

Banc of California Reports Solid Earnings and Strong Balance Sheet in First Quarter 2023 Financial Results

SANTA ANA, Calif., (April 20, 2023) — Banc of California, Inc. (NYSE: BANC) today reported net income of \$20.3 million, or \$0.34 per diluted common share, for the first quarter of 2023. This compares to net income of \$21.5 million, or \$0.36 per diluted common share for the fourth quarter of 2022. On an adjusted basis, net income was \$21.7 million for the quarter, or \$0.37 per diluted common share.⁽¹⁾ This compares to adjusted net income of \$26.8 million, or \$0.45 per diluted common share, for the fourth quarter of 2022, which excluded a pre-tax loss on sale of securities of \$7.7 million.⁽¹⁾

First quarter highlights:

- **Diversified core deposit base** with noninterest-bearing deposits representing 38% of average deposits and 36% at quarter end. Uninsured and uncollateralized deposits comprised 27% of total deposits.
- **Significant available excess liquidity** with immediately available on-balance sheet liquidity and unused borrowing capacity of \$4.0 billion, including \$1.0 billion in cash. Available liquidity was 2.2 times the level of uninsured and uncollateralized deposits.
- **Low unrealized losses** in the securities portfolio, with unrealized losses of \$46.8 million on AFS securities of \$958.4 million, representing 3.8% of CET1 capital⁽¹⁾.
- **High capital ratios**⁽²⁾ projected to remain well above the regulatory thresholds for "well capitalized" banks, including an estimated 14.06% total risk-based capital ratio, 11.66% Tier 1 capital ratio, 11.66% CET1 capital ratio and 9.71% Tier 1 leverage ratio.
- **Stable asset quality** as total delinquent loans decreased 20%, or 25 bps, to 1.03% and classified assets also decreased 20%, or 33 bps, to 1.34% from the prior quarter. Total net charge-offs for the quarter were 0.22% of average loans. The ACL ratio remained relatively flat at 1.27% of total loans and 158% of nonperforming assets.
- **Other performance highlights** as follows:
 - Return on average assets of 0.88% and adjusted return on average assets of 0.94%⁽¹⁾
 - Book value per share of \$16.33, up from \$16.26
 - Tangible common equity per share of \$14.26, up from \$14.19⁽¹⁾
 - Repurchased \$5.2 million of common stock through March 31 and \$10.0 million total as of April 12
 - Increased the quarterly dividend 67% to \$0.10 per share
 - Net deposit outflow in the first quarter of only 2%

Jared Wolff, President & CEO of Banc of California, commented, "The strength of the franchise and balance sheet we have built over the past four years has enabled us to effectively manage through the recent turmoil in the banking industry. As a true relationship-focused commercial bank, we are deeply connected to our clients through the expertise and services that we provide. As a result, our deposit base remained stable and resilient over the past several weeks with noninterest-bearing deposits averaging 38% for the quarter, and we experienced only a two-percent decline in the quarter in total deposits with seasonal outflows we typically see in the first quarter. We also had a net increase in commercial deposit accounts and our deposit pipeline of business accounts remains strong."

Mr. Wolff continued, "Additionally, the proactive steps we took over the past several quarters to manage and reposition our securities portfolio has resulted in low levels of unrealized losses despite the rapidly rising rate environment. With our high levels of capital and liquidity, alongside stable deposits, we opportunistically repurchased 1% of our shares through mid-April under our recently announced buy-back authorization. We remain focused on building shareholder value in the current environment by continuing to bring in new client relationships, optimizing liquidity sources, managing expenses, preserving credit quality, and effectively using our significant excess capital."

Raymond Rindone, Interim Chief Financial Officer of Banc of California, said, "Our total available primary and secondary liquidity was just over \$4.0 billion or 2.2 times our uninsured and uncollateralized deposits, with \$1.0 billion of cash at quarter end. While the deposit base has been largely stable since the recent banking industry disruption, we increased our level of overnight borrowings and added some short-term brokered deposits to increase our liquidity. While these actions had an impact on our level of profitability and net interest margin in the first quarter, we believe it was prudent from a risk management perspective. The short-term nature of this additional liquidity gives us flexibility to quickly make adjustments in our liability mix as market conditions evolve. In addition, we saw positive credit quality trends in the loan portfolio as noted by the decline in delinquencies and classified assets during the first quarter."

(1) Non-GAAP measures; refer to section 'Non-GAAP Measures'

(2) Capital ratios are preliminary.

Income Statement Highlights

| | Three Months Ended | | | | |
|--|--------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| | (\$ in thousands) | | | | |
| Total interest and dividend income | \$ 106,919 | \$ 104,112 | \$ 95,973 | \$ 88,418 | \$ 84,269 |
| Total interest expense | 33,866 | 23,895 | 16,565 | 10,119 | 7,828 |
| Net interest income | 73,053 | 80,217 | 79,408 | 78,299 | 76,441 |
| Net (loss) gain on sale of securities available for sale | — | (7,708) | — | — | 16 |
| Other noninterest income | 7,859 | 6,281 | 5,681 | 7,186 | 5,894 |
| Total noninterest income | 7,859 | (1,427) | 5,681 | 7,186 | 5,910 |
| Total revenue | 80,912 | 78,790 | 85,089 | 85,485 | 82,351 |
| Total noninterest expense | 51,239 | 48,203 | 50,962 | 48,612 | 46,596 |
| Pre-tax / pre-provision income ⁽¹⁾ | 29,673 | 30,587 | 34,127 | 36,873 | 35,755 |
| Provision for (reversal of) credit losses | 2,000 | — | — | — | (31,542) |
| Income tax expense | 7,395 | 9,068 | 9,931 | 10,161 | 18,785 |
| Net income | <u>\$ 20,278</u> | <u>\$ 21,519</u> | <u>\$ 24,196</u> | <u>\$ 26,712</u> | <u>\$ 48,512</u> |
| Net income available to common stockholders ⁽²⁾ | <u>\$ 20,278</u> | <u>\$ 21,519</u> | <u>\$ 24,196</u> | <u>\$ 26,712</u> | <u>\$ 43,345</u> |

(1) Non-GAAP Measure; refer to section 'Non-GAAP Measures'

(2) Balance represents the net income available to common stockholders after subtracting preferred stock dividends and the impact of preferred stock redemption from net income. Refer to the Statements of Operations for additional detail on these amounts.

Net interest income

Q1-2023 vs Q4-2022

Net interest income decreased \$7.2 million to \$73.1 million for the first quarter due to a higher average balance and cost of interest-bearing liabilities, partially offset by a higher average balance and yield on interest-earning assets. The net interest margin decreased 28 basis points to 3.41% for the first quarter as the average interest-earning assets yield increased 20 basis points and the cost of average total funding increased 51 basis points.

The yield on average interest-earning assets increased to 4.99% for the first quarter from 4.79% for the fourth quarter mainly due to higher yields on loans, securities and other interest-earning assets. The overall loan yield increased 15 basis points to 5.07% during the first quarter as a result of the impact of higher market interest rates and changes in portfolio mix. The loan yields include the impact of prepayment penalty fees, the net reversal or recapture of nonaccrual loan interest and accelerated discount accretion on the early payoff of purchased loans; these items increased the overall loan yield by 8 basis points in the first quarter and 6 basis points in the fourth quarter. The yield on securities increased 47 basis points to 4.66% due mostly to rate resets in the CLO portfolio and the positive impact of the investment portfolio repositioning during the fourth quarter to sell lower-yielding securities and reinvest the proceeds in higher-yielding securities.

The average cost of funds increased 51 basis points to 1.68% for the first quarter from 1.17% for the fourth quarter. This increase was due partially to the conservative strategy to hold extra liquidity toward the end of the quarter due to the operating environment. The increase in the average cost of funds was driven by the higher cost of average interest-bearing liabilities, which increased 66 basis points to 2.47% for the first quarter from 1.81% for the fourth quarter. The cost of average interest-bearing deposits increased 64 basis points to 1.98% for the first quarter from 1.34% for the fourth quarter while the cost of average FHLB advances and FRB borrowings increased 46 basis points to 3.67% for the first quarter from 3.21% for the fourth quarter. The increase in the cost of these funding sources was due to the increase in higher cost borrowed funds and the impact of higher market interest rates as the average effective Federal Funds rate increased 86 basis points from 3.65% in the fourth quarter to 4.51% in the first quarter.

Average noninterest-bearing deposits were \$279.8 million lower in the first quarter compared to the fourth quarter, and average total deposits were \$303.3 million lower for the linked quarter. Average noninterest-bearing deposits represented 38% of average total deposits for the first quarter, compared to 41% for the fourth quarter. The cost of average total deposits increased 43 basis points to 1.22% for the first quarter.

Average FHLB advances, FRB borrowings and other borrowings were \$346.6 million higher in the first quarter compared to the fourth quarter as wholesale funding sources were strategically utilized to further improve liquidity and manage funding costs.

Provision for credit losses

Q1-2023 vs Q4-2022

The provision for credit losses was \$2.0 million for the first quarter and included a \$2.5 million provision for credit losses related to loans, partially offset by a \$500 thousand reversal of credit losses related to lower unfunded commitments. There was no provision for credit losses for the fourth quarter. The increase in provision for credit losses was due to an increase in specific reserves and deterioration in the macroeconomic outlook, partially offset by net charge-off activity, changes in the portfolio mix and a decrease in total loan balances.

Noninterest income

Q1-2023 vs Q4-2022

Noninterest income increased \$9.3 million to \$7.9 million for the first quarter due mainly to the previous quarter including a \$7.7 million loss on the sale of investment securities, coupled with higher other income of \$1.7 million. Other income included \$1.1 million in recoveries of certain charged-off loans acquired in a previous business combination and higher income from equity investments of \$750 thousand.

Noninterest expense

Q1-2023 vs Q4-2022

Noninterest expense increased \$3.0 million to \$51.2 million for the first quarter compared to the fourth quarter. The increase was due to (i) higher salaries and employee benefits of \$1.8 million including \$1.0 million of severance costs related to expense management and higher payroll taxes normally incurred during the first quarter, (ii) higher net loss in alternative energy partnership investments of \$1.0 million, (iii) higher professional fees of \$879 thousand, due to a \$1.2 million increase in indemnified legal fees (net of recoveries) offset by a \$370 thousand decrease in other professional fees, and (iv) higher regulatory assessments of \$297 thousand as the FDIC increased assessment rates in the first quarter. These increases were partially offset by lower other expenses of \$994 thousand due to ongoing expense management. Professional fees included net indemnified legal expenses of \$380 thousand in the first quarter compared to net indemnified legal recoveries of \$869 thousand in the fourth quarter.

Adjusted noninterest expense, which represents total operating costs⁽¹⁾, increased \$777 thousand to \$49.2 million for the first quarter compared to \$48.5 million for the prior quarter. This increase was due to higher salaries and benefits of \$1.8 million and regulatory assessments of \$297 thousand, partially offset by lower professional fees of \$370 thousand, and other expenses of \$994 thousand.

Income taxes

Q1-2023 vs Q4-2022

Income tax expense totaled \$7.4 million for the first quarter resulting in an effective tax rate of 26.7% compared to \$9.1 million for the fourth quarter and an effective tax rate of 29.6%. The effective tax rate for the full year 2023 is estimated to be 27% to 28%.

(1) Non-GAAP measures; refer to section 'Non-GAAP Measures'

Balance Sheet

At March 31, 2023, total assets were \$10.04 billion, which represented a linked-quarter increase of \$841.9 million. The following table shows selected balance sheet line items as of the dates indicated:

| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | Amount Change | |
|-------------------------------|-------------------|----------------------|-----------------------|-------------------|-------------------|--------------------|--------------------|
| | | | | | | Q1-23 vs. Q4-22 | Q1-23 vs. Q1-22 |
| | | | | | | | |
| | | | | (\$ in thousands) | | | |
| Securities held-to-maturity | \$ 328,520 | \$ 328,641 | \$ 328,757 | \$ 329,272 | \$ 329,381 | \$ (121) | \$ (861) |
| Securities available-for-sale | \$ 958,427 | \$ 868,297 | \$ 847,565 | \$ 865,435 | \$ 898,775 | \$ 90,130 | \$ 59,652 |
| Loans held-for-investment | \$ 7,054,380 | \$ 7,115,038 | \$ 7,289,320 | \$ 7,451,264 | \$ 7,451,573 | \$ (60,658) | \$ (397,193) |
| Total assets | \$ 10,038,901 | \$ 9,197,016 | \$ 9,368,578 | \$ 9,502,113 | \$ 9,583,540 | \$ 841,885 | \$ 455,361 |
| Noninterest-bearing deposits | \$ 2,506,616 | \$ 2,809,328 | \$ 2,943,585 | \$ 2,826,599 | \$ 2,958,632 | \$ (302,712) | \$ (452,016) |
| Total deposits | \$ 6,951,974 | \$ 7,120,921 | \$ 7,280,385 | \$ 7,558,683 | \$ 7,479,701 | \$ (168,947) | \$ (527,727) |
| Borrowings ⁽¹⁾ | \$ 2,007,665 | \$ 1,002,254 | \$ 1,011,767 | \$ 884,282 | \$ 1,020,842 | \$ 1,005,411 | \$ 986,823 |
| Total liabilities | \$ 9,079,994 | \$ 8,237,398 | \$ 8,416,588 | \$ 8,552,983 | \$ 8,604,531 | \$ 842,596 | \$ 475,463 |
| Total equity | \$ 958,907 | \$ 959,618 | \$ 951,990 | \$ 949,130 | \$ 979,009 | \$ (711) | \$ (20,102) |

(1) Represents FHLB advances and FRB borrowings, Other borrowings, and Long-term debt, net.

Investments

Securities held-to-maturity totaled \$328.5 million at March 31, 2023 and included \$214.3 million in agency securities and \$114.2 million in municipal securities.

Securities available-for-sale increased \$90.1 million during the first quarter to \$958.4 million at March 31, 2023, due to purchases of \$101.7 million, offset by principal payments of \$6.2 million and an increase in unrealized net losses of \$5.5 million. The unrealized net losses of \$5.5 million were due to wider credit spreads within corporate debt securities, offset by improvement in the valuation of CLOs, agency CMOs, and non-agency residential MBS securities.

As of March 31, 2023, the securities available-for-sale portfolio included \$479.6 million of CLOs, \$177.1 million of agency securities, \$176.0 million of corporate debt securities, \$115.4 million of residential collateralized mortgage obligations, and \$10.3 million of SBA securities. The CLO portfolio, which is comprised of AAA and AA-rated securities, represented 37% of the total securities portfolio and the carrying value included an unrealized net loss of \$11.2 million at March 31, 2023, compared to 40% of the total securities portfolio and an unrealized net loss of \$15.6 million at December 31, 2022.

As of March 31, 2023, securities held-to-maturity had aggregate unrealized net losses of \$55.6 million, of which \$15.5 million related to unrealized losses from the transfer of certain fixed-rate mortgage-backed securities and municipal securities from the available-for-sale portfolio to the held-to-maturity portfolio in the prior year. Securities available-for-sale had aggregate unrealized net losses of \$46.8 million. These unrealized net losses related primarily to changes in overall interest rates and the resulting impact on valuations of mortgage-backed securities, collateralized mortgage obligations, municipal securities and collateralized loan obligations and credit spreads within corporate debt securities.

Loans

The following table sets forth the composition, by loan category, of our loan portfolio as of the dates indicated:

| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | <i>(\$ in thousands)</i> | | | | |
| Composition of loans | | | | | |
| Commercial real estate | \$ 1,302,277 | \$ 1,259,651 | \$ 1,240,927 | \$ 1,204,414 | \$ 1,163,381 |
| Multifamily | 1,678,300 | 1,689,943 | 1,698,455 | 1,572,308 | 1,397,761 |
| Construction | 260,167 | 243,553 | 236,495 | 228,341 | 225,153 |
| Commercial and industrial | 1,150,416 | 1,243,452 | 1,227,054 | 1,273,307 | 1,224,908 |
| Commercial and industrial - warehouse lending | 636,731 | 602,508 | 766,362 | 1,160,157 | 1,574,549 |
| SBA | 65,040 | 68,137 | 85,674 | 92,235 | 133,116 |
| Total commercial loans | <u>5,092,931</u> | <u>5,107,244</u> | <u>5,254,967</u> | <u>5,530,762</u> | <u>5,718,868</u> |
| Single-family residential mortgage | 1,877,114 | 1,920,806 | 1,947,652 | 1,832,279 | 1,637,307 |
| Other consumer | 84,335 | 86,988 | 86,701 | 88,223 | 95,398 |
| Total consumer loans | <u>1,961,449</u> | <u>2,007,794</u> | <u>2,034,353</u> | <u>1,920,502</u> | <u>1,732,705</u> |
| Total gross loans | <u><u>\$ 7,054,380</u></u> | <u><u>\$ 7,115,038</u></u> | <u><u>\$ 7,289,320</u></u> | <u><u>\$ 7,451,264</u></u> | <u><u>\$ 7,451,573</u></u> |
| Composition percentage of loans | | | | | |
| Commercial real estate | 18.5 % | 17.7 % | 17.0 % | 16.2 % | 15.6 % |
| Multifamily | 23.8 % | 23.8 % | 23.3 % | 21.1 % | 18.8 % |
| Construction | 3.7 % | 3.4 % | 3.2 % | 3.1 % | 3.0 % |
| Commercial and industrial | 16.3 % | 17.5 % | 16.8 % | 17.1 % | 16.4 % |
| Commercial and industrial - warehouse lending | 9.0 % | 8.4 % | 10.6 % | 15.5 % | 21.1 % |
| SBA | 0.9 % | 1.0 % | 1.2 % | 1.2 % | 1.8 % |
| Total commercial loans | <u>72.2 %</u> | <u>71.8 %</u> | <u>72.1 %</u> | <u>74.2 %</u> | <u>76.7 %</u> |
| Single-family residential mortgage | 26.6 % | 27.0 % | 26.7 % | 24.6 % | 22.0 % |
| Other consumer | 1.2 % | 1.2 % | 1.2 % | 1.2 % | 1.3 % |
| Total consumer loans | <u>27.8 %</u> | <u>28.2 %</u> | <u>27.9 %</u> | <u>25.8 %</u> | <u>23.3 %</u> |
| Total gross loans | <u><u>100.0 %</u></u> | <u><u>100.0 %</u></u> | <u><u>100.0 %</u></u> | <u><u>100.0 %</u></u> | <u><u>100.0 %</u></u> |

Total loans ended the first quarter of 2023 at \$7.05 billion, down \$60.7 million from \$7.12 billion at December 31, 2022, due mostly to a \$88.1 million decrease in commercial loans, a \$43.7 million decrease in single-family residential (SFR) loans, and a \$3.1 million decrease in SBA loans, partially offset by a \$42.6 million increase in commercial real estate loans and a \$34.2 million increase in warehouse lending balances. Loan fundings of \$398.9 million in the first quarter included net warehouse advances of \$34.2 million, offset by other loan paydowns and payoffs of \$453.9 million.

Loan concentrations were well-diversified between products and industries. In particular, at March 31, 2023, the CRE portfolio of \$1.30 billion had balances related to office loans of \$359.8 million. This was comprised of general office of \$273.7 million with a weighted average LTV of 54% and debt service coverage ratio of 1.6x and medical office of \$86.1 million with a weighted average LTV of 58% and debt service coverage ratio of 1.7x.

Deposits

The following table sets forth the composition of our deposits at the dates indicated:

| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
|---|---------------------|----------------------|-----------------------|---------------------|---------------------|
| | (\$ in thousands) | | | | |
| Composition of deposits | | | | | |
| Noninterest-bearing checking | \$ 2,506,616 | \$ 2,809,328 | \$ 2,943,585 | \$ 2,826,599 | \$ 2,958,632 |
| Interest-bearing checking | 1,862,003 | 1,947,247 | 1,921,816 | 2,359,857 | 2,395,329 |
| Savings and money market | 998,365 | 1,174,925 | 1,478,045 | 1,622,922 | 1,605,088 |
| Non-brokered certificates of deposit | 585,272 | 584,476 | 614,569 | 615,719 | 520,652 |
| Brokered certificates of deposit | 999,718 | 604,945 | 322,370 | 133,586 | — |
| Total deposits | <u>\$ 6,951,974</u> | <u>\$ 7,120,921</u> | <u>\$ 7,280,385</u> | <u>\$ 7,558,683</u> | <u>\$ 7,479,701</u> |
| Composition percentage of deposits | | | | | |
| Noninterest-bearing checking | 36.1 % | 39.5 % | 40.4 % | 37.4 % | 39.6 % |
| Interest-bearing checking | 26.8 % | 27.3 % | 26.4 % | 31.2 % | 32.0 % |
| Savings and money market | 14.3 % | 16.5 % | 20.4 % | 21.5 % | 21.4 % |
| Non-brokered certificates of deposit | 8.4 % | 8.2 % | 8.4 % | 8.1 % | 7.0 % |
| Brokered certificates of deposit | 14.4 % | 8.5 % | 4.4 % | 1.8 % | — % |
| Total deposits | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> | <u>100.0 %</u> |

Total deposits decreased \$168.9 million during the first quarter of 2023 to \$6.95 billion at March 31, 2023, due mostly to lower noninterest-bearing checking balances of \$302.7 million, savings and money market balances of \$176.6 million and interest-bearing checking balances of \$85.2 million, partially offset by higher certificate of deposit balances of \$395.6 million. We continue to focus on growing granular relationship-based deposits and strategically replacing short-term wholesale funding as we actively manage our funding costs. We also executed a \$300 million cash flow hedge during the quarter to further manage our interest rate risk and reduce our exposure to higher funding costs resulting from higher interest rates. Noninterest-bearing checking totaled \$2.51 billion and represented 36% of total deposits at March 31, 2023, compared to \$2.81 billion, or 40% of total deposits, at December 31, 2022.

Insured deposits of \$4.77 billion and collateralized deposits of \$314.6 million represented 73% of total deposits at March 31, 2023, compared to insured deposits of \$3.93 billion and collateralized deposits of \$343.9 million which represented 60% of total deposits at December 31, 2022.

Debt

In light of current volatility in the market, we have proactively taken a number of liquidity-enhancing measures, including additional advances from FHLB and draws on available FRB facilities. Advances from the FHLB and FRB borrowings increased \$1.01 billion during the first quarter to \$1.73 billion at March 31, 2023. FHLB advances included (i) \$325.0 million of overnight borrowings and (ii) \$811.0 million in term advances with a weighted average life of 3.6 years and weighted average interest rate of 3.04%. We also utilized available capacity from the FRB through \$600.0 million in overnight borrowings.

Equity

During the first quarter, total stockholders' equity decreased by \$711 thousand to \$958.9 million and tangible common equity⁽¹⁾ decreased by \$250 thousand to \$837.5 million at March 31, 2023. The decrease in total stockholders' equity for the first quarter resulted from net income of \$20.3 million, partially offset by accumulated other comprehensive net loss (net of tax) from unrealized losses of \$6.1 million from the cash flow hedge and \$3.7 million from investment securities available-for-sale, dividends to common stockholders of \$5.7 million and repurchases of common stock of \$5.2 million. Book value per common share increased \$0.07 during the first quarter to \$16.33 as of March 31, 2023. Tangible common equity per share⁽¹⁾ also increased \$0.07 during the first quarter to \$14.26 as of March 31, 2023 due mostly to net income, offset by accumulated other comprehensive losses and dividends.

(1) Non-GAAP measures; refer to section 'Non-GAAP Measures'

Capital and Liquidity

Capital ratios remain strong with total risk-based capital at 14.06% and a tier 1 leverage ratio of 9.71% at March 31, 2023. The following table sets forth our regulatory capital ratios as of the dates indicated:

| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
|--------------------------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
| Capital Ratios⁽¹⁾ | | | | | |
| Banc of California, Inc. | | | | | |
| Total risk-based capital ratio | 14.06 % | 14.21 % | 13.86 % | 13.69 % | 13.79 % |
| Tier 1 risk-based capital ratio | 11.66 % | 11.80 % | 11.43 % | 11.29 % | 11.40 % |
| Common equity tier 1 capital ratio | 11.66 % | 11.80 % | 11.43 % | 11.29 % | 11.40 % |
| Tier 1 leverage ratio | 9.71 % | 9.70 % | 9.52 % | 9.58 % | 9.72 % |
| Banc of California, NA | | | | | |
| Total risk-based capital ratio | 15.76 % | 16.02 % | 15.70 % | 15.54 % | 15.66 % |
| Tier 1 risk-based capital ratio | 14.67 % | 14.94 % | 14.56 % | 14.41 % | 14.54 % |
| Common equity tier 1 capital ratio | 14.67 % | 14.94 % | 14.56 % | 14.41 % | 14.54 % |
| Tier 1 leverage ratio ⁽²⁾ | 12.22 % | 12.25 % | 12.12 % | 12.27 % | 12.38 % |

(1) March 31, 2023 capital ratios are preliminary.

(2) The interim capital relief related to the adoption of the current expected credit losses (CECL) accounting standard increased the Bank's leverage ratio by approximately 6 basis points at March 31, 2023.

At March 31, 2023, total cash and cash equivalents was \$1.01 billion, an increase of \$782.1 million from December 31, 2022 as we deployed a conservative strategy to hold extra liquidity due to the current operating environment. Combined with unpledged securities available-for-sale of \$724.2 million and total available borrowing capacity of \$2.29 billion, total liquid assets and unused borrowing capacity of \$4.03 billion exceeded total uninsured and uncollateralized deposits of \$1.87 billion by 215%.

Credit Quality

| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
|---|-------------------|----------------------|-----------------------|------------------|-------------------|
| Asset quality information and ratios | | | | | |
| Delinquent loans held-for-investment | | | | | |
| 30 to 89 days delinquent | \$ 35,581 | \$ 46,666 | \$ 38,694 | \$ 38,285 | \$ 27,067 |
| 90+ days delinquent | 37,060 | 44,554 | 18,843 | 23,905 | 33,930 |
| Total delinquent loans | <u>\$ 72,641</u> | <u>\$ 91,220</u> | <u>\$ 57,537</u> | <u>\$ 62,190</u> | <u>\$ 60,997</u> |
| Total delinquent loans to total loans | 1.03 % | 1.28 % | 0.79 % | 0.83 % | 0.82 % |
| Non-performing assets, excluding loans held-for-sale | | | | | |
| Non-accrual loans | \$ 56,545 | \$ 55,251 | \$ 42,674 | \$ 44,443 | \$ 54,529 |
| 90+ days delinquent and still accruing loans | — | — | — | — | — |
| Non-performing loans | <u>56,545</u> | <u>55,251</u> | <u>42,674</u> | <u>44,443</u> | <u>54,529</u> |
| Non-performing assets | <u>\$ 56,545</u> | <u>\$ 55,251</u> | <u>\$ 42,674</u> | <u>\$ 44,443</u> | <u>\$ 54,529</u> |
| ALL to non-performing loans | 149.54 % | 155.58 % | 216.63 % | 211.04 % | 170.97 % |
| Non-performing loans to total loans held-for-investment | 0.80 % | 0.78 % | 0.59 % | 0.60 % | 0.73 % |
| Non-performing assets to total assets | 0.56 % | 0.60 % | 0.46 % | 0.47 % | 0.57 % |

At March 31, 2023, total delinquent loans were \$72.6 million, and included SFR mortgages of \$40.9 million, or 56.3% of total delinquent loans. During the first quarter, delinquent loans decreased \$18.6 million due to total additions of \$27.8 million, offset by cures of \$35.9 million and amortization and other removals of \$10.5 million. Additions to delinquent loans included \$14.7 million of SFR mortgages, \$10.8 million of commercial and industrial loans, and \$2.3 million of other loans.

At March 31, 2023, non-performing loans were \$56.5 million, and included (i) commercial loans of \$26.3 million, (ii) SFR mortgages of \$24.6 million, and (iii) \$5.4 million of commercial loans in a current payment status, however are on nonaccrual

based on other criteria. Excluding SFR mortgages, which are well secured with low loan-to-value ratios, non-performing loans decreased \$2.2 million from the prior quarter.

Allowance for Credit Losses

| | Three Months Ended | | | | |
|---|---------------------------|------------------------------|-------------------------------|--------------------------|---------------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| | <i>(\$ in thousands)</i> | | | | |
| Allowance for loan losses (ALL) | | | | | |
| Balance at beginning of period | \$ 85,960 | \$ 92,444 | \$ 93,793 | \$ 93,226 | \$ 92,584 |
| Loans charged off | (3,949) | (7,641) | (912) | (494) | (231) |
| Recoveries | 49 | 57 | 63 | 1,561 | 32,215 |
| Net (charge-offs) recoveries | (3,900) | (7,584) | (849) | 1,067 | 31,984 |
| Provision for (reversal of) loan losses | 2,500 | 1,100 | (500) | (500) | (31,342) |
| Balance at end of period | <u>\$ 84,560</u> | <u>\$ 85,960</u> | <u>\$ 92,444</u> | <u>\$ 93,793</u> | <u>\$ 93,226</u> |
| Reserve for unfunded loan commitments (RUC) | | | | | |
| Balance at beginning of period | \$ 5,305 | \$ 6,405 | \$ 5,905 | \$ 5,405 | \$ 5,605 |
| (Reversal of) provision for credit losses | (500) | (1,100) | 500 | 500 | (200) |
| Balance at end of period | <u>4,805</u> | <u>5,305</u> | <u>6,405</u> | <u>5,905</u> | <u>5,405</u> |
| Allowance for credit losses (ACL) | | | | | |
| | <u>\$ 89,365</u> | <u>\$ 91,265</u> | <u>\$ 98,849</u> | <u>\$ 99,698</u> | <u>\$ 98,631</u> |
| ALL to total loans | 1.20 % | 1.21 % | 1.27 % | 1.26 % | 1.25 % |
| ACL to total loans | 1.27 % | 1.28 % | 1.36 % | 1.34 % | 1.32 % |
| ACL to NPLs | 158.04 % | 165.18 % | 231.64 % | 224.33 % | 180.88 % |
| Annualized net loan charge-offs (recoveries) to average total loans held-for-investment | 0.22 % | 0.42 % | 0.05 % | (0.06)% | (1.76)% |

The allowance for credit losses, which includes the reserve for unfunded loan commitments, totaled \$89.4 million, or 1.27% of total loans, at March 31, 2023, compared to \$91.3 million, or 1.28% of total loans, at December 31, 2022. ACL decreased by \$1.9 million due to: (i) net charge offs of \$3.9 million, of which \$3.2 million related to commercial and industrial loans, (ii) \$3.2 million from lower loan balances and changes in portfolio mix and (iii) \$500 thousand lower RUC from lower unfunded commitments, partially offset by (iv) new specific reserves totaling \$3.2 million, and (v) a \$2.5 million increase in general reserves due mainly to the impact of the deterioration in the macroeconomic outlook. The ACL coverage of non-performing loans was 158% at March 31, 2023 compared to 165% at December 31, 2022.

The ACL methodology uses a nationally recognized, third-party model that includes many assumptions based on historical and peer loss data, current loan portfolio risk profile including risk ratings, and economic forecasts including macroeconomic variables released by the model provider during March 2023. The published forecasts consider the Federal Reserve's monetary policy, labor market constraints, inflation levels, global oil prices and changes in real estate values, among other factors.

Conference Call

The Company will host a conference call to discuss its first quarter 2023 financial results at 10:00 a.m. Pacific Time (PT) on Thursday, April 20, 2023. Interested parties are welcome to attend the conference call by dialing (888) 317-6003, and referencing event code 4273553. A live audio webcast will also be available and the webcast link will be posted on the Company's Investor Relations website at www.bancofcal.com/investor. The slide presentation for the call will also be available on the Company's Investor Relations website prior to the call. A replay of the call will be made available approximately one hour after the call has ended on the Company's Investor Relations website at www.bancofcal.com/investor or by dialing (877) 344-7529 and referencing event code 2649988.

About Banc of California, Inc.

Banc of California, Inc. (NYSE: BANC) is a bank holding company with \$10.04 billion in assets at March 31, 2023 and one wholly-owned banking subsidiary, Banc of California, N.A. (the Bank). The Bank has 34 offices including 28 full-service branches located throughout Southern California. Through our dedicated professionals, we provide customized and innovative banking and lending solutions to businesses, entrepreneurs and individuals throughout California, and full stack payment processing solution through our subsidiary Deepstack Technologies. We help to improve the communities where we live and work, by supporting organizations that provide financial literacy and job training, small business support and affordable housing. With a commitment to service and to building enduring relationships, we provide a higher standard of banking. We look forward to helping you achieve your goals. For more information, please visit us at www.bancofcal.com.

Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the "Safe-Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Words or phrases such as "believe," "will," "should," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "plans," "strategy," or similar expressions are intended to identify these forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statements. These statements are necessarily subject to risk and uncertainty and actual results could differ materially from those anticipated due to various factors, including those set forth from time to time in the documents filed or furnished by Banc of California, Inc. (the Company) with the Securities and Exchange Commission (SEC). The Company undertakes no obligation to revise or publicly release any revision or update to these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made, except as required by law.

Factors that could cause actual results to differ materially from the results anticipated or projected include, but are not limited to: (i) changes in general economic conditions, either nationally or in our market areas, including the impact of supply chain disruptions, and the risk of recession or an economic downturn; (ii) changes in the interest rate environment, including the recent and anticipated increases in the FRB benchmark rate, which could adversely affect our revenue and expenses, the value of assets and obligations, and the availability and cost of capital and liquidity, the impacts of continuing inflation; (iii) the credit risks of lending activities, which may be affected by deterioration in real estate markets and the financial condition of borrowers, and the operational risk of lending activities, including the effectiveness of our underwriting practices and the risk of fraud, any of which may lead to increased loan delinquencies, losses, and nonperforming assets, and may result in our allowance for credit losses not being adequate; (iv) fluctuations in the demand for loans, and fluctuations in commercial and residential real estate values in our market area; (v) the quality and composition of our securities portfolio; (vi) our ability to develop and maintain a strong core deposit base or other low cost funding sources necessary to fund our activities particularly in a rising or high interest rate environment; (vii) the rapid withdrawal of a significant amount of demand deposits over a short period of time; (viii) the costs and effects of litigation; (ix) risks related to the Company's acquisitions, including disruption to current plans and operations; difficulties in customer and employee retention; fees, expenses and charges related to these transactions being significantly higher than anticipated; and our inability to achieve expected revenues, cost savings, synergies, and other benefits; and in the case of our recent acquisition of Deepstack Technologies, LLC (Deepstack), reputational risk, regulatory risk and potential adverse reactions of the Company's or Deepstack's customers, suppliers, vendors, employees or other business partners; (x) results of examinations by regulatory authorities of the Company and the possibility that any such regulatory authority may, among other things, limit our business activities, restrict our ability to invest in certain assets, refrain from issuing an approval or non-objection to certain capital or other actions, increase our allowance for credit losses, result in write-downs of asset values, restrict our ability or that of our bank subsidiary to pay dividends, or impose fines, penalties or sanctions; (xi) legislative or regulatory changes that adversely affect our business, including changes in tax laws and policies, accounting policies and practices, privacy laws, and regulatory capital or other rules; (xii) the risk that our enterprise risk management framework may not be effective in mitigating risk and reducing the potential for losses; (xiii) errors in estimates of the fair values of certain of our assets and liabilities, which may result in significant changes in valuation; (xiv) failures or security breaches with respect to the network, applications, vendors and computer systems on which we depend, including due to cybersecurity threats; (xv) our ability to attract and retain key members of our senior management team; (xvi) the effects of climate change, severe weather events, natural disasters, pandemics, epidemics and other public health crises, acts of war or terrorism, and other external events on our business; (xvii) the impact of bank failures or other adverse developments at other

banks on general investor sentiment regarding the stability and liquidity of banks; (xviii) the possibility that our recorded goodwill could become impaired, which may have an adverse impact on our earnings and capital; and (xix) other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services and the other risks described in this press release and from time to time in other documents that we file with or furnish to the SEC.

Source: Banc of California, Inc.

Investor Relations Inquiries:

Banc of California, Inc.

(855) 361-2262

Jared Wolff, (949) 385-8700

Banc of California, Inc.
Consolidated Statements of Financial Condition (Unaudited)
(Dollars in thousands)

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> | <u>June 30, 2022</u> | <u>March 31, 2022</u> |
|---|---------------------------|------------------------------|-------------------------------|--------------------------|---------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,010,951 | \$ 228,896 | \$ 256,058 | \$ 243,064 | \$ 254,241 |
| Securities held-to-maturity | 328,520 | 328,641 | 328,757 | 329,272 | 329,381 |
| Securities available-for-sale | 958,427 | 868,297 | 847,565 | 865,435 | 898,775 |
| Loans | 7,054,380 | 7,115,038 | 7,289,320 | 7,451,264 | 7,451,573 |
| Allowance for loan losses | (84,560) | (85,960) | (92,444) | (93,793) | (93,226) |
| Federal Home Loan Bank and other bank stock | 70,334 | 57,092 | 54,428 | 51,489 | 51,456 |
| Premises and equipment, net | 108,087 | 107,345 | 107,728 | 108,523 | 109,593 |
| Goodwill | 114,312 | 114,312 | 114,312 | 95,127 | 95,127 |
| Other intangible assets, net | 7,065 | 7,526 | 8,081 | 4,677 | 4,990 |
| Deferred income tax, net | 54,450 | 50,518 | 56,376 | 54,455 | 51,516 |
| Bank owned life insurance investment | 128,022 | 127,122 | 126,199 | 125,326 | 124,516 |
| Other assets | 288,913 | 278,189 | 272,198 | 267,274 | 305,598 |
| Total assets | \$ 10,038,901 | \$ 9,197,016 | \$ 9,368,578 | \$ 9,502,113 | \$ 9,583,540 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Noninterest-bearing deposits | \$ 2,506,616 | \$ 2,809,328 | \$ 2,943,585 | \$ 2,826,599 | \$ 2,958,632 |
| Interest-bearing deposits | 4,445,358 | 4,311,593 | 4,336,800 | 4,732,084 | 4,521,069 |
| Total deposits | 6,951,974 | 7,120,921 | 7,280,385 | 7,558,683 | 7,479,701 |
| FHLB advances and FRB borrowings | 1,732,670 | 727,348 | 727,021 | 511,695 | 556,374 |
| Other borrowings | — | — | 10,000 | 98,000 | 190,000 |
| Long-term debt, net | 274,995 | 274,906 | 274,746 | 274,587 | 274,468 |
| Accrued expenses and other liabilities | 120,355 | 114,223 | 124,436 | 110,018 | 103,988 |
| Total liabilities | 9,079,994 | 8,237,398 | 8,416,588 | 8,552,983 | 8,604,531 |
| Commitments and contingent liabilities | | | | | |
| Common stock | 653 | 651 | 652 | 647 | 646 |
| Common stock, class B non-voting non-convertible | 5 | 5 | 5 | 5 | 5 |
| Additional paid-in capital | 866,306 | 866,478 | 864,806 | 856,079 | 855,198 |
| Retained earnings | 263,524 | 248,988 | 231,084 | 210,471 | 187,457 |
| Treasury stock | (121,092) | (115,907) | (96,978) | (84,013) | (45,125) |
| Accumulated other comprehensive loss, net | (50,489) | (40,597) | (47,579) | (34,059) | (19,172) |
| Total stockholders' equity | 958,907 | 959,618 | 951,990 | 949,130 | 979,009 |
| Total liabilities and stockholders' equity | \$ 10,038,901 | \$ 9,197,016 | \$ 9,368,578 | \$ 9,502,113 | \$ 9,583,540 |

Banc of California, Inc.
Consolidated Statements of Operations (Unaudited)
(Dollars in thousands, except per share data)

| | Three Months Ended | | | | |
|--|--------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| Interest and dividend income | | | | | |
| Loans, including fees | \$ 87,418 | \$ 88,717 | \$ 83,699 | \$ 78,895 | \$ 76,234 |
| Securities | 14,909 | 12,905 | 10,189 | 8,124 | 7,309 |
| Other interest-earning assets | 4,592 | 2,490 | 2,085 | 1,399 | 726 |
| Total interest and dividend income | 106,919 | 104,112 | 95,973 | 88,418 | 84,269 |
| Interest expense | | | | | |
| Deposits | 20,527 | 14,278 | 8,987 | 3,180 | 1,388 |
| FHLB advances and FRB borrowings | 9,648 | 5,528 | 3,558 | 3,114 | 2,953 |
| Other interest-bearing liabilities | 3,691 | 4,089 | 4,020 | 3,825 | 3,487 |
| Total interest expense | 33,866 | 23,895 | 16,565 | 10,119 | 7,828 |
| Net interest income | 73,053 | 80,217 | 79,408 | 78,299 | 76,441 |
| Provision for (reversal of) credit losses | 2,000 | — | — | — | (31,542) |
| Net interest income after provision for (reversal of) credit losses | 71,053 | 80,217 | 79,408 | 78,299 | 107,983 |
| Noninterest income | | | | | |
| Customer service fees | 1,979 | 2,066 | 2,462 | 2,578 | 2,434 |
| Loan servicing income | 547 | 561 | 636 | 109 | 212 |
| Income from bank owned life insurance | 900 | 923 | 873 | 810 | 796 |
| Net (loss) gain on sale of securities available for sale | — | (7,708) | — | — | 16 |
| All other income | 4,433 | 2,731 | 1,710 | 3,689 | 2,452 |
| Total noninterest income | 7,859 | (1,427) | 5,681 | 7,186 | 5,910 |
| Noninterest expense | | | | | |
| Salaries and employee benefits | 29,656 | 27,812 | 27,997 | 28,264 | 28,987 |
| Occupancy and equipment | 5,526 | 5,740 | 5,796 | 5,741 | 5,637 |
| Professional fees | 4,072 | 3,193 | 3,957 | 4,001 | 2,839 |
| Data processing | 1,563 | 1,744 | 1,699 | 1,782 | 1,828 |
| Regulatory assessments | 1,202 | 905 | 925 | 1,021 | 775 |
| Software and technology | 3,274 | 3,197 | 3,659 | 2,747 | 2,700 |
| Reversal of loan repurchase reserves | (11) | (17) | (26) | (490) | (471) |
| Amortization of intangible assets | 461 | 555 | 396 | 313 | 441 |
| Acquisition, integration and transaction costs | — | — | 2,080 | — | — |
| All other expense | 3,878 | 4,466 | 3,975 | 4,190 | 3,702 |
| Total noninterest expense before loss (gain) in alternative energy partnership investments | 49,621 | 47,595 | 50,458 | 47,569 | 46,438 |
| Loss in alternative energy partnership investments | 1,618 | 608 | 504 | 1,043 | 158 |
| Total noninterest expense | 51,239 | 48,203 | 50,962 | 48,612 | 46,596 |
| Income before income taxes | 27,673 | 30,587 | 34,127 | 36,873 | 67,297 |
| Income tax expense | 7,395 | 9,068 | 9,931 | 10,161 | 18,785 |
| Net income | 20,278 | 21,519 | 24,196 | 26,712 | 48,512 |
| Preferred stock dividends | — | — | — | — | 1,420 |
| Impact of preferred stock redemption | — | — | — | — | 3,747 |
| Net income available to common stockholders | \$ 20,278 | \$ 21,519 | \$ 24,196 | \$ 26,712 | \$ 43,345 |
| Earnings per common share: | | | | | |
| Basic | \$ 0.34 | \$ 0.36 | \$ 0.40 | \$ 0.44 | \$ 0.69 |
| Diluted | \$ 0.34 | \$ 0.36 | \$ 0.40 | \$ 0.43 | \$ 0.69 |
| Weighted average number of common shares outstanding | | | | | |
| Basic | 59,014,187 | 59,252,995 | 60,044,403 | 61,350,802 | 62,606,450 |
| Diluted | 59,206,619 | 59,725,283 | 60,492,460 | 61,600,615 | 62,906,003 |
| Dividends declared per common share | \$ 0.10 | \$ 0.06 | \$ 0.06 | \$ 0.06 | \$ 0.06 |

Banc of California, Inc.
Selected Financial Data
(Unaudited)

| | Three Months Ended | | | | |
|---|--------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| Profitability and other ratios of consolidated operations | | | | | |
| Return on average assets (ROAA) ⁽¹⁾ | 0.88 % | 0.92 % | 1.02 % | 1.15 % | 2.09 % |
| Adjusted ROAA ⁽¹⁾⁽²⁾ | 0.94 % | 1.15 % | 1.13 % | 1.19 % | 2.10 % |
| Return on average equity ⁽¹⁾ | 8.18 % | 8.63 % | 9.99 % | 11.05 % | 18.74 % |
| Return on average tangible common equity ⁽¹⁾⁽²⁾ | 9.46 % | 10.02 % | 11.33 % | 12.42 % | 20.27 % |
| Pre-tax pre-provision income ROAA ⁽¹⁾⁽²⁾ | 1.29 % | 1.31 % | 1.44 % | 1.58 % | 1.54 % |
| Adjusted pre-tax pre-provision income ROAA ⁽¹⁾⁽²⁾ | 1.38 % | 1.63 % | 1.59 % | 1.65 % | 1.55 % |
| Dividend payout ratio ⁽³⁾ | 29.41 % | 16.67 % | 15.00 % | 13.64 % | 8.70 % |
| Average loan yield | 5.07 % | 4.92 % | 4.54 % | 4.35 % | 4.26 % |
| Average cost of interest-bearing deposits | 1.98 % | 1.34 % | 0.77 % | 0.28 % | 0.12 % |
| Average cost of total deposits | 1.22 % | 0.79 % | 0.47 % | 0.17 % | 0.08 % |
| Net interest spread | 2.52 % | 2.98 % | 3.13 % | 3.30 % | 3.29 % |
| Net interest margin ⁽¹⁾ | 3.41 % | 3.69 % | 3.58 % | 3.58 % | 3.51 % |
| Noninterest income to total revenue ⁽⁴⁾ | 9.71 % | (1.81)% | 6.68 % | 8.41 % | 7.18 % |
| Adjusted noninterest income to adjusted total revenue ⁽²⁾⁽⁴⁾ | 9.71 % | 7.26 % | 6.68 % | 8.41 % | 7.16 % |
| Noninterest expense to average total assets ⁽¹⁾ | 2.23 % | 2.07 % | 2.15 % | 2.09 % | 2.01 % |
| Adjusted noninterest expense to average total assets ⁽¹⁾⁽²⁾ | 2.14 % | 2.08 % | 2.00 % | 2.02 % | 2.01 % |
| Efficiency ratio ⁽²⁾⁽⁵⁾ | 63.33 % | 61.18 % | 59.89 % | 56.87 % | 56.58 % |
| Adjusted efficiency ratio ⁽²⁾⁽⁶⁾ | 60.86 % | 56.03 % | 55.66 % | 55.11 % | 56.53 % |
| Average loans to average deposits | 102.35 % | 100.25 % | 97.34 % | 98.21 % | 98.28 % |
| Average securities to average total assets | 13.93 % | 13.19 % | 12.70 % | 13.02 % | 13.76 % |
| Average stockholders' equity to average total assets | 10.78 % | 10.69 % | 10.21 % | 10.38 % | 11.18 % |

(1) Ratio presented on an annualized basis.

(2) Ratio determined by methods other than in accordance with U.S. generally accepted accounting principles (GAAP). See Non-GAAP measures section for reconciliation of the calculation.

(3) Ratio calculated by dividing dividends declared per common share by basic earnings per common share.

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

(5) Ratio calculated by dividing noninterest expense by the sum of net interest income before provision for (reversal of) credit losses and noninterest income.

(6) Ratio calculated by dividing adjusted noninterest expense by the sum of net interest income before provision for (reversal of) credit losses and adjusted noninterest income.

Banc of California, Inc.
Average Balance, Average Yield Earned, and Average Cost Paid
(Dollars in thousands)
(Unaudited)

| | Three Months Ended | | | | | | | | |
|--|---------------------|------------------|-----------------|---------------------|------------------|-----------------|---------------------|------------------|-----------------|
| | March 31, 2023 | | | December 31, 2022 | | | September 30, 2022 | | |
| | Average Balance | Interest | Yield / Cost | Average Balance | Interest | Yield / Cost | Average Balance | Interest | Yield / Cost |
| Interest-earning assets | | | | | | | | | |
| Commercial real estate, multifamily, and construction | \$ 3,242,780 | \$ 37,066 | 4.64 % | \$ 3,223,614 | \$ 36,214 | 4.46 % | \$ 3,142,772 | \$ 34,269 | 4.33 % |
| Commercial and industrial and SBA | 1,765,299 | 29,544 | 6.79 % | 1,909,144 | 31,492 | 6.54 % | 2,151,511 | 29,296 | 5.40 % |
| SFR mortgage | 1,897,763 | 19,441 | 4.15 % | 1,932,397 | 19,661 | 4.04 % | 1,927,694 | 18,699 | 3.85 % |
| Other consumer | 84,786 | 1,308 | 6.26 % | 86,273 | 1,335 | 6.14 % | 87,335 | 1,331 | 6.05 % |
| Loans held-for-sale | 4,330 | 59 | 5.53 % | 4,352 | 15 | 1.37 % | 4,207 | 104 | 9.81 % |
| Gross loans and leases | 6,994,958 | 87,418 | 5.07 % | 7,155,780 | 88,717 | 4.92 % | 7,313,519 | 83,699 | 4.54 % |
| Securities | 1,297,640 | 14,909 | 4.66 % | 1,221,147 | 12,905 | 4.19 % | 1,194,942 | 10,189 | 3.38 % |
| Other interest-earning assets | 389,051 | 4,592 | 4.79 % | 239,336 | 2,490 | 4.13 % | 292,819 | 2,085 | 2.82 % |
| Total interest-earning assets | 8,681,649 | 106,919 | 4.99 % | 8,616,263 | 104,112 | 4.79 % | 8,801,280 | 95,973 | 4.33 % |
| Allowance for loan losses | (84,267) | | | (91,606) | | | (93,517) | | |
| BOLI and noninterest-earning assets | 719,827 | | | 732,654 | | | 700,977 | | |
| Total assets | <u>\$ 9,317,209</u> | | | <u>\$ 9,257,311</u> | | | <u>\$ 9,408,740</u> | | |
| Interest-bearing liabilities | | | | | | | | | |
| Interest-bearing checking | \$ 1,951,618 | \$ 8,514 | 1.77 % | \$ 1,854,333 | \$ 4,998 | 1.07 % | \$ 2,285,071 | \$ 3,880 | 0.67 % |
| Savings and money market | 1,070,911 | 2,001 | 0.76 % | 1,308,383 | 2,379 | 0.72 % | 1,536,438 | 2,236 | 0.58 % |
| Certificates of deposit | 1,189,658 | 10,012 | 3.41 % | 1,072,953 | 6,901 | 2.55 % | 832,506 | 2,871 | 1.37 % |
| Total interest-bearing deposits | 4,212,187 | 20,527 | 1.98 % | 4,235,669 | 14,278 | 1.34 % | 4,654,015 | 8,987 | 0.77 % |
| FHLB advances and FRB borrowings | 1,067,125 | 9,648 | 3.67 % | 684,177 | 5,528 | 3.21 % | 482,842 | 3,558 | 2.92 % |
| Other borrowings | 4,773 | 57 | 4.84 % | 41,075 | 414 | 4.00 % | 70,431 | 412 | 2.32 % |
| Long-term debt | 274,939 | 3,634 | 5.36 % | 274,812 | 3,675 | 5.31 % | 274,665 | 3,608 | 5.21 % |
| Total interest-bearing liabilities | 5,559,024 | 33,866 | 2.47 % | 5,235,733 | 23,895 | 1.81 % | 5,481,953 | 16,565 | 1.20 % |
| Noninterest-bearing deposits | 2,617,973 | | | 2,897,755 | | | 2,855,220 | | |
| Noninterest-bearing liabilities | 135,418 | | | 134,409 | | | 110,761 | | |
| Total liabilities | 8,312,415 | | | 8,267,897 | | | 8,447,934 | | |
| Total stockholders' equity | 1,004,794 | | | 989,414 | | | 960,806 | | |
| Total liabilities and stockholders' equity | <u>\$ 9,317,209</u> | | | <u>\$ 9,257,311</u> | | | <u>\$ 9,408,740</u> | | |
| Net interest income/spread | | <u>\$ 73,053</u> | 2.52 % | | <u>\$ 80,217</u> | 2.98 % | | <u>\$ 79,408</u> | 3.13 % |
| Net interest margin | | | 3.41 % | | | 3.69 % | | | 3.58 % |
| Ratio of interest-earning assets to interest-bearing liabilities | 156 % | | | 165 % | | | 161 % | | |
| Total deposits | \$ 6,830,160 | \$ 20,527 | 1.22 % | \$ 7,133,424 | \$ 14,278 | 0.79 % | \$ 7,509,235 | \$ 8,987 | 0.47 % |
| Total funding ⁽¹⁾ | \$ 8,176,997 | \$ 33,866 | 1.68 % | \$ 8,133,488 | \$ 23,895 | 1.17 % | \$ 8,337,173 | \$ 16,565 | 0.79 % |

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

| | Three Months Ended | | | | | |
|--|---------------------|------------------|-----------------|---------------------|------------------|-----------------|
| | June 30, 2022 | | | March 31, 2022 | | |
| | Average Balance | Interest | Yield / Cost | Average Balance | Interest | Yield / Cost |
| Interest-earning assets | | | | | | |
| Commercial real estate, multifamily, and construction | \$ 2,889,652 | \$ 31,290 | 4.34 % | \$ 2,850,811 | \$ 31,367 | 4.46 % |
| Commercial and industrial and SBA | 2,527,506 | 29,334 | 4.66 % | 2,748,541 | 30,043 | 4.43 % |
| SFR mortgage | 1,755,719 | 16,795 | 3.84 % | 1,562,478 | 13,273 | 3.45 % |
| Other consumer | 93,160 | 1,450 | 6.24 % | 97,516 | 1,523 | 6.33 % |
| Loans held-for-sale | 3,618 | 26 | 2.88 % | 3,428 | 28 | 3.31 % |
| Gross loans and leases | 7,269,655 | 78,895 | 4.35 % | 7,262,774 | 76,234 | 4.26 % |
| Securities | 1,216,612 | 8,124 | 2.68 % | 1,292,079 | 7,309 | 2.29 % |
| Other interest-earning assets | 295,715 | 1,399 | 1.90 % | 265,339 | 726 | 1.11 % |
| Total interest-earning assets | 8,781,982 | 88,418 | 4.04 % | 8,820,192 | 84,269 | 3.87 % |
| Allowance for loan losses | (94,217) | | | (92,618) | | |
| BOLI and noninterest-earning assets | 654,931 | | | 664,731 | | |
| Total assets | <u>\$ 9,342,696</u> | | | <u>\$ 9,392,305</u> | | |
| Interest-bearing liabilities | | | | | | |
| Interest-bearing checking | \$ 2,363,233 | \$ 1,457 | 0.25 % | \$ 2,409,262 | \$ 641 | 0.11 % |
| Savings and money market | 1,598,663 | 860 | 0.22 % | 1,673,244 | 510 | 0.12 % |
| Certificates of deposit | 631,415 | 863 | 0.55 % | 508,244 | 237 | 0.19 % |
| Total interest-bearing deposits | 4,593,311 | 3,180 | 0.28 % | 4,590,750 | 1,388 | 0.12 % |
| FHLB advances | 485,629 | 3,114 | 2.57 % | 459,749 | 2,953 | 2.60 % |
| Other borrowings | 117,688 | 325 | 1.11 % | 116,495 | 55 | 0.19 % |
| Long-term debt | 274,515 | 3,500 | 5.11 % | 274,417 | 3,432 | 5.07 % |
| Total interest-bearing liabilities | 5,471,143 | 10,119 | 0.74 % | 5,441,411 | 7,828 | 0.58 % |
| Noninterest-bearing deposits | 2,804,877 | | | 2,795,633 | | |
| Noninterest-bearing liabilities | 96,791 | | | 105,349 | | |
| Total liabilities | 8,372,811 | | | 8,342,393 | | |
| Total stockholders' equity | 969,885 | | | 1,049,912 | | |
| Total liabilities and stockholders' equity | <u>\$ 9,342,696</u> | | | <u>\$ 9,392,305</u> | | |
| Net interest income/spread | | <u>\$ 78,299</u> | 3.30 % | | <u>\$ 76,441</u> | 3.29 % |
| Net interest margin | | | 3.58 % | | | 3.51 % |
| Ratio of interest-earning assets to interest-bearing liabilities | 161 % | | | 162 % | | |
| Total deposits | \$ 7,398,188 | \$ 3,180 | 0.17 % | \$ 7,386,383 | \$ 1,388 | 0.08 % |
| Total funding ⁽¹⁾ | \$ 8,276,020 | \$ 10,119 | 0.49 % | \$ 8,237,044 | \$ 7,828 | 0.39 % |

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

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

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

Tangible assets, tangible equity, tangible common equity, tangible common equity to tangible assets, tangible common equity per share, return on average tangible common equity, adjusted noninterest income, adjusted noninterest expense, adjusted noninterest income to adjusted total revenue, adjusted noninterest expense to average total assets, pre-tax pre-provision (PTPP) income, adjusted PTPP income, PTPP income ROAA, adjusted PTPP income ROAA, efficiency ratio, adjusted efficiency ratio, adjusted net income, adjusted net income available to common stockholders, adjusted diluted earnings per share (EPS), adjusted return on average assets (ROAA), adjusted common equity tier 1 (CET 1) and adjusted CET1 ratios constitute supplemental financial information determined by methods other than in accordance with GAAP. These non-GAAP measures are used by management in its analysis of the Company's performance.

Tangible assets and tangible equity are calculated by subtracting goodwill and other intangible assets from total assets and total equity. Tangible common equity is calculated by subtracting preferred stock, as applicable, from tangible equity. Return on average tangible common equity is calculated by dividing net income available to common stockholders, after adjustment for amortization of intangible assets, by average tangible common equity. Banking regulators also exclude goodwill and other intangible assets from stockholders' equity when assessing the capital adequacy of a financial institution.

PTPP income is calculated by adding net interest income and noninterest income (total revenue) and subtracting noninterest expense. Adjusted PTPP income is calculated by adding net interest income and adjusted noninterest income (adjusted total revenue) and subtracting adjusted noninterest expense. PTPP income ROAA is calculated by dividing annualized PTPP income by average assets. Adjusted PTPP income ROAA is calculated by dividing annualized adjusted PTPP income by average assets. Efficiency ratio is calculated by dividing noninterest expense by total revenue. Adjusted efficiency ratio is calculated by dividing adjusted noninterest expense by adjusted total revenue.

Adjusted net income is calculated by adjusting net income for tax-effected noninterest income and noninterest expense adjustments and the tax impact from the exercise of stock appreciation rights for the periods indicated. Adjusted ROAA is calculated by dividing annualized adjusted net income by average assets. Adjusted net income available to common stockholders is calculated by removing the impact of preferred stock redemptions from adjusted net income. Adjusted diluted earnings per share is calculated by dividing adjusted net income available to common stockholders by the weighted average diluted common shares outstanding.

Common equity tier 1 and the common equity tier 1 ratio are defined by regulatory capital rules. Adjusted CET 1 is calculated by subtracting net unrealized losses on securities from CET 1 capital. Adjusted CET 1 ratio is calculated by dividing adjusted CET 1 by total risk-weighted assets. Adjusted CET 1 ratio, assuming AFS losses realized, is calculated by dividing CET 1 capital amount after adjusting for the net unrealized losses on AFS securities, by total risk-weighted assets. Adjusted CET 1 ratio, assuming HTM losses realized, is calculated by dividing CET 1 capital after adjusting for the net unrealized losses on HTM securities, by total risk-weighted assets. Adjusted CET 1 and adjusted CET 1 ratios are provided to reflect management's assessment of capital impacts from net unrealized losses on securities. Capital amounts and ratios as of March 31, 2023 are preliminary.

Management believes the presentation of these financial measures adjusting the impact of these items provides useful supplemental information that is essential to a proper understanding of the financial results and operating performance of the Company. This disclosure should not be viewed as a substitute for results determined in accordance with GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies.

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

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

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>September 30, 2022</u> | <u>June 30, 2022</u> | <u>March 31, 2022</u> |
|--|---------------------------|------------------------------|-------------------------------|--------------------------|---------------------------|
| Tangible common equity, and tangible common equity to tangible assets ratio | | | | | |
| Total assets | \$ 10,038,901 | \$ 9,197,016 | \$ 9,368,578 | \$ 9,502,113 | \$ 9,583,540 |
| Less goodwill | (114,312) | (114,312) | (114,312) | (95,127) | (95,127) |
| Less other intangible assets | (7,065) | (7,526) | (8,081) | (4,677) | (4,990) |
| Tangible assets ⁽¹⁾ | <u>\$ 9,917,524</u> | <u>\$ 9,075,178</u> | <u>\$ 9,246,185</u> | <u>\$ 9,402,309</u> | <u>\$ 9,483,423</u> |
| | | | | | |
| Total stockholders' equity | \$ 958,907 | \$ 959,618 | \$ 951,990 | \$ 949,130 | \$ 979,009 |
| Less goodwill | (114,312) | (114,312) | (114,312) | (95,127) | (95,127) |
| Less other intangible assets | (7,065) | (7,526) | (8,081) | (4,677) | (4,990) |
| Tangible common equity ⁽¹⁾ | <u>837,530</u> | <u>837,780</u> | <u>829,597</u> | <u>849,326</u> | <u>878,892</u> |
| | | | | | |
| Total stockholders' equity to total assets | 9.55 % | 10.43 % | 10.16 % | 9.99 % | 10.22 % |
| Tangible common equity to tangible assets ⁽¹⁾ | 8.44 % | 9.23 % | 8.97 % | 9.03 % | 9.27 % |
| | | | | | |
| Common shares outstanding | 58,237,303 | 58,544,534 | 59,679,558 | 59,985,736 | 62,077,312 |
| Class B non-voting non-convertible common shares outstanding | 477,321 | 477,321 | 477,321 | 477,321 | 477,321 |
| Total common shares outstanding | <u>58,714,624</u> | <u>59,021,855</u> | <u>60,156,879</u> | <u>60,463,057</u> | <u>62,554,633</u> |
| | | | | | |
| Book value per common share | \$ 16.33 | \$ 16.26 | \$ 15.83 | \$ 15.70 | \$ 15.65 |
| Tangible common equity per share ⁽¹⁾ | \$ 14.26 | \$ 14.19 | \$ 13.79 | \$ 14.05 | \$ 14.05 |

(1) *Non-GAAP measure.*

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

| | Three Months Ended | | | | |
|--|--------------------|----------------------|-----------------------|-------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| Return on tangible common equity | | | | | |
| Average total stockholders' equity | \$ 1,004,794 | \$ 989,414 | \$ 960,806 | \$ 969,885 | \$ 1,049,912 |
| Less average preferred stock | — | — | — | — | (75,965) |
| Average common stockholders' equity | 1,004,794 | 989,414 | 960,806 | 969,885 | 973,947 |
| Less average goodwill | (114,312) | (114,312) | (98,916) | (95,127) | (94,307) |
| Less average other intangible assets | (7,355) | (7,869) | (4,570) | (4,869) | (6,224) |
| Average tangible common equity ⁽¹⁾ | <u>\$ 883,127</u> | <u>\$ 867,233</u> | <u>\$ 857,320</u> | <u>\$ 869,889</u> | <u>\$ 873,416</u> |
| | | | | | |
| Net income available to common stockholders | \$ 20,278 | \$ 21,519 | \$ 24,196 | \$ 26,712 | \$ 43,345 |
| Add amortization of intangible assets | 461 | 555 | 396 | 313 | 441 |
| Less tax effect on amortization of intangible assets ⁽²⁾ | (136) | (164) | (117) | (93) | (130) |
| Net income available to common stockholders after adjustments for intangible assets ⁽¹⁾ | <u>\$ 20,603</u> | <u>\$ 21,910</u> | <u>\$ 24,475</u> | <u>\$ 26,932</u> | <u>\$ 43,656</u> |
| | | | | | |
| Return on average equity | 8.18 % | 8.63 % | 9.99 % | 11.05 % | 18.74 % |
| Return on average tangible common equity ⁽¹⁾ | 9.46 % | 10.02 % | 11.33 % | 12.42 % | 20.27 % |

(1) *Non-GAAP measure.*

(2) *Adjustments shown at a statutory tax rate of 29.6%.*

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

| | Three Months Ended | | | | |
|--|--------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| Adjusted noninterest income | | | | | |
| Total noninterest income | \$ 7,859 | \$ (1,427) | \$ 5,681 | \$ 7,186 | \$ 5,910 |
| Noninterest income adjustments: | | | | | |
| Net loss (gain) on sale of securities available for sale | — | 7,708 | — | — | (16) |
| Adjusted noninterest income ⁽¹⁾ | <u>\$ 7,859</u> | <u>\$ 6,281</u> | <u>\$ 5,681</u> | <u>\$ 7,186</u> | <u>\$ 5,894</u> |
| Adjusted noninterest expense | | | | | |
| Total noninterest expense | \$ 51,239 | \$ 48,203 | \$ 50,962 | \$ 48,612 | \$ 46,596 |
| Noninterest expense adjustments: | | | | | |
| Indemnified legal recoveries (fees) | (380) | 869 | (1,017) | (455) | 106 |
| Acquisition, integration and transaction costs | — | — | (2,080) | — | — |
| Noninterest expense adjustments before (loss) gain in alternative energy partnership investments | (380) | 869 | (3,097) | (455) | 106 |
| (Loss) gain in alternative energy partnership investments | (1,618) | (608) | (504) | (1,043) | (158) |
| Total noninterest expense adjustments | (1,998) | 261 | (3,601) | (1,498) | (52) |
| Adjusted noninterest expense ⁽¹⁾ | <u>\$ 49,241</u> | <u>\$ 48,464</u> | <u>\$ 47,361</u> | <u>\$ 47,114</u> | <u>\$ 46,544</u> |
| Average assets | \$ 9,317,209 | \$ 9,257,311 | \$ 9,408,740 | \$ 9,342,696 | \$ 9,392,305 |
| Noninterest income to total revenue ⁽¹⁾ | 9.71 % | (1.81)% | 6.68 % | 8.41 % | 7.18 % |
| Adjusted noninterest income to adjusted total revenue ⁽¹⁾ | 9.71 % | 7.26 % | 6.68 % | 8.41 % | 7.16 % |
| Noninterest expense to average total assets ⁽²⁾ | 2.23 % | 2.07 % | 2.15 % | 2.09 % | 2.01 % |
| Adjusted noninterest expense to average total assets ⁽¹⁾⁽²⁾ | 2.14 % | 2.08 % | 2.00 % | 2.02 % | 2.01 % |

(1) *Non-GAAP measure.*

(2) *Ratio presented on an annualized basis.*

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

| | Three Months Ended | | | | |
|--|--------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| Adjusted pre-tax pre-provision income | | | | | |
| Net interest income | \$ 73,053 | \$ 80,217 | \$ 79,408 | \$ 78,299 | \$ 76,441 |
| Noninterest income | 7,859 | (1,427) | 5,681 | 7,186 | 5,910 |
| Total revenue | 80,912 | 78,790 | 85,089 | 85,485 | 82,351 |
| Noninterest expense | 51,239 | 48,203 | 50,962 | 48,612 | 46,596 |
| Pre-tax pre-provision income ⁽¹⁾ | <u>\$ 29,673</u> | <u>\$ 30,587</u> | <u>\$ 34,127</u> | <u>\$ 36,873</u> | <u>\$ 35,755</u> |
| | | | | | |
| Total revenue | \$ 80,912 | \$ 78,790 | \$ 85,089 | \$ 85,485 | \$ 82,351 |
| Total noninterest income adjustments | — | 7,708 | — | — | (16) |
| Adjusted total revenue ⁽¹⁾ | <u>80,912</u> | <u>86,498</u> | <u>85,089</u> | <u>85,485</u> | <u>82,335</u> |
| | | | | | |
| Noninterest expense | 51,239 | 48,203 | 50,962 | 48,612 | 46,596 |
| Total noninterest expense adjustments | (1,998) | 261 | (3,601) | (1,498) | (52) |
| Adjusted noninterest expense ⁽¹⁾ | <u>49,241</u> | <u>48,464</u> | <u>47,361</u> | <u>47,114</u> | <u>46,544</u> |
| Adjusted pre-tax pre-provision income ⁽¹⁾ | <u>\$ 31,671</u> | <u>\$ 38,034</u> | <u>\$ 37,728</u> | <u>\$ 38,371</u> | <u>\$ 35,791</u> |
| | | | | | |
| Average assets | \$ 9,317,209 | \$ 9,257,311 | \$ 9,408,740 | \$ 9,342,696 | \$ 9,392,305 |
| Pre-tax pre-provision income ROAA ⁽¹⁾⁽²⁾ | 1.29 % | 1.31 % | 1.44 % | 1.58 % | 1.54 % |
| Adjusted pre-tax pre-provision income ROAA ⁽¹⁾⁽²⁾ | 1.38 % | 1.63 % | 1.59 % | 1.65 % | 1.55 % |
| Efficiency ratio ⁽¹⁾⁽²⁾ | 63.33 % | 61.18 % | 59.89 % | 56.87 % | 56.58 % |
| Adjusted efficiency ratio ⁽¹⁾⁽²⁾ | 60.86 % | 56.03 % | 55.66 % | 55.11 % | 56.53 % |

(1) *Non-GAAP measure.*

(2) *Ratio presented on an annualized basis.*

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

| | Three Months Ended | | | | |
|---|--------------------|----------------------|-----------------------|------------------|-------------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 |
| Adjusted net income | | | | | |
| Net income ⁽¹⁾⁽²⁾⁽³⁾ | \$ 20,278 | \$ 21,519 | \$ 24,196 | \$ 26,712 | \$ 48,512 |
| Adjustments: | | | | | |
| Noninterest income adjustments | — | 7,708 | — | — | (16) |
| Noninterest expense adjustments | 1,998 | (261) | 3,601 | 1,498 | 52 |
| Tax impact of adjustments above ⁽³⁾ | (591) | (2,202) | (1,065) | (443) | (11) |
| Adjustments to net income | 1,407 | 5,245 | 2,536 | 1,055 | 25 |
| Adjusted net income ⁽²⁾⁽⁴⁾ | <u>\$ 21,685</u> | <u>\$ 26,764</u> | <u>\$ 26,732</u> | <u>\$ 27,767</u> | <u>\$ 48,537</u> |
| | | | | | |
| Average assets | \$ 9,317,209 | \$ 9,257,311 | \$ 9,408,740 | \$ 9,342,696 | \$ 9,392,305 |
| ROAA ⁽⁵⁾ | 0.88 % | 0.92 % | 1.02 % | 1.15 % | 2.09 % |
| Adjusted ROAA ⁽⁴⁾⁽⁵⁾ | 0.94 % | 1.15 % | 1.13 % | 1.19 % | 2.10 % |
| | | | | | |
| Adjusted net income available to common stockholders | | | | | |
| Net income available to common stockholders | \$ 20,278 | \$ 21,519 | \$ 24,196 | \$ 26,712 | \$ 43,345 |
| Adjustments to net income | 1,407 | 5,245 | 2,536 | 1,055 | 25 |
| Adjustments for impact of preferred stock redemption | — | — | — | — | 3,747 |
| Adjusted net income available to common stockholders ⁽⁴⁾ | <u>\$ 21,685</u> | <u>\$ 26,764</u> | <u>\$ 26,732</u> | <u>\$ 27,767</u> | <u>\$ 47,117</u> |
| | | | | | |
| Average diluted common shares | 59,206,619 | 59,725,283 | 60,492,460 | 61,600,615 | 62,906,003 |
| Diluted EPS | \$ 0.34 | \$ 0.36 | \$ 0.40 | \$ 0.43 | \$ 0.69 |
| Adjusted diluted EPS ⁽⁴⁾⁽⁶⁾ | \$ 0.37 | \$ 0.45 | \$ 0.44 | \$ 0.45 | \$ 0.75 |

- (1) Net income for the three months ended December 31, 2022 includes a \$7.7 million pre-tax loss on sale of securities.
- (2) Net income and adjusted net income for the three months ended March 31, 2022 includes a \$31.3 million pre-tax reversal of credit losses due to the recovery from the settlement of a previously charged-off loan; there is no similar recovery in any of the other periods presented. The Bank previously recognized a \$35.1 million charge-off for this loan during the third quarter of 2019.
- (3) Tax impact of adjustments shown at a statutory tax rate of 29.6%.
- (4) Non-GAAP measure.
- (5) Ratio presented on an annualized basis.
- (6) Represents adjusted net income available to common stockholders divided by average diluted common shares.

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

| | March 31, 2023 |
|---|---------------------------------|
| Adjusted Common Equity Tier 1 (CET 1) capital⁽¹⁾ | |
| CET 1 capital ⁽²⁾ | \$ 893,648 |
| Less unrealized loss on AFS securities, net of tax | (33,687) |
| Less unrealized loss on HTM securities, net of tax | (40,036) |
| Adjusted CET 1 capital ⁽³⁾ | <u>\$ 819,925</u> |
| Unrealized loss on AFS securities, net of tax, to CET 1 capital | 3.77 % |
| Unrealized loss on HTM securities, net of tax, to CET 1 capital | 4.48 % |
| Total risk-weighted assets ⁽²⁾ | \$ 7,665,451 |
| CET 1 ratio ⁽²⁾ | 11.66 % |
| Adjusted CET 1 ratio, assuming AFS losses realized ⁽³⁾ | 11.22 % |
| Adjusted CET 1 ratio, assuming AFS and HTM losses realized ⁽³⁾ | 10.70 % |

(1) March 31, 2023 presented to reflect management's assessment of capital impact from net unrealized losses on securities. Tax rate of 28.0% used for calculation purposes.

(2) March 31, 2023 capital and capital ratios are preliminary.

(3) Non-GAAP measure.