

PACWEST BANCORP

CHARTER OF THE RISK COMMITTEE OF THE BOARD OF DIRECTORS

FEBRUARY 6, 2019

Purpose of the Committee

The purpose of the Risk Committee (the “Committee”) of the Board of Directors (the “Board”) of PacWest Bancorp (the “Company”) is to approve and periodically review the Company’s risk management policies and to oversee the implementation of the Company’s enterprise-wide risk management framework. The enterprise-wide risk management framework includes the strategies, policies, procedures, assessments and systems established and maintained by management to identify, assess, measure and manage the Company’s material risks. The Committee shall assist the Board and its other committees that oversee specific risk-related issues and serve as a resource to management, including management’s Enterprise Risk Management Steering Committee (“ERMSC”), by overseeing risk across the entire Company and by enhancing the Board’s understanding of the Company’s overall risk tolerance and enterprise-wide risk management activities and their effectiveness. The Committee will coordinate with the Audit Committee for review of the Company’s financial and operational risks, corporate-wide compliance and other areas of the Audit Committee’s responsibility or with the Compensation, Nominating and Governance Committee for review of compensation-related risks. The Committee shall report to the Board on a regular basis.

Committee Membership

The Committee shall be comprised of at least three directors, one of whom is “independent” as defined under rule 5605(a)(2) of The Nasdaq Stock Market, LLC and is not a member of the “immediate family” (as defined in 12 C.F.R. 225.41(b)(3) of Regulation Y) of any person who is or has been in the last three years an “executive officer” (as defined in 12 C.F.R. 215.2(e)(1) of Regulation O). At least one member of the Committee shall have experience in identifying, assessing, and managing risk exposures of large, complex firms (risk management experience in nonbanking or nonfinancial firms may fulfill this requirement). Members shall be appointed by the Board based on nominations recommended by the Company’s Compensation, Nominating and Governance Committee, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

To facilitate open communication between the other committees of the Board, the chair of the Risk Committee shall receive the materials for each meeting of the other committees of the Board.

The Committee shall keep written minutes of all meetings, which minutes shall be maintained with the books and records of the Company.

At all meetings of the Committee, a majority of the total number of Committee members shall constitute a quorum. All meetings will be subject to and in accordance with the applicable provisions of Delaware law and the Bylaws of the Company, including notice, quorum, voting and approval requirements thereof.

Committee Structure and Operations

The Board shall designate as chairperson of the Committee one member of the Committee who is “independent” as defined under “Committee Membership.” The Committee shall meet at least quarterly, or more frequently as it deems necessary or appropriate to properly discharge its responsibilities, in conjunction with regularly scheduled meetings of the Board at regularly scheduled times and places determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. Members of the Committee may participate in a meeting of the Committee by means of a conference call or other similar means of communication in which all persons participating in the meeting can hear one another.

The Committee shall meet, as deemed necessary and appropriate, with the Chief Risk Officer, management and other employees of the Company, in separate executive sessions. The Committee may also request any other director, officer or employee of the Company, any consultant of the Company or the Company’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Duties and Responsibilities of the Committee

Each member of the Committee shall perform his or her duties in good faith, in a manner he or she believes to be in the best interests of the Company and its shareholders and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

To carry out its purposes, the Committee shall have the following duties and responsibilities:

General Risk Oversight

1. Receive presentations and other information to understand the significant risks to which the Company is exposed.
2. Consider and provide advice to the Board, when appropriate, on the risk impact of any strategic decision that the Board may be contemplating, including considering whether any strategic decision is within the risk tolerance established for the Company and its individual business units.
3. Review the amount, nature, characteristics, concentration and quality of the Company’s credit portfolio, as well as all significant exposures to credit risk through reports on significant credit exposures presented to the Committee and review of exceptions to credit risk policies and procedures, if any, and trends in portfolio quality (credit and position risk), market risk, liquidity risk, economic trends and other risk information that may reveal adverse impacts to the credit portfolio.

4. Approve and periodically review the Company's risk management policies.
5. Oversee management's implementation of a risk management framework that is commensurate with the Company's structure, risk profile, complexity, activities and size, including the development and implementation of effective policies, processes and procedures designed to ensure that risks are properly controlled, quantified and within the Company's risk appetite and associated risk tolerances. Risk categories within this framework shall include, but not necessarily be limited to: credit (loans and securities), interest rate/price, liquidity, operational, information technology, regulatory compliance, reputational, strategic, human resources and capital.
6. At least annually, review and recommend to the Board for approval the Company's Risk Appetite Statement.
7. On a quarterly basis, review and recommend to the Board for approval the Company's Risk Dashboard, including the limits and tolerance ranges within it.
8. Receive reports from management, including the Chief Risk Officer (at least quarterly) and ERMSC, the Chief Credit Officer, the Chief Financial Officer and the Capital Committee, and, if appropriate, other Board committees, regarding matters relating to risk management and/or the Company's risk and compliance organization, including relevant emerging risks and other selected risk topics and/or risk issues.
9. Review the examination reports of the Board of Governors of the Federal Reserve, Federal Deposit Insurance Corporation, California Department of Business Oversight, the Consumer Financial Protection Bureau and/or any other applicable federal or state banking regulatory agency or authority relating to risk-management activities and any responses prepared by management to the findings and/or recommendations made in the examination reports.
10. At least annually, review insurance coverages, renewals and trends, and approve the Company's corporate insurance program, which includes the financial bond, management and professional liability, property and casualty, and cyber insurance.
11. Review significant pronouncements and changes to key regulatory requirements relating to the risk-management area to the extent they apply to the Company.
12. Approve the appointment and, when and if appropriate, replacement of the Chief Risk Officer, who shall report directly to the Committee as well as to the Chief Executive Officer.

Credit Review

13. Oversee the Company's credit review process.

14. Review reports from the Company's independent credit review function regarding the assessment of the appropriateness of risk ratings assigned to the Company's loans, the adequacy of the documentation in the Company's credit files and the adherence of the Company to its credit policies, including any other significant reports to management and management's responses thereto.
15. Approve annually the engagement of any consultants hired to perform a credit review function.

Credit Management/Administration

16. Review the loan portfolio composition, concentrations of credit, and trends.
17. Review the Company's monitoring and management of past due and nonperforming loans and foreclosed assets.
18. Review and approve the credit policies at least annually.
19. Review and approve the credit risk rating methodology framework at least annually.
20. Review the established monitoring and reporting systems that focus on the measurement of current and future exposure to credit losses.

Allowance for Credit Losses

21. Review and approve the methodology used by management to estimate the allowance for credit losses.
22. Review management's determination of the quarterly provision for credit losses and the adequacy of the allowance for credit losses at each quarter's end.

Compliance and Bank Secrecy Act ("BSA")

23. Review reports of periodic compliance reviews performed by the Company's compliance department and/or outsourced compliance review providers regarding compliance with applicable lending, deposit, BSA and Title III of the USA PATRIOT Act regulations.
24. Review updates on the filing of any Suspicious Activity Reports.

Capital Plan and Stress Testing

25. Review and recommend to the Company Board for approval capital actions, including but not limited to, dividend distributions on common and preferred stock and issuance of new capital instruments.
26. Review and approve the Company's annual stress testing process.

27. Review with management and approve reports, conclusions and output contained in the Company's annual capital stress test results.
28. Review the Model Governance Report regarding the status of the Risk Management model validation process and progress.

Operations and Systems Risk

29. Review reports from the EVP Operations/System Manager regarding the Company's IT and operations risk including, among other things, systems performance overview and risk profile, system integration plans, business continuity planning, information security (including risks to customer information and policies, procedures and training to manage such risks), technology strategy and significant technology projects, and third-party outsourcing arrangements.
30. Review the Company's Cyber/Information Security Report, which includes but is not limited to an assessment of the Company's current security updates and cyber statistics, the core elements and controls of the program, and key IT related emerging risks and trends affecting current Cyber/Information Security practices.

In addition to the duties and responsibilities listed above, the Committee shall perform such other duties and responsibilities as may be directed by the Board or required by applicable laws, rules or regulations.

Delegation to Subcommittee

To the extent permitted by law, the Committee may, in its discretion, delegate a portion of its duties and responsibilities to a subcommittee of the Committee consisting of one or more members.

Committee Reports

The Committee shall produce the following reports and provide them to the Board.

1. An annual performance evaluation of the Committee, comparing the performance of the Committee with the requirements of this charter. The performance evaluation should also recommend to the Board any improvements to this charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.
2. A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

In addition, the Committee shall keep minutes of its proceedings that adequately record its deliberations and decisions on risk-management matters.

Resources and Authority of the Committee

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special or independent counsel, accountants or other experts, consultants and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.

The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of (but not limited to) the following:

1. Compensation of any advisers employed by the Committee; and
2. Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.