

PACWEST BANCORP

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

FEBRUARY 6, 2019

Purpose of the Committee

The purposes of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of PacWest Bancorp (the “Company”) are to assist the Board in its oversight responsibilities for: (i) the quality and integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditors’ qualifications and independence, (iv) the performance of the independent auditors and the Company’s internal audit function and (v) in conjunction with the Company’s Risk Committee, the Company’s risk management functions.

The function of the Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements and the effectiveness of internal control over financial reporting. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company’s annual financial statements, reviewing the Company’s quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, annually reporting on the effectiveness of the Company’s internal control over financial reporting and other procedures. The independent auditors for the Company are accountable to the Board and the Committee as representatives of the stockholders.

Committee Membership

The Committee shall be comprised of at least three directors each of whom (i) is “independent” as defined under Rule 5605(a)(2) of The Nasdaq Stock Market, LLC, (ii) has not participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years, and (iii) meets the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act). All members of the Committee must be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement, and the Committee shall have at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the member’s financial sophistication and qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended (the “Securities Act”).

No director may serve as a member of the Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such

simultaneous service would not impair the ability of such director to effectively serve on the Committee, and discloses this determination in the Company's annual proxy statement.

Members shall be appointed by the Board based on nominations recommended by the Company's Compensation, Nominating and Governance ("CNG") Committee, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Committee Structure and Operations

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet once every fiscal quarter, or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, as applicable. The Committee periodically should meet in executive session with the CFO, the CAO, the Chief Audit Executive ("CAE"), and the independent auditors to discuss any matters that the Committee or any of these persons or firms believes should be discussed privately. The Committee may 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. Members of the Committee may participate in a meeting of the Committee by means of conference call or other similar means of communication in which all persons participating in the meeting can hear one another.

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.

Duties and Responsibilities of the Audit 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 stockholders 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:

1. with respect to the independent auditors,
 - (i) to be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors (including the resolution of disagreements between management and the independent auditors regarding accounting and financial reporting matters), who shall report directly to the Committee;

- (ii) to be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services, which firm shall also report directly to the Committee;
- (iii) to pre-approve, or to adopt appropriate procedures to pre-approve, all audit and non-audit services to be provided by the independent auditors;
- (iv) to ensure that the independent auditors prepare and deliver annually an Auditors' Statement (SAS 114 letter) (it being understood that the independent auditors are responsible for the accuracy and completeness of this statement), and to discuss with the independent auditors any relationships or services disclosed in the Auditors' Statement that may impact the quality of audit services or the objectivity and independence of the Company's independent auditors; an "Auditors' Statement" is a formal written statement describing (a) the auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues, and (c) all relationships between the independent auditors and the Company, including each non-audit service provided to the Company (to assess the auditors' independence);
- (v) to obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors and management, and any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted audit differences;
- (vi) to discuss with the independent auditors any significant issues arising from the most recent Public Company Accounting Oversight Board ("PCAOB") inspection of the independent auditors, to the extent relevant to the Company, including the independent auditor's response to any identified accounting deficiencies;
- (vii) to review and evaluate the qualifications, performance and independence of the lead partner of the independent auditors;

- (viii) to take into account the opinions of management and the Company's internal auditors in assessing the independent auditors' qualifications, performance and independence; and
 - (ix) to submit to the Committee annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.
2. with respect to the internal audit function,
- (i) in conjunction with the Company's CAE, to select, engage, oversee, and retain any firms used in a co-sourcing capacity as part of the Company's internal audit function, and to review and evaluate qualifications, performance and independence of the members of the internal audit function (whether out-sourced or performed in-house);
 - (ii) to review reports from the internal audit department regarding internal controls and procedures, the Company's financial controls, accounting system, operational controls and procedures, regulatory and legal compliance and changes to the Company's policy and procedures manuals;
 - (iii) to review with the CAE and any firm providing co-sourced internal audit support the summaries they are expected to provide to the Committee and, as appropriate, the significant reports to management prepared by internal audit and management's responses thereto;
 - (iv) to review and approve annually (or more frequently as appropriate) the Internal Audit Plan, the selection, performance and results of the co-sourced audit service provider(s) and the selection, engagement and compensation of other co-sourced audit service provider(s), as applicable; and
 - (v) to review in conjunction with the chief executive officer, the performance and compensation of the CAE on an annual basis;

3. with respect to accounting principles and policies, financial reporting and internal control over financial reporting,
- (i) to review from management, the internal audit department and the independent auditors a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting;
 - (ii) to consider any reports or communications (and management's and/or the internal audit departments responses thereto) submitted to the Committee by the independent auditors required by or referred to in applicable PCAOB or other applicable standards, including, as applicable, reports and communications related to:
 - the overall audit strategy, including the timing of the audit, significant risks the independent auditors identified, and significant changes to the planned audit strategy or identified risks;
 - the extent to which the independent auditors intend to rely upon the Company's internal auditors in the audit;
 - deficiencies, including significant deficiencies or material weaknesses, in internal control identified during the audit or other matters relating to internal control over financial reporting;
 - consideration of fraud in a financial statement audit;
 - detection of illegal acts;
 - the independent auditors' responsibility under generally accepted auditing standards;
 - any restriction on audit scope;
 - significant accounting policies;
 - significant issues discussed with the national office respecting auditing or accounting issues presented by the engagement, or other difficult or contentious matters for which the independent auditors have consulted outside the engagement team;
 - a description of the process used to develop critical accounting estimates, including the significant assumptions underlying highly subjective estimates;
 - any accounting adjustments arising from the audit that were noted or proposed by the auditors but were passed (as immaterial or otherwise);

- the responsibility of the independent auditors for other information in documents containing audited financial statements;
 - disagreements with management;
 - consultation by management with other accountants, information about other accounting firms or other persons performing audit procedures, and the basis upon which the independent auditors can serve as principal auditor if significant parts of the audit will be performed by other auditors;
 - major issues discussed with management prior to retention of the independent auditors;
 - difficulties encountered with management in performing the audit;
 - fees paid by the Company and reconciliation of goods or services received therefor;
 - the independent auditors' judgments about the quality of the entity's accounting principles;
 - reviews of interim financial information conducted by the independent auditors;
 - the responsibilities, budget and staffing of the Company's internal audit function;
 - significant transactions that are outside the ordinary course of business or unusual; and
 - other matters arising out of the audit that are significant to the oversight of the Company's financial reporting process, including complaints or concerns regarding accounting or auditing matters that have come to the independent auditors' attention;
- (iii) to meet with management, the independent auditors and, if appropriate, the CAE:
- to discuss the scope of the annual audit;
 - to review and discuss the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";

- to discuss any significant matters arising from any audit, including any audit problems or difficulties, whether raised by management, the CAE, or the independent auditors, relating to the Company’s financial statements;
 - to discuss any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
 - to discuss any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditors to the Company;
 - to discuss Company compliance with regulatory accounting requirements and policies, as well as the Company’s and its subsidiaries’ compliance with FDICIA, when applicable;
 - to review the form of opinion the independent auditors propose to render to the Board and stockholders; and
 - to discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles, and major issues as to the adequacy of the Company’s internal controls and any special audit steps adopted in light of any significant deficiencies or material weaknesses in internal controls; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- (iv) to inquire of the Company’s chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information, and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting;
- (v) to obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act;

- (vi) to discuss with the Company's General Counsel, Chief Risk Officer and/or CAE, as appropriate, any significant legal, compliance or regulatory matters that may have a material effect on the Company's business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies;
 - (vii) to review and assess the adequacy of the Company's Related-Party Transactions Policy at least annually and recommend any changes to the full Board of Directors with respect thereto, and to review and approve all related-party transactions of the Company in accordance therewith;
 - (viii) to discuss and review the type and presentation of information to be included in earnings press releases;
 - (ix) to discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies;
 - (x) to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;
 - (xi) to review and discuss any reports concerning material violations submitted to it by Company attorneys or outside counsel pursuant to the Securities and Exchange Commission ("SEC") attorney professional responsibility rules (17 C.F.R. Part 205) or otherwise; and
 - (xii) to establish hiring policies for employees or former employees of the independent auditors;
4. with respect to reporting and recommendations,
- (i) review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) on an ongoing basis, in accordance with Company policies and procedures;
 - (ii) review with management credit disclosures contained in press releases and financial statement filings with the SEC;
 - (iii) to prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
 - (iv) to review and reassess the adequacy of this charter at least annually and recommend any changes to the Board;

- (v) to report its activities to the Board on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate; and
- (vi) to provide the Board with an annual performance evaluation of the Committee, comparing the performance of the Committee with the requirements of this charter. 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.

Delegation of Pre-Approval Authority

The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.

Resources and Authority of the Audit 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 to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
2. Compensation of any advisers employed by the Committee; and
3. Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.