



# COMPENSATION COMMITTEE CHARTER

**Date: May 23, 2017**

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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. 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.

#### 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 of Directors (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. Annually review its own performance.

#### **IV. LIMITATION ON COMPENSATION COMMITTEE'S ROLE**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to approve compensation programs, but to review and recommend to the entire board for approval.

#### **V. OTHER COMMITTEE RESPONSIBILITIES**

Perform any other activities consistent with this Charter and banking regulations as the committee or the Board of Directors deems necessary or appropriate.