

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

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**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:

<b>DATE</b>	May 31, 2018
<b>TIME</b>	8:00 A.M. Pacific Time
<b>PLACE</b>	The Pacific Club 4110 MacArthur Boulevard, Newport Beach, California
<b>ITEMS OF BUSINESS</b>	<p><b>Proposal</b></p> <p><b>No.</b></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>
<b>RECORD DATE</b>	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.
<b>ANNUAL REPORT</b>	The Company's Annual Report to Stockholders for the fiscal year ended December 31, 2017 accompanies this proxy statement.
<b>AVAILABILITY OF MATERIALS</b>	The Company's proxy statement and the Annual Report are also available on the Internet at <a href="http://www.investorvote.com/BANC">www.investorvote.com/BANC</a> .
<b>PROXY VOTING</b>	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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**BANC OF CALIFORNIA, INC.**

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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

	<b>Place</b>
	The Pacific Club
<b>Date and Time</b>	4110 MacArthur Boulevard
May 31, 2018	Newport Beach, California
8:00 A.M. Pacific Time	
	<b>Who Can Vote</b>
<b>Record Date</b>	Holders of the Company's Voting
March 29, 2018	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:

<b>No. Proposal</b>	<b>Board Vote</b>	<b>Page</b>
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		<b>Recommendation:</b>	
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.	<b>FOR each director nominee</b>	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.	<b>FOR</b>	91
III.	Approval of the Banc of California, Inc. 2018 Omnibus Stock Incentive Plan.	<b>FOR</b>	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.	<b>FOR</b>	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 fu: 10pt Arial, Helvetica, Sans-Serif; margin: 0pt 0">

United States Federal Tax Considerations

You should read carefully the discussion under “United States Federal Tax Considerations” and “Risk Factors Relating to the Securities” in the accompanying product supplement and “Summary Risk Factors” in this pricing supplement.

In the opinion of our counsel, Davis Polk & Wardwell LLP, a security should be treated as a prepaid forward contract for U.S. federal income tax purposes. By purchasing a security, you agree (in the absence of an administrative determination or judicial ruling to the contrary) to this treatment. There is uncertainty regarding this treatment, and the IRS or a court might not agree with it. Moreover, our counsel’s opinion is based on market conditions as of the date of this preliminary pricing supplement and is subject to confirmation on the pricing date.

Assuming this treatment of the securities is respected and subject to the discussion in “United States Federal Tax Considerations” in the accompanying product supplement, the following U.S. federal income tax consequences should result under current law:

You should not recognize taxable income over the term of the securities prior to maturity, other than pursuant to a sale or exchange.

Upon a sale or exchange of a security (including retirement at maturity), you should recognize gain or loss equal to the difference between the amount realized and your tax basis in the security. Subject to the discussion below concerning the potential application of the “constructive ownership” rules under Section 1260 of the Code, any gain or loss recognized upon a sale, exchange or retirement of a security should be long-term capital gain or loss if you held the security for more than one year.

Even if the treatment of the securities as prepaid forward contracts is respected, your purchase of a security may be treated as entry into a “constructive ownership transaction,” within the meaning of Section 1260 of the Code, with respect to the underlying shares. In that case, all or a portion of any long-term capital gain you would otherwise recognize in respect of your securities would be recharacterized as ordinary income to the extent such gain exceeded the “net underlying long-term capital gain.” Any long-term capital gain recharacterized as ordinary income under Section 1260 would be treated as accruing at a constant rate over the period you held your securities, and you would be subject to an interest charge in respect of the deemed tax liability on the income treated as accruing in prior tax years. Due to the lack of governing authority under Section 1260, our counsel is not able to opine as to whether or how Section 1260 applies to the securities. You should read the section entitled “United States Federal Tax Considerations—Tax Consequences to U.S. Holders—Potential Application of Section 1260 of the Code” in the accompanying product supplement for additional information and consult your tax adviser regarding the potential application of the “constructive ownership” rule.

We do not plan to request a ruling from the IRS regarding the treatment of the securities. An alternative characterization of the securities could materially and adversely affect the tax consequences of ownership and disposition of the securities, including the timing and character of income recognized. In addition, the

U.S. Treasury Department and the IRS have requested comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar financial instruments and have indicated that such transactions may be the subject of future regulations or other guidance. Furthermore, members of Congress have proposed legislative changes to the tax treatment of derivative contracts. Any legislation, Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, possibly with retroactive effect. You should consult your tax adviser regarding possible alternative tax treatments of the securities and potential changes in applicable law.

**Non-U.S. Holders.** Subject to the discussions below and in “United States Federal Tax Considerations” in the accompanying product supplement, if you are a Non-U.S. Holder (as defined in the accompanying product supplement) of the securities, you generally should not be subject to U.S. federal withholding or income tax in respect of any amount paid to you with respect to the securities, provided that (i) income in respect of the securities is not effectively connected with your conduct of a trade or business in the United States, and (ii) you comply with the applicable certification requirements.

As discussed under “United States Federal Tax Considerations—Tax Consequences to Non-U.S. Holders” in the accompanying product supplement, Section 871(m) of the Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities (“U.S. Underlying Equities”) or indices that include U.S. Underlying Equities. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more U.S. Underlying Equities, as determined based on tests set forth in the applicable Treasury regulations. However, the regulations, as modified by an IRS notice, exempt financial instruments issued prior to January 1, 2021 that do not have a “delta” of one. Based on the terms of the securities and representations provided by us as of the date of this preliminary pricing supplement, our counsel is of the opinion that the securities should not be treated as transactions that have a “delta” of one within the meaning of the regulations with respect to any U.S. Underlying Equity and, therefore, should not be subject to withholding tax under Section 871(m). However, the final determination regarding the treatment of the securities under Section 871(m) will be made as of the pricing date for the securities, and it is possible that the securities will be subject to withholding tax under Section 871(m) based on the circumstances as of that date.

March 2019 PS-13

Citigroup Global Markets Holdings Inc.

Buffered Notes Based on the iShares® MSCI Emerging Markets ETF Due March----, 2020

A determination that the securities are not subject to Section 871(m) is not binding on the IRS, and the IRS may disagree with this treatment. Moreover, Section 871(m) is complex and its application may depend on your particular circumstances, including your other transactions. You should consult your tax adviser regarding the potential application of Section 871(m) to the securities.

If withholding tax applies to the securities, we will not be required to pay any additional amounts with respect to amounts withheld.

**FATCA.** You should review the section entitled “United States Federal Tax Considerations—FATCA” in the accompanying product supplement regarding withholding rules under the “FATCA” regime. The discussion in that section is hereby modified to reflect regulations proposed by the U.S. Treasury Department indicating an intent to eliminate the requirement under FATCA of withholding on gross proceeds of the disposition of affected financial instruments. The U.S. Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization.

**You should read the section entitled “United States Federal Tax Considerations” in the accompanying product supplement. The preceding discussion, when read in combination with that section, constitutes the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of owning and disposing of the securities.**

**You should also consult your tax adviser regarding all aspects of the U.S. federal income and estate tax consequences of an investment in the securities and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.**

Supplemental Plan of Distribution

CGMI, an affiliate of Citigroup Global Markets Holdings Inc. and the underwriter of the sale of the securities, is acting as principal and will receive an underwriting fee of \$10 for each security sold in this offering. The amount of the underwriting fee to CGMI will be equal to the placement fee paid to the placement agents. J.P. Morgan Securities LLC and JPMorgan Chase Bank, N.A. will act as placement agents for the securities and, from the underwriting fee to CGMI, will receive a placement fee of \$10 for each security they sell in this offering to accounts other than fiduciary accounts. CGMI and the placement agents will forgo an underwriting fee and placement fee for sales to fiduciary accounts. In addition to the underwriting fee, CGMI and its affiliates may profit from expected hedging activity related to this offering,

even if the value of the securities declines. See “Use of Proceeds and Hedging” in the accompanying prospectus.

CGMI is an affiliate of ours. Accordingly, this offering will conform with the requirements addressing conflicts of interest when distributing the securities of an affiliate set forth in Rule 5121 of the Financial Industry Regulatory Authority. Client accounts over which Citigroup Inc. or its subsidiaries have investment discretion will not be permitted to purchase the securities, either directly or indirectly, without the prior written consent of the client.

See “Plan of Distribution; Conflicts of Interest” in the accompanying product supplement and “Plan of Distribution” in each of the accompanying prospectus supplement and prospectus for additional information.

A portion of the net proceeds from the sale of the securities will be used to hedge our obligations under the securities. We expect to hedge our obligations under the securities through CGMI or other of our affiliates. CGMI or such other of our affiliates may profit from this expected hedging activity even if the value of the securities declines. This hedging activity could affect the closing price of the underlying shares and, therefore, the value of and your return on the securities. For additional information on the ways in which our counterparties may hedge our obligations under the securities, see “Use of Proceeds and Hedging” in the accompanying prospectus.

#### Valuation of the Securities

CGMI calculated the estimated value of the securities set forth on the cover page of this pricing supplement based on proprietary pricing models. CGMI’s proprietary pricing models generated an estimated value for the securities by estimating the value of a hypothetical package of financial instruments that would replicate the payout on the securities, which consists of a fixed-income bond (the “bond component”) and one or more derivative instruments underlying the economic terms of the securities (the “derivative component”). CGMI calculated the estimated value of the bond component using a discount rate based on our internal funding rate. CGMI calculated the estimated value of the derivative component based on a proprietary derivative-pricing model, which generated a theoretical price for the instruments that constitute the derivative component based on various inputs, including the factors described under “Summary Risk Factors—The value of the securities prior to maturity will fluctuate based on many unpredictable factors” in this pricing supplement, but not including our or Citigroup Inc.’s creditworthiness. These inputs may be market-observable or may be based on assumptions made by CGMI in its discretionary judgment.

The estimated value of the securities is a function of the terms of the securities and the inputs to CGMI’s proprietary pricing models. As of the date of this preliminary pricing supplement, it is uncertain what the estimated value of the securities will be on the pricing date because it is uncertain what the values of the inputs to CGMI’s proprietary pricing models will be on the pricing date.

For a period of approximately six months following issuance of the securities, the price, if any, at which CGMI would be willing to buy the securities from investors, and the value that will be indicated for the securities on any brokerage account statements prepared by CGMI or its affiliates (which value CGMI may also publish through one or more financial information vendors), will reflect a temporary upward adjustment from the price or value that would otherwise be determined. This temporary upward adjustment represents a portion of the hedging profit expected to be realized by CGMI or its affiliates over the term of the securities. The amount of this temporary upward adjustment will decline to zero on a straight-line basis over the six-month temporary adjustment period. However, CGMI is not

March 2019 PS-14

Citigroup Global Markets Holdings Inc.

Buffered Notes Based on the iShares® MSCI Emerging Markets ETF Due March----, 2020

obligated to buy the securities from investors at any time. See “Summary Risk Factors—The securities will not be listed on any securities exchange and you may not be able to sell them prior to maturity.”

#### Certain Selling Restrictions

##### Prohibition of Sales to EEA Retail Investors

The securities may not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC; and

the expression “offer” includes the communication in any form and by any means of sufficient information (b) on the terms of the offer and the securities offered so as to enable an investor to decide to purchase or subscribe the securities.

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