fresh perspectives throughout our Company, including the May 2017 hiring of our President and Chief Executive Officer Douglas H. Bowers, the September 2017 hiring of our Chief Financial Officer John A. Bogler and the August 2017 hiring of our Head of Commercial Real Estate Banking Jason M. Pendergist, each of whom are among our 2017 Named Executive Officers. Our current Named Executive Officers also include Chief Risk Officer Hugh F. Boyle and General Counsel John C. Grosvenor, each of whom was an executive officer at December 31, 2017. Mr. Grosvenor will be retiring as General Counsel and Corporate Secretary effective April 15, 2018 and will thereafter continue to be employed by the Company as General Counsel Emeritus to serve as special counsel to the Board of Directors of the Company and the Bank in connection with certain legacy matters, and to assist in the transition of his responsibilities as General Counsel to his successor Ms. Harris and as Corporate Secretary to his successor Ms. Fisher. Finally, our 2017 Named Executive Officers also include five former executive officers who were employed by the Company during 2017 but were not executive officers at December 31, 2017.

Named Executive Officers Who Were Executive Officers at December 31, 2017**(Current Named Executive Officers):**

Douglas H. Bowers	President and Chief Executive Officer
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John A. Bogler	Chief Financial Officer
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Hugh F. Boyle	Chief Risk Officer, Former Interim Chief Executive Officer
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John C. Grosvenor General Counsel and Corporate Secretary

Jason M. Pendergist Head of Real Estate Banking

Named Executive Officers Who Were not Executive Officers at December 31, 2017

(Former Named Executive Officers):

Brian P. Kuelbs Former Chief Investment Officer

Jeffrey T. Seabold Former Management Vice Chair

Steven A. Sugarman Former Chairman, President and Chief Executive Officer

J. Francisco A. Turner Former Interim Chief Financial Officer, Former Interim President and Former Chief Strategy Officer

Albert J. Wang Former Principal Financial Officer and Former Chief Accounting Officer

The discussion below is intended to help you understand the detailed information provided in the tables following this section and put that information into context within our overall compensation program. As used throughout this *Compensation Discussion and Analysis* and the tables that follow, RSA refers to restricted stock award, RSU refers to restricted stock unit and PSU refers to performance-contingent restricted stock unit or performance stock unit.

As discussed under *Corporate Governance Matters Committee Composition of the Board of Directors and Meeting Attendance*, during the first quarter of 2017, we separated our Compensation, Nominating and Corporate Governance Committee into two committees, with one focused on compensation and human capital-related matters and the other focused on nominating and corporate governance-related matters. We may refer to the then acting Compensation, Nominating and Corporate Governance Committee in this section when discussing compensation actions taken before the separation of the committee.

Our Strategy

Our vision is to be California's Bank with a mission to empower California's diverse businesses, entrepreneurs and communities.

The Company strives to maintain a stable foundation to support execution of its strategic plan. The Company's foundation includes:

a strong and powerful brand;

superior markets in which it operates, primarily California;

the balance sheet size required to be competitive;

COMPENSATION DISCUSSION AND ANALYSIS

strong credit and capital metrics; and

an experienced commercial banking leadership team and enhanced corporate governance

Our Corporate Values and the Philosophy and Objectives of Our Compensation Program

Our Vision

Our vision is to be California's Bank.

Our Mission

Our mission is to empower California's diverse businesses, entrepreneurs and communities.

Our Core Values

Our core values are operational excellence, superior analytics and entrepreneurialism.

Our Strategic Roadmap

Our strong foundation of a valuable brand, great markets and experienced leadership supports our new strategic roadmap to:

build core deposits;

amplify lending;

normalize expenses; and

create stockholder value.

Our mission, vision and core values guide our compensation programs. Our compensation programs are designed to accomplish the following:

Allow the Company **to compete for, hire and retain skilled and talented executives** critical to our success today, with the capabilities required by the pursuit of our mission, vision, core values and strategic plan.

Incent executives to **achieve our strategic objectives without undue risk-taking**. Our vision and mission guide our strategic plans and, in turn, determine the compensation programs we use to incent executives to achieve strategic objectives.

Reward **long-term growth and profitability**. Encourage achievement of key operating objectives, such as growth in deposits, prudent lending and enduring customer relationships, growth of operating earnings and earnings per share.

Recognize and **reward the success of the management team as a whole** in managing the Company, and use that overall performance as the basis for determining overall compensation, taking into consideration pertinent economic conditions, interest rate trends and the competitive market environment.

Recognize and **reward individual achievement and contributions** that is consistent with our long-term objectives and core values.

Align executive compensation with interests of stockholders. We seek to have the long-term performance of our stock reflected in executive compensation through our stock option, restricted stock grants and other equity incentive programs. Our approach to compensating management includes a review of all incentive programs to avoid imprudent risk-taking and to promote safety and soundness. We believe that compensation should not be based on the short-term performance of our stock, whether favorable or unfavorable, but rather that the value of our stock will, in the long-term, reflect our operating performance, and ultimately, the management of the Company by our executives.

Use performance-based compensation where appropriate to link the success of the executive with the success of the Company.

A Fresh Perspective for California's Bank: Focus on Corporate Governance and Recent Changes

During 2017, our Board refocused our business and took decisive and significant action to:

Enhance our corporate governance and refresh our Board. Our Board appointed five new directors, who now constitute a majority of the Board, enhanced and adopted new policies, amended our bylaws and proposed amendments to our charter that were approved by our stockholders at our 2017 annual meeting of stockholders. The following are governance enhancements taken during 2017:

Adopted a majority vote standard for all uncontested director elections.

Separated the roles of Board Chair and Chief Executive Officer.

COMPENSATION DISCUSSION AND ANALYSIS

Increased participation by all Board members through elimination of the Executive Committee and Strategic Committee.

Separated compensation functions from nominating and corporate governance functions at the Board committee level.

Adopted a more rigorous related party transaction policy.

Adopted new restrictions on outside business activities.

Reduced director compensation and increased director stock ownership requirements.

Lowered director threshold requirements to call special Board meetings.

Enhanced accountability and prior internal review of all public communications.

Engaged outside consultant to conduct an overall governance and skills assessment of the Board.

Proposed charter amendments, which were approved by stockholders at our 2017 annual meeting to:

declassify the Board, a process being phased-in over a three-year period so that all directors will be elected annually beginning in 2020;

allow for removal of directors with or without cause by a majority vote of stockholders;

generally allow for the Company's bylaws to be amended by a majority vote of the stockholders; and

eliminate the supermajority stockholder vote requirement for certain amendments to the Company's charter.

Revised the advance notice bylaw requirements in order to make it easier for stockholders to submit proposals or nominate director candidates at future annual meetings of stockholders.

Refresh our management. Over the course of 2017 and the beginning of 2018, our Board recruited and appointed the following five new executives: Chief Executive Officer (Douglas H. Bowers), Chief Financial Officer (John A. Bogler), Head of Real Estate Banking (Jason M. Pendergist), Chief Credit Officer (Kris A. Gagnon) and Head of Deposits and Treasury Management (Rita H. Dailey). This refreshed executive team is experienced in commercial banking and we believe positions us to optimize our commercial banking business.

Engage with stockholders. We conducted stockholder outreach during the first quarter of 2017 and the first quarter of 2018 to obtain views from our stockholders about our governance and compensation practices. A number of stockholders have expressed concerns about the evergreen provision of our current, stockholder-approved 2013 Omnibus Stock Incentive Plan (the 2013 Plan), which automatically increases the available share pool for equity awards under the 2013 Plan every time the number of outstanding shares increases, and the authority given to our Board in our charter to change the number of authorized shares of the Company's stock without stockholder approval. After considering these concerns, as well as reviewing best practices about corporate governance, for the Annual Meeting the Board of Directors is recommending that stockholders approve the following proposals, which are intended to further enhance the Company's corporate governance:

A new Banc of California, Inc. 2018 Omnibus Stock Incentive Plan (2018 Plan), which does not contain an evergreen provision and includes other improvements over the 2013 Plan from a corporate governance standpoint, including the absence of liberal share recycling provisions, a one-year minimum vesting period subject to a limited exception, a prohibition on payment of dividends or dividend equivalents prior to vesting and a prohibition on payment of dividends or dividend equivalents on stock options or stock appreciation rights. No future awards will be made under the 2013 Plan if the 2018 Plan is approved by stockholders; and

A proposed charter amendment that would require stockholder approval of any future changes in the number of authorized shares of the Company's stock.

Refresh our compensation practices. Our Compensation Committee conducted a comprehensive review of our executive compensation program at the beginning of 2017, with the assistance of outside counsel Morrison & Foerster, compensation consultant Pearl Meyer as well as compensation data from Equilar, to revisit our overall compensation approach given concerns expressed by institutional stockholders and their advisors. The assessment was undertaken to:

create a more transparent compensation program;

target compensation as compared to peer banks;

COMPENSATION DISCUSSION AND ANALYSIS

deliver more uniform incentive awards to the executive team on an annual basis;

better align our pay with our performance using balanced financial performance metrics to promote growth and profitability while also ensuring the safety and soundness of the Bank; and

adopt policies to mitigate the risk of the overall executive compensation program.

Looking Forward: 2018 Compensation Structure

Continuing with the refreshed compensation structure that was implemented during 2017, for fiscal year 2018, our Compensation Committee has taken the following actions:

Approved the fiscal year 2018 cash incentive plan (2018 Annual Incentive Plan), which provides threshold, target and maximum incentive award opportunities based on four pre-determined performance objectives as well as individual or group performance objectives. The 2018 Annual Incentive Plan includes two performance gate criteria that must be satisfied before payout occur under the plan that are based on non-performing assets remaining at or below a specific percentage as well as maintaining a specific Capital Ratio level (Common Equity Tier 1 Capital Ratio). The differences between the Company's annual cash incentive plan for 2017 (2017 Annual Incentive Plan) and the 2018 Annual Incentive Plan are described below.

Approved fiscal 2018 equity awards to current Named Executive Officers (other than Mr. Grosvenor, who will be retiring as General Counsel effective April 15, 2018). Fifty percent of the awards to each executive consist of performance-contingent RSUs with target vesting of one PSU award contingent on the achievement of diluted earnings per share (EPS) growth (adjusted for share repurchases) over a three-year period, and target vesting of a second PSU award (equal in amount to the first PSU award) contingent on relative total stockholder return against an established peer group, also over a three-year period. The balance of each executive's awards was issued as RSUs that vest over time. As with the 2018 Annual Incentive Plan, all equity grants contain two gating criteria to mitigate risk based on non-performing assets remaining at or below a specific percentage as well as maintaining a specific Capital Ratio (Common Equity Tier 1 Capital Ratio).

Fiscal Year 2018 Annual Incentive Plan. On March 8, 2018, our Compensation Committee approved the 2018 Annual Incentive Plan for certain of the Company's executive officers, including, among others, Messrs. Bowers, Bogler, Boyle and Pendergast.

The 2018 Annual Incentive Plan will operate in substantially the same manner as the Company's 2017 Annual Incentive Plan, except that loan growth has been added as a performance criterion under the 2018 Annual Incentive Plan in place of classified assets to total assets, with the four corporate performance criteria of the 2018 Annual Incentive Plan consisting of loan growth, core deposit growth, return on average assets and adjusted efficiency ratio.

An additional performance gate criterion has been added to the 2018 Annual Incentive Plan relating to non-performing assets, with the two performance gate criteria consisting of non-performing assets remaining at or below a specific percentage and maintaining a specific capital ratio (Common Equity Tier 1 Capital Ratio). As with the 2017 Annual Incentive Plan, if the gating items are satisfied, then each participating executive officer will be eligible to receive an annual incentive award under the 2018 Annual Incentive Plan based on achieving (i) 2018 corporate objectives, under the four corporate performance criteria for 2018, and (ii) individual or business unit performance objectives, with the corporate and individual or business unit objectives being weighted differently based on the officer's position. The differences between the performance and gating criteria under the 2017 and 2018 Annual Incentive Plans are illustrated below.

2017 Annual Incentive Plan		2018 Annual Incentive Plan Performance	
Performance Objectives	Weighting	Objectives	Weighting
Core Deposit Growth		Core Deposit Growth	
ROAA		ROAA	
Classified Assets to Total Assets (%)	20% for all performance objectives	Classified Assets to Total Assets (%)	Based on officer's position.
Adjusted Efficiency Ratio (%)		Adjusted Efficiency Ratio (%)	
Individual or Group Objectives		Individual or Group Objectives	

COMPENSATION DISCUSSION AND ANALYSIS

2017 Gating Criteria	2018 Gating Criteria
Common Equity Tier 1 Capital Ratio (%)	Common Equity Tier 1 Capital Ratio (%)
	Non-Performing Assets (%)

Fiscal Year 2018 Annual Equity Awards. For PSU awards, the following are the 2018-2020 corporate target performance measures and corresponding award opportunities approved for the Company's executive officers:

Performance Corresponding to Threshold, Target and

Maximum Payouts

Performance Measure	Threshold (50% of Target Shares)	Target Shares	Maximum (150% of Target Shares)
2020 Diluted EPS	90% of Targeted Performance	Targeted Performance	110% of Targeted Performance
Relative TSR	40 th Percentile	50 th Percentile	75 th Percentile

Fiscal year 2018 Named Executive Officer Basic Pay Mix. As of April 1, 2018, the basic pay mix for our current Named Executive Officers (other than Mr. Grosvenor who, will be retiring as the Company's General Counsel and Corporate Secretary on April 15, 2018) is set forth in the table below. All equity grants in the table below (including the RSUs) contain two gating criteria to mitigate risk based on non-performing assets remaining at or below a specific percentage as well as maintaining a specific Capital Ratio (Common Equity Tier 1 Capital Ratio). In addition, one of the 2018 PSU grants is subject to growth in diluted Earnings Per Share (EPS) over a three-year period beginning on January 1, 2018 and ending on December 31, 2020 and the other is based on our Total Stockholder Return relative to a

defined peer group over the same period.

Executive	Equity Incentives					
	Base Salary	Target Cash Incentives Under	Award Type	Estimated Grant Date Fair Value or Potential	Vesting Period	Total
		2018 Annual Incentive Plan		Target Payout		
Current Named Executive Officers						
President and Chief Executive Officer	\$700,000	\$700,000	RSU	\$362,500	3 Years	\$2,100,000
			PSU	\$181,250	3 Year Cliff	
			PSU	\$181,250	3 Year Cliff	
Chief Financial Officer	\$450,000	\$337,500	RSU	\$225,000	3 Years	\$1,200,000
			PSU	\$112,500	3 Year Cliff	
			PSU	\$112,500	3 Year Cliff	
	\$400,000	\$300,000	RSU	\$200,000	3 Years	\$1,100,000

Risk Officer, Former Interim Chief Executive Officer

			PSU	\$100,000	3 Year Cliff	
rgist	\$400,000	\$300,000	PSU	\$100,000	3 Year Cliff	
			RSU	\$200,000	3 Years	\$1,1

of Real Estate Banking

PSU \$100,000 3 Year Cliff

Stockholder Outreach

PSU \$100,000 3 Year Cliff

During the first quarter of 2017, our independent Board Chair led an outreach effort in partnership with the Company’s Investor Relations team, to facilitate a dialogue and to communicate directly with our largest stockholders regarding a broad range of governance and strategic topics. The outreach efforts targeted stockholders collectively representing over 75 percent of our outstanding voting common shares as of year-end 2016. Our refreshed Board values investor relationships and these engagement efforts provided us with a deeper understanding of investors’ views. The feedback received from investors in these meetings has informed the Board’s actions and policies on governance matters and policies, as well as the Board’s changes to the executive compensation program for 2017.

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Additionally, during the first quarter of 2018, our President and Chief Executive Officer and the Company's Investor Relations Officer led outreach efforts to the Company's largest stockholders to engage in a dialogue regarding a broad range of governance topics.

2017 Compensation Refresh

The following actions were taken by the Board's Compensation Committee during 2017 to refresh our compensation programs:

Approved an enhanced recoupment policy that enables the Board to recover or cancel cash incentive compensation and equity awards beginning with the 2017 awards described below.

Approved the fiscal year 2017 cash incentive plan, which provides threshold, target and maximum incentive award opportunities based on four pre-determined performance objectives.

Approved fiscal 2017 equity awards to current Named Executive Officers (as defined under *Compensation Discussion and Analysis Introduction*) comprised of 50 percent of performance-contingent restricted stock awards with target vesting contingent on the achievement of two performance criteria, EPS growth (adjusted for share repurchases) and relative Total Stockholder Return against an established peer group. The balance of each award was issued as restricted stock which vests over time.

Overview of 2017 Refreshed Executive Compensation Program

Key elements of 2017 refreshed compensation for our executives include the following:

Base Salary

We pay base salaries commensurate with an executive's position and experience. Subject to the terms of any employment agreement in place, base salaries for our executive officers are generally reviewed at least annually by the Compensation Committee.

Performance-Based Annual

Incentive Plan

Executive officers are given the opportunity to earn a target annual cash incentive as a percent of each officer's salary. In 2017, the Compensation Committee adopted a performance-based annual incentive program, which is intended to provide payment for achieving key annual performance objectives that are set by the Compensation Committee in the first quarter of each year.

Equity Performance-Based Incentive Awards

We provide performance-contingent equity as an additional incentive for executives to achieve the Bank's long-term goals. In general, as part of our 2017 compensation refresh, we now provide that 50% of the annual long-term incentive awards granted to our Named Executive Officers include a performance requirement.

The Compensation Committee also considers executive officer performance and recommends equity incentive awards for our Chief Executive Officer based on a variety of factors, in its discretion, and for our other executive officers based on recommendations from the Chief Executive Officer. The Compensation Committee's decisions reflect the belief that equity incentives encourage executives to focus on long-term stockholder value creation and foster alignment with our stockholders.

Other Compensation

We provide 401(k) plan, and health, disability and life insurance benefits, as well as other benefits.

The foregoing elements fit into our overall compensation objectives by helping to fulfill the future potential of our operations, facilitating our entry into new markets, providing proper regulatory compliance and helping to create a cohesive team.

Our policy for allocating between long-term and short-term compensation is to ensure adequate base compensation to attract and retain personnel, while providing incentives with an appropriate level of risk to maximize long-term value for our Company and our stockholders. Likewise, we provide cash compensation to meet competitive norms and reward good performance on an annual basis in the form of merit salary adjustments and bonus compensation to reward superior performance against specific short-term goals. We provide equity-based compensation as a long-term incentive and a means of directly aligning the interests of our executive officers with the interests of our stockholders. We believe that our overall compensation package, including benefits and equity-related awards, is competitive within the marketplace and consistent with the philosophy and objectives of our compensation program.

COMPENSATION DISCUSSION AND ANALYSIS

Revisiting the Peer Group for future Compensation Decisions. In connection with the refreshment of our compensation practices in 2017, the Compensation Committee also reviewed the prior peer group with assistance from Pearl Meyer and on March 31, 2017, approved revisions to better align compensation peers to the size of the Company. As of December 31, 2017, the peer group assets and other information relative to the peer group was as follows:

Company	State	Total Assets (\$B)⁽¹⁾
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