



# COMPENSATION COMMITTEE CHARTER

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## COMPENSATION COMMITTEE CHARTER

### I. COMPENSATION COMMITTEE PURPOSE

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Royal Business Bank (the “Bank”) and RBB Bancorp (the “Bancorp” and collectively the “Company”, or we) to assist the Board in:

- (1) monitoring the performance of the executive officers of the Company in relation to the Company’s strategies and goals;
- (2) overseeing the compensation of the executive officers of the Company and making recommendations to the Board as to the adequacy of level of compensation;
- (3) making recommendations to ensure the current level of compensation and benefits are at levels that enable the Company to attract and retain high quality of executives the Company needs; and,
- (4) producing annual report on executive compensation for inclusion in the proxy statement of the Company.

### II. AUTHORITY

The Committee will have the resources and authority necessary to discharge its duties and responsibilities. To assist in the evaluation of the compensation of RBB Bancorp’s Named Executive Officers (“NEOs”), the Committee has sole authority to retain and terminate outside counsel, compensation consultants, or other experts or consultants, as it deems appropriate, including sole authority to approve the fees and other retention terms for such persons. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.

### III. CHARTER REVIEW

The Committee will review and reassess the adequacy of this Charter at least once a year and recommend any proposed changes to the Company’s Board. In addition, to the extent and in the manner that the Company is legally required to do by the rules of the SEC, the Committee will cause the Company to publicly file this charter (as then constituted) and publish it on the Company’s web site.

### IV. COMMITTEE STRUCTURE AND OPERATIONS

The Committee shall be comprised of at least three directors of the Company who are not members of management. The members of the Committee shall be appointed by the Board and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. The Board of Directors shall have the power to change the member of the Committee and to fill any vacancies on the Committee. The Board shall designate one member of the Committee as its chairperson. If the chairperson is not designated or present, the members of the Committee may designate a Chair by

majority vote of the Committee membership. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue.

#### A. Membership Requirements

Each member of the Committee must:

- (1) be “independent” within the meaning of Rule 5605(a)(2) of the Nasdaq Stock Markets;
- (2) qualify as a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934;
- (3) qualify as an “outside director” within the meaning of Regulation §1.162-27(e)(3) under the Internal Revenue Code of 1986; and,
- (4) satisfy any other necessary standards of independence under the federal securities and tax laws.

A director may not serve as a member of the Committee if such director accepts directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof or pays or receives any payments from an executive officer, or any entity in which an executive officer is involved, other than (i) fees received as a member of the Board, the Committee or any other committee of the Board; or (ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).

#### B. Committee Meetings

The Committee shall meet in person or telephonically at least twice per calendar year at a time and place determined by the Committee chairperson, with further meetings to occur when deemed necessary or desired by the chairperson of the Board of the Company, chairperson of the Committee or by a majority of the members of the Committee. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall maintain minutes of its meetings and records relating to those meetings and the Committee’s activities and shall provide copies of such minutes to the Board of Directors. The Committee shall determine its rule of procedure.

#### C. Reporting Activities

The Committee Chairperson, or designee, shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

### **III. COMMITTEE’S DUTIES AND RESPONSIBILITIES**

In order to assist the Board with establishing appropriate executive compensation plan, the committee shall:

1. Evaluate the performance of the Company’s Chief Executive Officer (“CEO”) in light of the goals of the Company’s executive compensation plan, and recommend to the Board as to the

appropriateness of the CEO's compensation levels. The CEO may not be present during the evaluation and determination of the CEO's compensation level, including (a) annual base salary amounts; (b) annual bonus arrangements, if any; (c) any long-term incentive compensation; and (d) any perquisites, special or supplemental benefits.

2. Consider and make recommendations to the Board concerning the Company's incentive compensation plans and equity-based compensation plans in which the directors, the CEO, and other executive officers of the Company and its subsidiaries may participate.
3. Review the compensation plan for all executive officers and make recommendations to the Board concerning the appropriateness and potential changes of the compensation plan.
4. Monitor compensation trends, solicit independent advice where appropriate, and ensure executive compensation plans are competitive to attract and retain quality executives for the Company..
5. Consider and make recommendations to the Board concerning the selection, retention, and/or termination of the President/Chief Executive Officer. In connection with hiring of any new CEO, review and make recommendations to the Board concerning the same categories of employment and compensation arrangements listed in Paragraph 1 above.
6. Review and make recommendations to the Board concerning salary ranges for graded personnel, as well as personnel policies and similar documents relating to personnel matters which require Board approval. Review annually group health insurance and workers' compensation insurance, and make recommendations to the Board with regard to carriers and potential changes in coverage.
7. Review and make recommendations to the Board concerning any salary continuation agreements or other contractual arrangements with any executive officers, including any material modifications to the same.
8. Review the compensation arrangement paid to members of the Board who are not employees and recommend to the Board concerning the appropriateness of the compensation arrangement. However, the members of the Committee shall avoid reviewing or determining their own compensation except for uniform compensation paid to directors for their services as a director.
9. Ensure that executive compensation plan complies with applicable laws and regulations, including Section 16 of the Exchange Act and Section 162(m) of the Internal Revenue Code and other related regulations.
10. Have authority to retain and terminate compensation advisors or any legal or accounting experts to assist it in evaluating the CEO, other executive officers, and director compensation, including the sole authority to approve the consultant's fees and other retention terms, the appropriateness of compensation plans of executive officers, obtain advice and assistance from internal or outside legal, accounting, or other advisors as it deems necessary to carry out its duties..
11. Produce an annual report on executive compensation, and review and approve the Company's Compensation Discussion and Analysis, for inclusion in the Company's annual proxy statement or annual report on Form 10-K in accordance with all applicable rules and regulations.

12. Request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.
13. Make reports to the Board at the next regularly scheduled meeting following the meeting of the Committee.
14. Evaluate its performance at least annually, including a review of the Committee's compliance with and adequacy of this Charter.
15. Review all matters that the Committee considers relevant to its performance, including the adequacy of the recommendations submitted to the Board, the way they were discussed, and whether the number and length of meetings of the Committee were adequate in a thorough and thoughtful manner.
16. Discuss, evaluate, and review with the Company's senior risk officers:
  - the NEO compensation policies, benefits, practices and programs to ensure that the NEO compensation plans do not encourage the NEOs to take unnecessary and excessive risks that threaten the value of the Company; and
    - As part of the above assessment of the NEO policies, benefits, practices and programs, the Committee should identify the features in the Company's NEO compensation policies, benefits and practices that could lead NEOs to take these risks and the features of the employee compensation plans that pose risks to the Company, including any features in the NEO compensation plans and the employee compensation plans that would encourage behavior focused on short-term results and not long-term value creation.
  - the employee incentive compensation plans and practices in light of the risks posed to the Company by such plans, if any, and how to limit such risks; and the employee compensation policies, benefits, practices and programs to ensure these policies, benefits and practices do not encourage the manipulation of reported earnings of the Company to enhance compensation of any of the Company's employees.
    - As part of the above assessment of the employee compensation policies, benefits, practices and programs, the Committee should identify and eliminate the features in these policies, benefits and practices that could encourage the manipulation of reported earnings of the Company to enhance the compensation of any employee.

**V. OTHER COMMITTEE RESPONSIBILITIES**

The Compensation Committee shall perform any other activities consistent with this Charter and banking regulations as the committee or the Board of Directors deems necessary or appropriate.