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COMMUNITY BANKING

Southern California banks gauge wildfire damage, prep rebuild plans

By John Reosti | January 27, 2025

Nearly three weeks after a devastating series of wildfires erupted in Southern California, banks there are assessing damage and gearing up for a massive rebuilding effort.

“The banking industry can and should play a critical role in helping to support, stabilize and revitalize impacted communities,” the Los Angeles-based Banc of California’s President and CEO Jared Wolff said Thursday on a conference call with analysts. “We are expected to do so here as well through targeted lending, payment relief and other tailored programs. That is all in the initial phases and we are committed to supporting it and playing an important role.”

There’s no doubt the task will be colossal. According to California’s Department of Forestry and Fire Protection, the Eaton and Palisades wildfires rank among the deadliest and most destructive in state history, burning 37,400 acres, destroying more than 16,000 structures and causing 28 deaths. In monetary terms some damage estimates approach \$300 billion.

Wolff, who helped guide the \$33.5 billion-asset Banc of California’s transformational merger with PacWest Bancorp in November 2023, said he is hopeful the disruption and economic dislocation that followed in the wake of the fires will soon give way to what he



Jared Wolff

termed “a multi-year economic boom spurred by development.”

“I’m very optimistic about the prospects of this region and believe that we

too will organize and build back better in a way that could spur very substantial growth for such an important part of our nation’s economy,” Wolff said.

Steven Gardner, chairman and CEO of the \$17.9 billion-asset Pacific Premier Bancorp in Irvine, California, said the bank anticipates participating prominently in the rebuilding project. According to Gardner, Pacific Premier is already prepping several consumer- and commercial-lending initiatives to speed the flow of recovery dollars. “We will be there as a primary capital provider to the builders, contractors and related businesses as part of our Rebuild LA initiatives,” Gardner said Thursday on a conference call with analysts.

Last week, the \$80.1 billion-asset, Phoenix-based Western Alliance Bancorp, which maintains a significant Southern California presence, said it would dedicate \$1 billion in loan capacity to help rebuild homes and small businesses in the fire-stricken region.

Initial damage surveys by regional and community banks have indicated limited wildfire impact. The \$15.6 billion-asset CVB Bancorp in Ontario, California, said it had identified 114 loans totaling \$105 million located inside the fire zones. Of those, 14 had sustained damage including seven that were completely destroyed. “All 14 of the impacted properties had insurance in place,” President and CEO David Brager said Thursday on a conference call with analysts. “We have actually received proceeds to fully pay off one of the residential properties.”

Pacific Premier highlighted four loans totaling \$8 million that have sustained damage. “We are closely monitoring the ongoing situation and corresponding impacts on our clients,” Gardner said. “We stand ready to work with those in need over the coming weeks and months.”

Dominic Ng, chairman and CEO of East West Bancorp in Pasadena, California, characterized the fire-related damage to his \$76 billion-asset institution as “minimal at this time,” on a conference call with analysts Thursday. According to Chief Risk Officer Irene Oh, 32 loans totaling \$26 million were affected.

San Diego-based Endeavor Bancorp, which announced plans to enter the Los Angeles market in March, said the fires had impacted a few of its customers. CEO Dan Yates wrote Thursday in an email that his \$656 million-asset bank was “committed to supporting the community and ongoing efforts to support recovery.” Endeavor has pledged to assist clients with loan modifications if necessary, but “based on what we know thus far no such loan modifications appear to be needed,” Yates wrote.

Wolff said Bank of California was not “aware of any material impact on our loan portfolio or collateral from the wildfires.” Wolff added that he was mindful of potential “spillover” effects apart from obvious physical damage, “the economic effect that trickles down

to other areas of the city because the small businesses that were supporting the affected communities are now impacted too, and they can’t bring home revenues.”

“We’re watching very carefully,” Wolff said.

Banks are also continuing to donate to ongoing relief efforts. The Raleigh, North Carolina-based First Citizens BancShares, which operates more than 30 Southern California branches, announced Thursday that it has committed \$2 million in donations and financial support, with money earmarked for local community and nonprofit groups, along with a relief fund for First Citizens employees who suffered losses.

“We are committed to supporting the longer-term revitalization and stabilization of these impacted communities,” Angela English, the \$223.7 billion-asset First Citizens’ director of corporate communications, wrote in an email to American Banker. “We are working with our teams on the ground to understand where our contributions can have the most meaningful impact.”

According to English, First Citizens’ branch in Pacific Palisades sustained major damage from the fires. “We have relocated our Pacific Palisades branch team to our Santa Monica location,” English wrote. “As soon as we are able...we will assess the full extent of the damage.”