

# Banking & Finance Quarterly: Building Momentum

Jared Wolff, Banc of California's president and chief executive, talks about building on the firm's wins in the past year.

By **CHRISTINA CHKARBOUL**

In a consolidating market, Los Angeles' largest independent bank is finding its wings.

Brentwood-based **Banc of California** had a lot to prove after its November 2023 merger with crumbling **PacWest Bancorp**. In the following year, it took on the heavy lift of integrating the two institutions and repositioning its balance sheet, hoping for profitability at the tunnel's end.

The work seems to have paid off. Last year, Banc of California sailed to growth in its earnings, loans, deposits and tangible book value per share.

The lender, which provides banking and treasury management services to small, middle-market and venture-backed businesses, reported full-year net earnings of \$1.17 per diluted common share at its fourth-quarter call, more than double the prior year, alongside 15% annualized quarterly loan growth.

Its common equity tier 1 ratio, which measures a bank's capital against its assets weighted by risk, came in at 10.01%. That's well above the "well capitalized" regulatory threshold of 6.5% but below the average CET1 ratio among the country's 15 largest banks by assets, which was 13.52% for 2025's second quarter, according to data from **Statista**.

The bank's 2025 results, which come as the company expands its footprint, including an upcoming move to a logo-bearing building downtown, delivered a stock boost. Shares rose 35% year-over-year, closing at \$19.78 a share on Thursday.

In an interview with the Business Journal, Banc of California President and Chief Executive **Jared Wolff** spoke about building on the past year's wins while navigating areas of opportunity and caution in 2026. Wolff, who began his career at PacWest and logged a brief stint at **City National Bank**, was tapped for the Banc of California's top role in 2019.



DAVID SPRAGUE/LABJ

**Jared Wolff is chief executive of Banc of California in Brentwood.**

## What strategic priorities are you focusing on to sustain momentum in 2026?

(The year) 2025 was all about business as usual. The great thing about 2025 is we really showed the value of this merger and bringing these banks together as we had successive quarters of growth and ended the year on a really strong note. Our bank was one of the best performing bank stocks in the country last year. We felt really good about that for our shareholders, and that was a reflection of a consistent performance in 2025 of growing the balance sheet, showing that we have a really good market position, and we're delivering on the promise that we have of being a relationship bank.

We expect to have a strong 2026. Our priorities are to make sure that we are serving clients in our markets in a very tailored way.

We think that our opportunity, which was the premise for our deal, was that in a consolidating industry with all the banks that have left the markets that we're in, there's an opportunity for a (regional) bank like ours to really tailor solutions to businesses. There are fewer of us than there used to be, but we're excited for our position.

**Banc of California's net interest margin for 2025 was 3.15%, 30 basis points up from the previous year. What's driving that expansion? Do you expect NIM to continue to grow in 2026, and what might come in the way of that?**

Our net interest margin in 2025 expanded nicely, even in the face of lower interest rates, and the reason for that is twofold. One is our deposit costs were coming down as interest

rates came down. Second is our loan yield. Most banks, their loan yield is shrinking in a declining rate environment, because floating rate loans will reprice and fixed rate loans stay where they are, so loan portfolios are pricing down. We were able to maintain loan yields that were better than the field. One of the reasons for that is because, on our balance sheet today, we have \$6 billion of multifamily loans that are around 4% loans that we're putting on today, which are at market rates – higher levels than loans that are coming off our balance sheet. Our loan yield, from a portfolio perspective, is expanding while our deposit costs are dropping, which is allowing our margin to go up. Twenty-five percent of our loan portfolio are low-rate loans that we expect to run off over time.

**Where do you see the most opportunity for loan growth this year – and where are you still being cautious?**

We still see opportunity broadly in California to support growth of businesses in an economy, which is largely stable. That goes for all sorts of businesses across the spectrum, whether it's for development of housing or manufacturing of equipment, or supplying goods and services. We also believe and hope that the multifamily market will thrive as rates settle down and we see transaction volume increase in multifamily. That's an area where we've traditionally leaned in heavily.

We've been very hesitant to lend into office, as we still continue to see that market has room to go to stabilize, and that's an area where we remain very cautious. Despite the fact that pockets of Los Angeles, including Century City, are some of the strongest office markets in the country, generally, we remain careful in underwriting office properties more broadly. Today, we're lending into the office space where we see buildings that are in areas that have had strong growth, where vacancy is limited and where we have strong support from guarantors.

**Banc of California recently appointed Chris Healy to lead its payments business and expand the suite of payment solutions offered. What's driving your emerging focus on payments, and how are your clients' payments processing needs evolving?**

One of the things that we want to do as a full-service business bank is make sure that we can help our clients with solutions that they already need and that we can do better

than they're being delivered by others. Payments are a perfect example.

There are some very large banks that provide payment solutions to their clients. But most payment solution providers are actually not banks, whether it's **Stripe, Chime, Square**, these are third-party payment providers that have their own banks. When a client or when a business uses Stripe to process a credit card for them, the money goes to Stripe's bank. First, the client waits a couple days and then, ultimately, the money is remitted to the client who processed that credit card.

In the case of Banc of California, since we are a bank and we have a merchant acquiring solution for our clients, if a client uses our processing instead of Stripe's, for example, they will have visibility to the funds the same day and receipt of funds as soon as the next day.

Every time somebody touches that money, they take a piece of it, so the cost becomes much higher for the client. We believe we can provide a solution where clients get their funds faster and in a less expensive way. We don't need to change anybody's behavior. We don't need to create a new market. We have a solution that is better than the one that's currently being provided by non-banks, and we want to roll that out to our clients to help them with their business.

**In November, you partnered with Steadfast LA to distribute small business grants. As businesses in fire-affected areas continue to rebuild and adapt, how do you see the bank's role in wildfire recovery evolving this year?**

As a business bank, we felt that it was important to shine a light on the difficulty that businesses were having as a result of the wildfires, because there was so much focus on, obviously, the homeowners, and rightly so.

For 2026, we hope to lean in in the same way and make sure that the light doesn't go out on the needs that these businesses may still have as these areas recover, and we're continuing to look at ways where we can lean in and help.

We are a lender to developers, and so we have been approached by different developers who are looking for funding to help finance the construction of areas where homes have been decimated, where rebuilding needs to happen. It's really evolving, and it's coming together more slowly than most people would like. The impact that we can make is limited, and therefore we need this to be a collective solution, and the coalition of banks, businesses and leaders, both private and public, that are coming together to help solve this is really inspiring.

**Banc of California has a focus on providing venture debt to portfolio companies between capital raising rounds. Some lenders tighten in this area when rates are uncertain or the economy softens. Are you adjusting your approach to venture debt as we look toward the rest of 2026, especially as it relates to lending in the fast-growing but volatile artificial intelligence space?**

Our venture business is an important vertical for us. It's three businesses: fund finance, which is providing capital lines of credit to private equity venture capital firms, and we also lend into life science companies and technology companies.

We have lent in all types of environments. Like every bank, we will evaluate where the risks are in any given environment, but we work with very experienced (venture capital) and private equity firms, who are sponsoring and investing in companies that provide deep pockets and their expertise as well.

Right now, there's speculation about what the effects of AI will be on certain types of businesses, and there's been a lot of talk about software businesses and whether AI will undercut those businesses. In some ways, I think those risks are real, and in other ways, I think the downside is being talked about more than the benefits, and so we'll see how this emerges. We will, of course, be looking at that during our underwriting, but we are very committed to continuing to be a leader in the venture space.

**Deposits have been a battleground for banks the past couple of years, with major national banks looking to grow their California footprint, and digital and community banks vying for small business clients. How competitive does that market feel heading into 2026?**

The deposit market has been and continues to be highly competitive. It has the prospect of becoming even more competitive depending on how the Fed Chair decides to manipulate the balance sheet. The Fed shrinking the balance sheet would result in probably more liquidity coming out of the system, and therefore we would find deposit competition to be even higher. We're prepared to compete, but I don't expect deposit competition to get easier. What we focus on is the solutions that we offer to our clients, which we think are best in class.