Table of Contents

As confidentially submitted to the Securities and Exchange Commission on May 3, 2017.
This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

RBB BANCORP
(Exact name of registrant as specified in its charter)

California	6022	27-2776416
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

660 S. Figueroa Street, Suite 1888
Los Angeles, California 90017
(213) 627-9888
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Yee Phong (Alan) Thian
Chairman, President and Chief Executive Officer
RBB Bancorp
660 S. Figueroa Street, Suite 1888
Los Angeles, California 90017
(213) 627-9888
(Name, address, including zip code and telephone number, including area code, of agent for service)

Copies to:

Loren P. Hansen Loren P. Hansen, APC 1301 Dove Street, Suite 370 Newport Beach, California 92660 (949) 851-6125	David Morris Executive Vice President and Chief Financial Officer RBB Bancorp 660 S. Figueroa Street, Suite 1888 Los Angeles, California 90017 (213) 627-9888	Norman B. Antin Jeffrey D. Haas Holland & Knight LLP 800 17th Street NW, Suite 1100 Washington DC 20006 (202) 955-3000

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We and the selling shareholders may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2017

PROSPECTUS

3,000,000 Shares

Common Stock

This is the initial public offering of RBB Bancorp. We are offering 2,100,000 shares of our common stock and the selling shareholders are offering 900,000 shares of our common stock. We will not receive any proceeds from the sales of shares by the selling shareholders.

Prior to this offering, there has been no established public market for our common stock. We anticipate that the public offering price of our common stock will be between $ and $ per share. Our common stock has been approved for listing on the NASDAQ Global Select Market under the symbol " ."

Investing in our common stock involves risk. See "Risk Factors" beginning on page 20.

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements.

	Per Share	Total
Public offering price	$	$
Underwriting discounts (1)		
Proceeds to us, before expenses		
Proceeds to the selling shareholders, before expenses		

(1) See "Underwriting" for additional information regarding underwriting compensation.

The underwriters have an option to purchase up to an additional 450,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Shares of our common stock are not savings accounts or deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

The shares of common stock will be ready for delivery on or about , 2017.

Sandler O'Neill + Partners, L.P.

Keefe, Bruyette & Woods
A Stifel Company

The date of this prospectus is , 2017.

Table of Contents

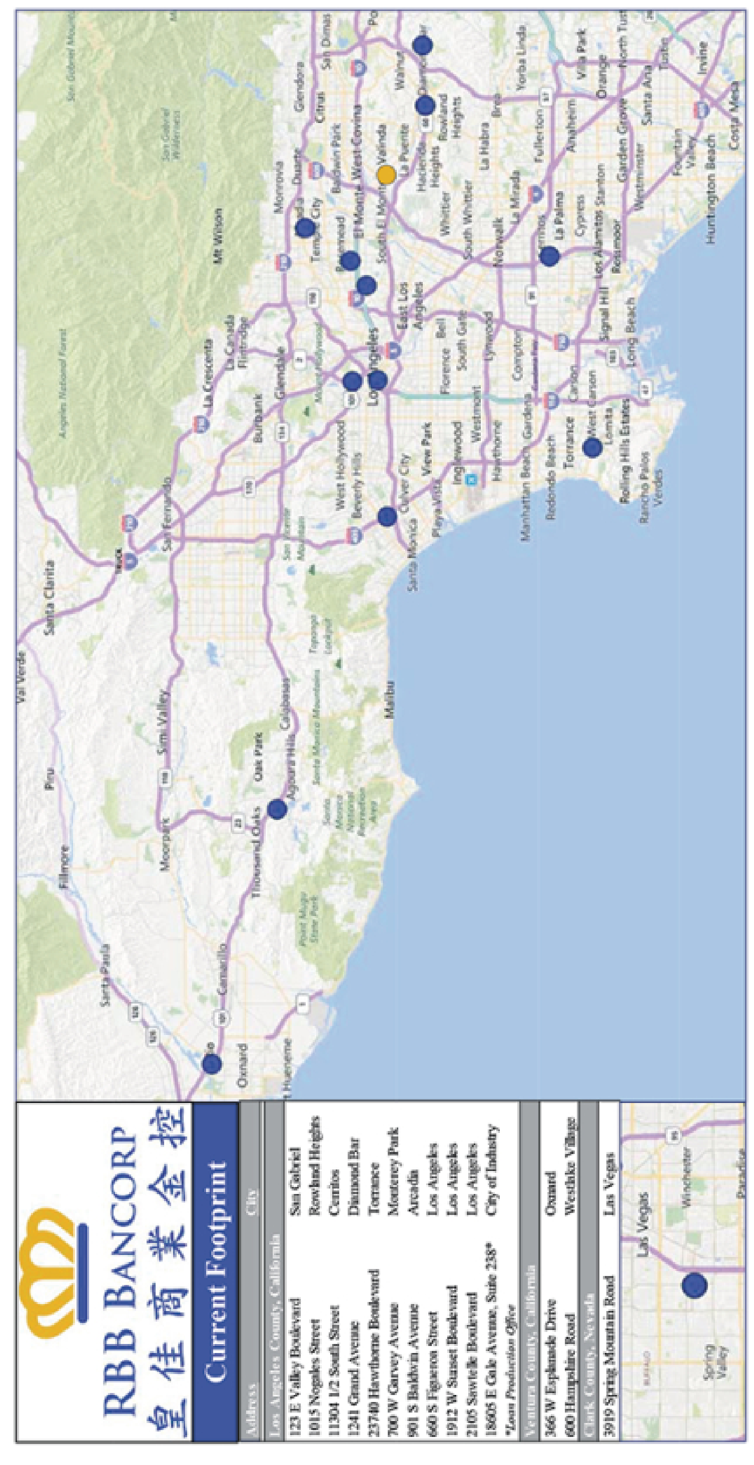


TABLE OF CONTENTS

Prospectus Summary	2
Risk Factors	20
Cautionary Note Regarding Forward-Looking Statements	46
Use of Proceeds	48
Dividend Policy	49
Capitalization	50
Dilution	51
Selected Historical Consolidated Financial Data	52
Management’s Discussion and Analysis of Financial Condition and Results of Operations	60
Business	110
Supervision and Regulation	126
Management	140
Executive Compensation	149
Certain Relationships and Related Party Transactions	158
Principal and Selling Shareholders	160
Principal Family Shareholders	163
Description of Capital Stock	164
Shares Eligible for Future Sale	167
Material United States Federal Income Tax Considerations for Non-U.S. Holders	168
Underwriting	172
Legal Matters	176
Experts	176
Where You Can Find More Information	176
Index to Consolidated Financial Statements	F-1

About this Prospectus

You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize to be delivered to you. We, the selling shareholders and the underwriters have not authorized anyone to provide you with different or additional information. We, the selling shareholders and the underwriters are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless we state otherwise or the context otherwise requires, references in this prospectus to “we,” “our,” “us” or “the Company” refer to RBB Bancorp, a California corporation, and our consolidated subsidiaries, references to “Royal Business Bank” or “Bank” refer to our banking subsidiary, Royal Business Bank, a California state chartered bank, and references to “RAM” refer to RBB Asset Management Company, our asset management subsidiary.

Market and Industry Data

Within this prospectus, we reference certain market, industry and demographic data and other statistical information. We have obtained this data and information from various independent, third party industry sources and publications. Nothing in the data or information used or derived from third party sources should be construed as advice. Some data and other information are also based on our good faith estimates, which are derived from our review of internal surveys and independent sources. We believe that these external sources and estimates are reliable, but have not independently verified them. Statements as to our market position are based on market data currently available to us. Although we are not aware of any misstatements regarding the economic, employment, industry and other market data presented herein, these estimates involve inherent risks and uncertainties and are based on assumptions that are subject to change.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we may present as few as two years of audited financial statements and two years of related management discussion and analysis of financial condition and results of operations;
- we are exempt from the requirement to obtain an attestation and report from our auditors on management’s assessment of our internal control over financial reporting under the Sarbanes-Oxley Act of 2002;
- we are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- we are not required to give our shareholders non-binding advisory votes on executive compensation or golden parachute arrangements.

In this prospectus we have elected to take advantage of the reduced disclosure requirements relating to executive compensation, and in the future we may take advantage of any or all of these exemptions for so long as we remain an emerging growth company. We will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which we have total annual gross revenues of $1.0 billion or more, (ii) the end of the fiscal year following the fifth anniversary of the completion of this offering, (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt and (iv) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended.

In addition to the relief described above, the JOBS Act permits us an extended transition period for complying with new or revised accounting standards affecting public companies. We have irrevocably determined to not take advantage of this extended transition period, which means that the financial statements included in this prospectus, as well as any financial statements that we file in the future, will be subject to all new or revised accounting standards generally applicable to public companies.

PROSPECTUS SUMMARY

This summary highlights selected information contained in this prospectus. It does not contain all the information that you should consider before deciding to invest in our common stock. You should read the entire prospectus carefully, including the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections, and the historical financial statements and the accompanying notes included in this prospectus.

Our Company

Royal Business Bank began operations in 2008 as a California state-chartered commercial bank. The Bank was organized by a group of very experienced bankers, some of whom began their banking careers in Asia and have worked together for a total of 82 years at various banks in California in the 1980s and 1990s. After working for many years in positions of increasing responsibility at such banks, these individuals identified an opportunity resulting from the 2007 credit crisis to capitalize on the general dissatisfaction that many customers had with the nature and level of services that were being provided by existing Asian-American and Chinese-American banks. These bankers observed that first generation Chinese immigrants were not well-served by existing banks.

Alan Thian, the Bank's president and chief executive officer, together with this group of bankers, organized the Bank and adopted a strategic plan focused on providing commercial banking services to first generation immigrants, initially concentrating on Chinese immigrants, and now including Koreans and other Asian ethnicities. The Bank's management team has utilized their strong local community ties along with their credibility and relationships with both federal and California bank regulatory agencies to create a bank that we believe emphasizes strong credit quality, a solid balance sheet without the burden of the troubled legacy assets of other banks, and a robust capital base, with the ability to raise additional capital.

Despite the onset of the worst financial crisis since the Great Depression of the 1930s, our directors and their families, as well as various business leaders in the local community, initially capitalized the Bank at over $70 million. At that time, this was the largest amount of capital raised by any de novo institution in California. This core group of investors have maintained not only a long-term investment relationship with the Bank, but have also supported its growth with deposit accounts and loans. They have consistently been a source of referrals for both new deposit and lending relationships, and have assisted our board and management team in developing a deep knowledge of the markets where we operate. These investors have also assisted our management team in establishing and growing strong connections with businesses located in China and Asia, as well as at high levels of government in China and Taiwan. We believe that these connections have enhanced the Bank's reputation and name recognition well beyond what would be typical for a bank of our size, and have allowed us to attract a loyal investor and customer base that has facilitated the Bank's strong organic growth and relatively low efficiency ratio.

Although the Bank serves all ethnicities, our board and management team are comprised of mostly Chinese-Americans, and as a result, our marketing focus was initially on first generation Chinese-Americans who prefer to conduct business in their native language(s). Using the experience and expertise of our officers and employees, we tailored our loan and deposit products to serve this Chinese-American market niche. We focused both on existing businesses and individuals already established in our local market area, as well Chinese immigrants who desire to establish their own businesses, purchase a home, or educate their children in the United States. Our size and infrastructure allow us to serve customers that require higher lending limits than normally associated with other smaller, local banking institutions that serve the Chinese-American communities in which we operate. Our strategic plan is centered on delivering high-touch, superior customer service, customized solutions, and quick and local decision-making with respect to loan originations and servicing.

The Bank initially offered lending products that included traditional commercial real estate loans, secured commercial and industrial loans, and trade finance services for companies doing business in China, Taiwan and other Asian countries. In 2014, we began originating a significant amount of non-qualified single-family residential mortgage loans, a portion of which we accumulate and sell to other banks. Since 2010, we have also originated small business administration loans, with the intent to accumulate and periodically sell the 75% guaranteed portion of such loans.

After forming the Bank and retaining a strong executive management team, we established RBB Bancorp as our holding company in January 2011. We began to review potential acquisition candidates and, in July 2011, we acquired Las Vegas, Nevada-based First Asian Bank, or FAB, in an all cash transaction. In September 2011, we acquired Oxnard, California-based Ventura County Business Bank, or VCBB, in an all cash transaction. After closing both transactions, our total assets and total deposits increased by an aggregate of $94.2 million and $91.3 million, respectively. In order to further improve our capital and liquidity to further enhance our ability to consummate acquisitions, we conducted a private placement offering of our common stock in 2012, raising over $54 million from investors, many of whom were original shareholders of the Bank.

In May 2013, we acquired Los Angeles National Bank, or LANB, in an all cash transaction, which added $190.7 in total assets and $162.0 million in total deposits. In February 2016, we acquired TFC Holding Company, or TFC, and its wholly-owned subsidiary, TomatoBank, which added $469.9 million in total assets and $405.3 million in total deposits. In March 2016, we further supplemented our capital by issuing $50 million in aggregate principal amount of 6.50% fixed-to-floating rate subordinated notes, which qualify as Tier 2 capital and which are referred to in our consolidated financial statements as long-term debt.

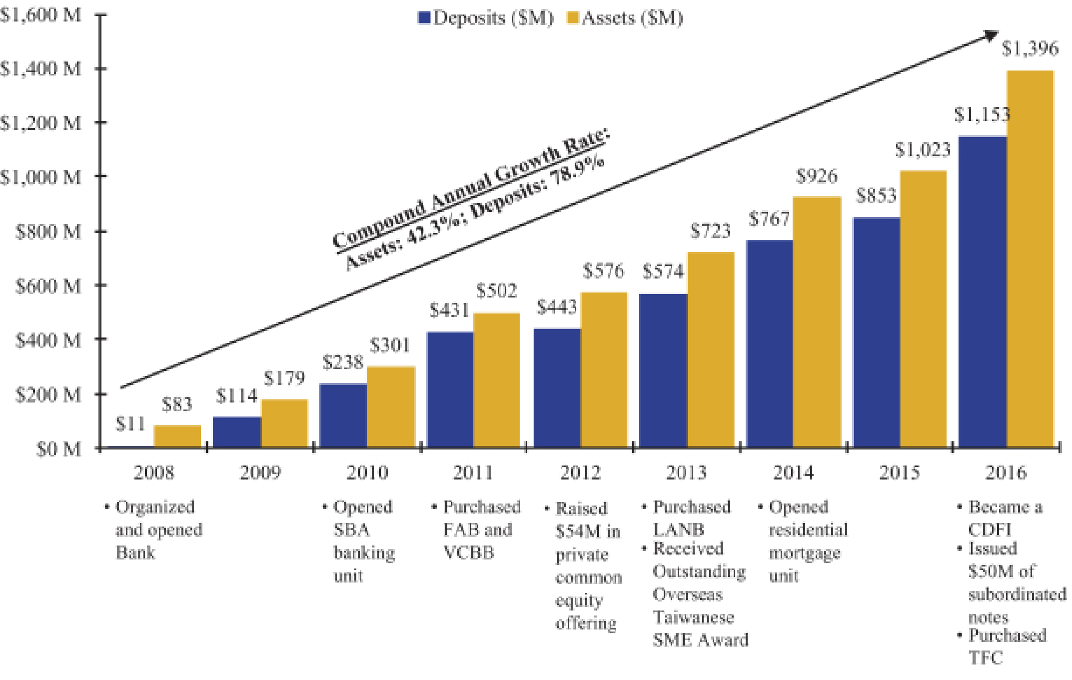
We intend to continue to pursue growth opportunities, both organically as well as through acquisitions that meet our criteria**.** We will target acquisitions that we believe will be beneficial to our long-term growth strategy for loans and deposits and immediately accretive to earnings. We believe that this offering and the registration of our shares of common stock offered by this prospectus will enable us to be more competitive for future acquisitions by allowing us to include our common stock as potential merger consideration.

We operate as a minority depository institution, which is defined by the Federal Deposit Insurance Corporation, or FDIC, as a federally insured depository institution where 51 percent or more of the voting stock is owned by minority individuals. A minority depository institution is eligible to receive from the FDIC and other federal regulatory agencies training, technical assistance and review, and assistance regarding the implementation of proposed new deposit taking and lending programs, as well as with respect to the adoption of applicable policies and procedures governing such programs. In addition, in 2016, we became a Community Development Financial Institution, or CDFI, which is a financial institution that has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified by the Community Development Financial Institutions Fund, or CDFI Fund, at the U.S. Department of the Treasury, or the Treasury, which provide funds to CDFIs through a variety of programs. The Bank has received grants totaling $435,000 from the CDFI Fund. The CDFI Fund and the legal concept of CDFIs were established by the Riegle Community Development and Regulatory Improvement Act of 1994. We have established a CDFI advisory board to assist the Bank in finding organizations that provide services to low- to-moderate income people. In our commitment to this designation, the Bank has a policy that requires all directors and management above the level of vice president to contribute at least 24 hours of community service annually to a qualified organization.

The Bank currently operates 13 branches across three separate regions: Los Angeles County, California; Ventura County, California; and Clark County, Nevada. We currently have ten branches in Los Angeles County, located in downtown Los Angeles, San Gabriel, Torrance, Rowland Heights, Monterey Park, Silverlake, Arcadia, Cerritos, Diamond Bar, and west Los Angeles. We have two branches in Ventura County, located in Oxnard and Westlake Village, and one branch in Las Vegas, Nevada.

As of March 31, 2017, the Company had total consolidated assets of $1.5 billion, total consolidated deposits of $1.2 billion and total consolidated shareholders' equity of $183.5 million.

Set forth in the table below is a graph reflecting our growth in assets and deposits since our strategic plan was adopted in 2007 and the Bank was formed in 2008, with certain milestones in the Bank's history highlighted below each year.



Our Strategic Plan

In connection with the organization of the Bank, we adopted a strategic plan that we update periodically to reflect the Bank's growth and recent developments. The Bank's current strategic plan contains the following key elements:

- Maintain regulatory capital levels well in excess of fully phased-in Basel III requirements;
- Provide commercial banking services and products primarily to businesses and their owners operating within Chinese-American communities;
- Maintain a board of directors comprised of local business leaders who work closely with community leaders;
- Attract and retain an experienced management team with demonstrated industry knowledge and lending expertise;
- Focus on a target market consisting of businesses that:
  - are located in southern California, the San Francisco Bay area, or Nevada, with future geographic expansion currently focused on New York City and Houston;

  - provide or receive goods or services to or from Asian countries, primarily China (including Hong Kong and Macau) and Taiwan;
  - have annual sales between $5 million and $50 million and between approximately 50 to 500 employees;
  - have loan needs of $1 million to $7 million; and
  - prioritize using bankers with strong market knowledge who are dedicated to serving the local markets in which we operate.
- Provide four main lending products:
  - Commercial Real Estate, or CRE: CRE lending consisting of commercial real estate loans and construction and land development loans, which we also refer to as C&D loans;
  - Commercial and Industrial, or C&I: C&I lending that emphasizes trade finance, operating lines of credit, and working capital loans secured by inventory, accounts receivables, fixed assets and real estate;
  - 1-4 Single-Family Residential, or SFR (since 2014): SFR lending primarily to Asian Americans willing to provide higher down payment amounts and pay higher fees and interest rates in return for reduced documentation requirements. The Bank originates these loans through its correspondent banking relationships, primarily for sale, and through its branch network, primarily to be retained for the Bank's balance sheet. Since mid-2015, the Bank retains the loan servicing rights and obligations; and
  - Small Business Administration, or SBA (since 2010): We are designated a Preferred Lender under the SBA Preferred Lender Program. SBA loans consisting primarily of 7(a) loans to Asian Americans that are accumulated on the Bank's balance sheet with the SBA guaranteed portion sold in the secondary market generally on a quarterly basis.

Our Competitive Strengths

We believe that our competitive strengths set us apart from many similarly-sized community banks, and that the following attributes are key to our success:

Experienced Board with Significant Investment in the Company. Our eleven non-executive directors are all successful business owners or senior executives with long-standing ties to the communities or businesses within the communities in which we operate. The collective professional background of our directors contributes to our organization-wide entrepreneurial culture and provides us with valuable insights into the business and banking needs of our customer base. Prior to the completion of this offering, our eleven non-executive directors collectively have a 24.7% ownership interest in the Company, and when aggregated with the holdings of their extended families and their affiliated entities, they collectively have a 66.8% ownership interest in the Company. After the completion of this offering, our eleven non-executive directors collectively are expected to have approximately a 19.1% ownership interest in the Company, and when aggregated with the holdings of their extended families and their affiliated entities, they collectively are expected to have a 53.2% ownership interest in the Company. See "Principal and Selling Shareholders" on page 160 and "Principal Family Shareholders" on page 163.

Proven and Cohesive Management Team. We are led by a seven-person executive management team, consisting of executive vice presidents, or EVPs, with an average of 31 years of bank management experience covering the relevant disciplines of finance, lending, credit, risk, strategy, and branch operations. These EVPs have been in their roles with the Company and the Bank for an average of seven years, and substantially all have

known and worked with our chief executive officer, or CEO, prior to joining the Bank. Collectively, they have been responsible for executing our strategic plan and driving our growth. Our executive management team includes:

- Alan Thian, our president and CEO who has 35 years of banking experience;
- David Morris, our EVP and chief financial officer who has 31 years of banking experience and 7 years of working with our CEO;
- Jeffrey Yeh, our EVP and chief credit officer, who has 28 years of banking experience and 15 years of working with our CEO;
- Vincent Liu, our EVP and chief risk officer, who has 30 years of banking experience and 22 years of working with our CEO;
- Simon Pang, our EVP and chief strategy officer/regions coordinator, who has 35 years of banking experience and 18 years of working with our CEO;
- Larsen Lee, our EVP and director of residential mortgage lending, who has 30 years of banking experience and 3 years of working with our CEO; and
- Tsu Te Huang, our EVP and branch administrator, who has 33 years of banking experience and 17 years of working with our CEO.

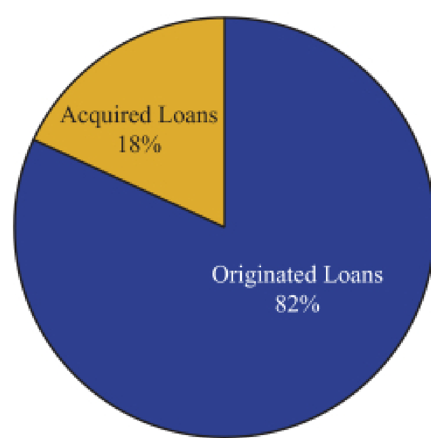
A summary of each executive team member's background is set forth under "Management" on page 140.

The Bank is also fortunate to have a depth of senior vice presidents, or SVPs, vice presidents, or VPs, and managers at all levels of the organization, each of whom has substantial experience. We have six SVPs who cumulatively have 134 years of experience, with an average of about 20 years each, in the key positions of SBA lending, BSA, compliance, financial reporting, controller, and senior credit officer. These SVPs average about 4 years of experience at the Bank. In addition, we have six first vice presidents, or FVPs, who cumulatively have 148 years of experience, with an average of about 25 years of experience per employee.

Growth Strategy in Attractive Markets. We have developed a community banking strategy that focuses on providing responsive and personalized service to commercial businesses and their owners in markets with attractive growth potential. We intend to continue to grow our business, increase profitability and maximize shareholder value through a combination of organic growth, acquisitions and de novo branch openings, as summarized below:

- *Organic Growth.* Since formation, our growth has primarily resulted from organic growth by originating loans and securing deposits within the communities of our local markets. While we originally focused on trade finance, CRE and C&I loans, we added SFR lending in 2014 and retooled our SBA lending in 2014, which have significantly contributed to our growth. The chart below illustrates that during the period from January 1, 2011 to March 31, 2017, we cumulatively originated $2.5 billion of loans while we acquired $555.4 million in loans through acquisition activity. This equates to organic (or originated) loans accounting for 82% of total loan growth during the period, with acquired loans accounting for the remaining 18%.

		Three Months Ended	Year Ended December 31,					
(Dollars in thousands)	**Cumulative**	**March 31, 2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Total loans originated	$ 2,502,952	$ 152,980	$478,964	$ 503,802	$ 430,027	$ 420,705	$ 267,698	$ 248,775
Total loans acquired	555,352	–	387,676	–	–	114,639	–	53,037



- *Growth through Acquisitions.* Having successfully completed four whole-bank acquisitions since 2010, we believe we have developed an experienced acquisition team capable of identifying and executing transactions that build shareholder value through a disciplined approach. Each of our bank acquisitions was immediately accretive to earnings. We believe we have demonstrated that we can structure acquisitions on favorable terms while limiting our risk from acquired loans. We also believe we have demonstrated an ability to close acquisitions quickly and to successfully integrate acquired banks into our existing operating platform, enabling us to deliver anticipated benefits from synergies and promptly leverage an acquired bank's market presence. We strive to integrate the cultures of acquired institutions to create a cohesive and consistent message both internally and externally. As a result, we believe that we have developed a reputation as an acquirer of choice in our target markets and surrounding areas. Accordingly, we believe we are well-prepared to capitalize on favorable acquisition opportunities that may arise in the future, and will consider acquisition opportunities in our current market if the acquisition is accretive and adds to our branch network footprint. In addition, we believe that our lending and deposit origination philosophy is transferrable to other regions of the country and, to that end, we have specifically identified the San Francisco Bay area, New York City and Houston as primary markets where we will seek expansion opportunities outside of our current market area, because each of these regions have large Asian-American communities. Secondary markets that we may consider include San Diego and Riverside Counties in southern California, as well as Chicago and Phoenix.
- *De Novo Branch Expansion.* While our acquisition strategy is mainly focused on entering new markets, our de novo branching is focused on expansion into other Chinese-American populated areas in the general markets we currently serve. Many of our customers, particularly our retail branch clients, have one or more locations in other Asian-American communities. We believe that these customers will generate additional deposits if we had branches in those areas. Our current target areas for de novo expansion are Irvine, California; Henderson, Nevada; and Summerlin, Nevada.

Building upon our signification growth since our inception, we have developed an infrastructure and credit culture that we believe will support future growth and expansion efforts while maintaining outstanding asset quality. Specifically, from December 31, 2010 to March 31, 2017, we have:

- increased total assets from $300.5 million to $1.5 billion;
- increased net loans from $203.3 million to $1.1 billion;

- increased total deposits from $236.4 million to $1.2 billion;
- increased our earnings from a net loss of $3.7 million in 2010 to net income of $19.1 million for the year ended December 31, 2016, and net income of $5.5 million for the three months ended March 31, 2017; and
- expanded our footprint from four full-service locations to 13 full-service locations in what we believe are three of the most vibrant growth markets in the nation.

Conservative Risk Profile. We maintain a conservative credit culture with strict underwriting standards. We have experienced only $2.7 million of credit losses on the $2.5 billion of loans that we have originated since the Bank was founded in 2008. Of our $555.4 million of acquired loans, $329.5 million remained outstanding as of March 31, 2017 (net of payoffs), which represented 28.9% of our total loan portfolio as of March 31, 2017. These acquired loans were marked to fair value at acquisition and we have built a dedicated special credits group focused on successfully managing and exiting problem loans to achieve the highest possible return. At March 31, 2017, we had $6.9 million of nonperforming assets, or 0.46% of total assets, $3.6 million of which related to two SBA guaranteed loans. At March 31, 2017, we maintained an allowance for loan losses of $14.2 million, reflecting 1.24% of total loans, and had $4.1 million of total credit discounts on acquired loans, reflecting 1.24% of the remaining balance of such loans as of March 31, 2017. In addition, we maintain a conservative amount of capital and liquidity: our regulatory capital ratios as of March 31, 2017 of 11.1% of Tier 1 leverage capital to average assets, 12.9% of common equity Tier 1 capital, 13.2% of Tier 1 risk-based capital and 18.6% of total risk-based capital are all well above required fully phased-in regulatory thresholds of 4.0%, 7.0%, 8.5% and 10.5%, respectively.

Asset Sensitive Balance Sheet. We have positioned our balance sheet to benefit significantly from a rising interest rate environment. A majority of our CRE and C&I loans have floating interest rates and have floors below which the interest rate will not fall for the life of the loan. With the recent rise in interest rates since the November 2016 election, approximately three-fourths of our loans are variable-rate loans (with an interest rate in excess of the relevant floors) which will reprice upwards as interest rates increase. This means that a continuing upward movement in interest rates will more immediately be reflected in increased yields for our loan portfolio. Our net interest income at risk reported at March 31, 2017 projects that our earnings are expected to be materially sensitive to changes in interest rates over the next year. Our economic value of equity reported at March 31, 2017 projects that as interest rates increase immediately, the economic value of equity position will be expected to increase. While a rise in rates could negatively impact our SFR mortgage loan originations, we believe our target market of Asian Americans are more focused on our non-qualified mortgages product and are less price sensitive to rising rates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk" on page 104 for more discussion about our interest rate exposure.

Strong Regulatory Relations and Sophisticated Risk Management Functions. We have made it a priority to maintain excellent relations with the California Department of Business Oversight, or DBO, the FDIC, the Board of Governors of the Federal Reserve System, or the Federal Reserve, and the Federal Reserve Bank of San Francisco, or the Federal Reserve Bank. We have consistently exceeded our applicable regulatory capital requirements and, through our long-term relationships with our core group of investors, we believe we have the ability to raise additional capital as such needs may develop. In addition, we are a minority-owned bank and, as such, we use the FDIC minority depository technical assistance program with each new product we implement. We believe one of our major competitive advantages is our utilization, through this program, of FDIC experts to review policies and procedures, and provide training when developing new products or implementing new regulations. Risk management is a vital part of our strategic plan, and we have implemented a variety of tools and policies to help us navigate the challenges of rapid growth. In anticipation of continued balance sheet and franchise growth, we have sought to maintain a risk management program suitable for an organization larger than

ours, including in the areas of regulatory compliance, cybersecurity and internal audit, and to hire talented risk management professionals with experience building risk management programs at much larger financial institutions.

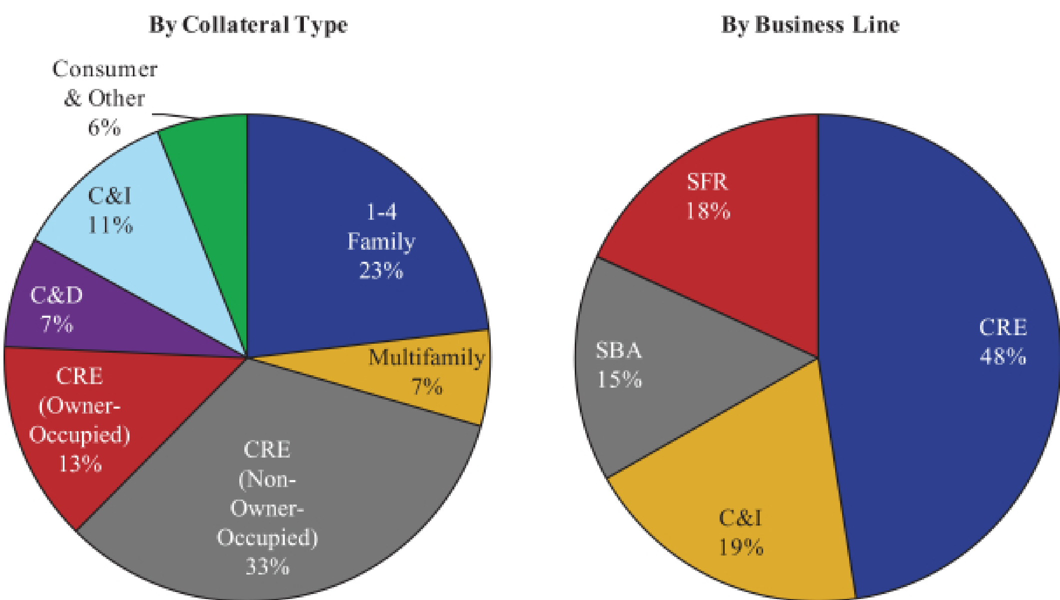
Management Participation in Industry Leadership Positions. Our management team has strong ties and relationships within the Asian-American communities where we operate, as well as at high levels of government in China and Taiwan. In addition, our management team maintains a variety of industry leadership positions, which have enhanced the Bank's reputation and name recognition, and facilitated strong loan and deposit growth. These opportunities provide our management team with knowledge of key regulatory and market developments that may impact the evolving business environment in which we operate. The Bank has also received numerous awards that include receiving the Outstanding Overseas Taiwanese SME Award in 2013, and our president, Mr. Thian, having been appointed twice to the FDIC's Community Banking Commission and currently serving on the U.S. Consumer Financial Protection Bureau's, or CFPB, Community Banking Commission.

Proven Financial Performance. We achieved our first year of profitability in 2011. Our profitability since then is detailed in the chart below.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Net income	$ 5,493	$ 2,840	$ 19,079	$ 12,973	$ 10,428	$7,004	$4,046
Return on average assets	1.55%	0.93%	1.41%	1.29%	1.29%	1.06%	0.70%
Return on average shareholders' equity	12.13	6.86	11.08	8.23	7.15	5.64	4.45

While maintaining a focus on earnings growth, we have diversified our revenue stream by adding SFR mortgage loans and SBA loans to our product offerings. Our net income growth is attributable to our increasing interest income, as well as our increasing noninterest income that has resulted from selling and servicing SFR mortgage and SBA loans. We believe our diversified loan mix and significant noninterest income establishes additional platforms for growth, and can help provide earnings stability through various economic and interest rate cycles. In particular, since 2014, we have significantly grown SFR mortgage and SBA loan originations and sales. This has contributed to our growth in noninterest income from $2.3 million, or 33.0% of pre-tax income for the year ended December 31, 2012, to $9.0 million, or 27.5% of pre-tax income for the year ended December 31, 2016, and $1.5 million, or 27.3% for the three months ended March 31, 2017.

Diversified Loan Portfolio. Our loan portfolio currently consists of four loan types: CRE, C&I, SFR and SBA, with diversified product offerings within each type. The charts below illustrate our loan portfolio composition as of March 31, 2017, separately by type of collateral support and relevant business line. As described below in greater detail in "Business" on page 110, the type of collateral supporting a loan is not necessarily indicative of the business line from which the loan was generated.



Our CRE loans are secured by owner-occupied and non-owner-occupied commercial property, including loans secured by single-family residences for a business purpose, multi-family property and construction and land development loans. The real estate securing our existing CRE loans include a wide variety of property types, such as owner-occupied offices, warehouses and production facilities, office buildings, hotels, mixed-use residential and commercial retail centers, multi-family properties and assisted living facilities.

Our C&I loans include loans that are secured by equipment, inventory and accounts receivable, as well as unsecured lines of credit. The loans are typically made to small- and medium-sized (between $1 and $25 million in annual revenue) manufacturing, wholesale, retail and service businesses for working capital needs, business expansions and for international trade financing. Although such loans are primarily underwritten based on the cash flow of the business, as of March 31, 2017, substantially all of our C&I loans were secured in whole or in part by business assets, real estate or both.

Our SFR loans are originated throughout California, but the non-qualified SFR loans retained on our balance sheet that are originated through our branch network are secured by properties located primarily in southern California and, to a lesser extent, Las Vegas, Nevada**.**

Our SBA loans are originated to all types of small businesses, including hotels and motels, gas stations, franchises and restaurants. The SBA portfolio primarily consists of commercial real estate Section 7(a) loans. We typically sell the 75% guaranteed portion of such loans on a quarterly basis in the secondary market, and retain 25% along with servicing for the loans.

Because of our business strategy and the breadth of the economy within our current origination markets, which are primarily Los Angeles, Orange, Ventura Counties in California, and Clark County in Nevada, our loan portfolio is widely diversified across industry lines and not concentrated in any one particular business sector. We expect this diversification to continue as a result of our current practices and strategies. With the exception of SFR mortgage loans, a significant portion of which are sold in the secondary market, our demand for consumer credit is minimal. As of December 31, 2016, our CRE concentration ratio (as defined by the federal bank

regulators) was 256.5% and as of March 31, 2017 was 251.4%. This is below the interagency Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices guidance, or CRE Concentration Guidance, which suggests that concentrations in excess of 300% of an institution's total capital may warrant additional regulatory scrutiny. Pursuant to the CRE Concentration Guidance, CRE loans secured by owner occupied commercial property are excluded from the types of loans considered for purposes of determining our CRE concentration. We believe that our diversified loan portfolio has proven our ability to mitigate CRE concentration risk, and will help us stay within the indicated guidelines for CRE concentration.

High-Touch Customer Service Focus with Relationship Banking. We strive to differentiate ourselves from our competition by providing the best "relationship-based" services to small- and medium-sized businesses and their owners in our target markets. We believe we accomplish this by providing our customers with a superior level of high-touch and responsive service delivered by experienced bankers in a manner that maximizes our clients' efficiency. We consistently emphasize to our employees the importance of delivering outstanding customer service and seeking opportunities to strengthen relationships with both customers and the communities we serve. A primary mission of the Bank is to meet the financial services needs of underserved customers in our markets, and we strive to make a difference by giving back to these communities.

Scalable Operating Platform. We have made substantial investments in our infrastructure and technology in order to create a scalable platform for future organic and inorganic growth. We have integrated the systems of the four banks that we have acquired since 2010, which includes nine total branch offices, while maintaining a relatively low efficiency ratio of 45.3% and 44.3% for the year ended December 31, 2016 and the three months ended March 31, 2017, respectively, and while growing our balance sheet and footprint. Management believes that our efficiency ratio is low compared to our non-Asian-American peer group because of the nature of our customer base, specifically the number of our customers that maintain large deposit balances with the Bank. However, management believes that our efficiency ratio is higher than some of our Asian-American peers because of our SFR loan and servicing department and our SBA loans and servicing department, which require comparatively more personnel and infrastructure to operate effectively. Notwithstanding, we believe that as a result of our prior investments in our infrastructure, technology and personnel, we have the operating leverage to support our future growth without causing our noninterest expenses to incrementally increase by a corresponding amount.

Market Area

We are headquartered in Los Angeles County, California. We currently have ten branches in Los Angeles County located in downtown Los Angeles, San Gabriel, Torrance, Rowland Heights, Monterey Park, Silverlake, Arcadia, Cerritos, Diamond Bar, west Los Angeles, and one loan production office in the city of Industry. We operate primarily in the Los Angeles-Long Beach-Anaheim, California Metropolitan Statistical Area, or MSA. With over 13 million residents, it is the largest MSA in California, the second largest MSA in the United States, and one of the most significant business markets in the world. It is estimated that the greater Los Angeles area has a gross domestic product of approximately $1 trillion, which would rank it as the 16th largest economy in the world. The economic base of the area is heavily dependent on small- and medium-sized businesses, providing us with a market rich in potential customers. According to the U.S. Census Bureau, Asian Americans account for 15.1% of the over 10.1 million residents in Los Angeles County as of July 1, 2016.

We operate two branches in Ventura County, California, in Westlake Village and Oxnard. Westlake Village is considered part of the Los Angeles-Long Beach-Anaheim, California MSA and has similar market characteristics. Oxnard has similar market characteristics of Ventura County, which is home to a broad array of industries, including agriculture, professional business services, technology and tourism. Its proximity to one of the world's leading wine-growing regions and its 43 miles of coastline attracts a large number of visitors. Ventura County is not only a port of call for travelers, but also a shipping hub for automobiles and agricultural

goods. Port Hueneme serves as a distribution hub for automobile manufacturers and is a collection point for many agricultural goods that are shipped throughout the United States. According to the U.S. Census Bureau, Asian Americans account for 6.7% of the 850,536 residents in Ventura County as of July 1, 2016.

We also operate one branch in the Las Vegas-Paradise, Nevada MSA. This MSA is located in the southern part of the state of Nevada, and includes the cities of Las Vegas, Henderson, North Las Vegas, and Boulder City. A central part of the MSA is the Las Vegas Valley, a 600 square mile basin that includes the MSA's largest city, Las Vegas. With a 2016 gross domestic product of approximately $118 billion, this MSA contains the largest concentration of people in the state (approximately 2.2 million), and is a significant tourist destination, drawing over 43 million international and domestic visitors in 2016. According to the U.S. Census Bureau, Asian Americans account for 10.1% of the over 2.1 million residents in Clark County as of July 1, 2016.

			Asian American Population		Number of	Number of
MSAs	RBB Location	Total Population	Actual	% of Total	Chinese-American Banks	Chinese-American Branches
New York-Newark-Jersey City, NY-NJ-PA	*	20,338,187	2,283,791	11.2%	7	44
Los Angeles-Long Beach-Anaheim, CA	Yes	13,502,916	2,145,175	15.9%	17	138
San Francisco-Oakland-Hayward, CA	*	4,737,729	1,227,422	25.9%	4	43
Chicago-Naperville-Elgin, IL-IN-WI		9,563,680	639,078	6.7%	3	15
Houston-The Woodlands-Sugar Land, TX	*	6,866,117	531,106	7.7%	2	16
Urban Honolulu, HI		1,009,834	414,117	41.0%	1	11
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD		6,096,952	364,862	6.0%	1	2
Las Vegas-Henderson-Paradise, NV	Yes	2,173,843	218,389	10.0%	0	3

Source: SNL Financial, 2010 Census

The above table represents select MSAs with both a high concentration of Asian Americans relative to the total population and a high number of Chinese-American banks and branches, ranked by total Asian-American population. The gold highlighting represents MSAs where the Bank currently operates a branch location, while the blue shading with an asterisk indicates MSAs that the Company has identified as strategic areas for expansion moving forward given the density of Asian Americans relative to the total population. We believe that the areas targeted for growth represent substantial opportunities to grow our franchise.

Our Competition

We view the Chinese-American banking market as comprised of 34 banks divided into three segments: large publicly-traded banks (3 banks), locally-owned banks (29 banks), and banks that are subsidiaries of Taiwanese or Chinese banks (2 banks). Of the 29 locally-owned banks, 15 are based in California. We are currently the fourth-largest bank among this group of 34 banks.

Table of Contents

The table and map below provide more details on the current Chinese-American banks.

Chinese-American Bank Locations in the U.S.

West Coast | Texas, Midwest and East Coast

Branch data as of April 12, 2017.
Data Source: SNL Financial

Company	City, State	Branches[1]	Total Assets ($M)	Total Loans ($M)	Total Deposits ($M)
Publicly Traded Chinese-American Banks					
East West Bancorp, Inc.	Pasadena, CA	120	$34,796.9	$25,551.2	$29,926.1
Cathay General Bancorp	Los Angeles, CA	68	14,520.8	11,203.8	11,674.7
Preferred Bank	Los Angeles, CA	12	3,223.5	2,581.9	2,764.3
Foreign Owned Chinese-American Banks					
EverTrust Bank	Pasadena, CA	7	$853.9	$585.1	$656.9
First Commercial Bank (USA)	Alhambra, CA	7	498.2	448.9	385.3
Locally Owned Chinese-American Banks					
RBB Bancorp	**Los Angeles, CA**	**13**	**$1,396.8**	**$1,199.3**	**$1,152.8**
First Choice Bank	Cerritos, CA	5	863.5	704.3	756.6
First General Bank	Rowland Heights, CA	4	840.6	768.6	740.4
First American International Bank	Brooklyn, NY	8	816.0	678.9	573.3
Golden Bank, National Association	Houston, TX	6	719.1	543.0	578.4
Hawaii National Bank	Honolulu, HI	14	668.5	420.7	609.2
Bank of the Orient	San Francisco, CA	8	568.3	472.6	476.2
International Bank of Chicago	Chicago, IL	7	531.2	365.8	456.5
Amerasia Bank	Flushing, NY	6	515.2	474.4	457.0
American Plus Bank, N.A.	Arcadia, CA	3	454.7	404.9	368.2
New OMNI Bank, National Association	Alhambra, CA	3	435.7	329.0	327.1
Southwestern National Bank	Houston, TX	5	359.8	190.7	299.2
Universal Bank	West Covina, CA	5	352.2	277.5	285.8
Mega Bank	San Gabriel, CA	6	329.9	253.3	289.5
Pacific Alliance Bank	Rosemead, CA	2	273.9	194.4	240.3
Abacus Federal Savings Bank	New York, NY	6	252.8	197.2	208.5
American Continental Bank	City of Industry, CA	4	213.3	143.8	179.4
Eastbank, National Association	New York, NY	2	184.7	106.6	149.1
Pacific Global Bank	Chicago, IL	3	176.6	137.8	156.2
Asian Bank	Philadelphia, PA	1	170.4	124.3	133.1
Metropolitan Bank	Oakland, CA	4	146.9	115.8	123.9
Global Bank	New York, NY	1	146.7	118.0	116.7
Gateway Bank, F.S.B.	Oakland, CA	1	139.5	78.3	125.4
Chinatown Federal Savings Bank	New York, NY	3	133.5	80.9	103.4
United Pacific Bank	City of Industry, CA	2	122.4	93.0	86.3
California Pacific Bank	San Francisco, CA	2	98.0	59.2	67.4
United Orient Bank	New York, NY	2	95.8	84.6	79.1
American Metro Bank	Chicago, IL	2	63.4	51.0	45.7
Asian Pacific National Bank	San Gabriel, CA	2	56.1	23.1	46.7
California International Bank, N.A.	Rosemead, CA	2	53.6	40.4	35.6

[1] Branches are pro forma for pending acquisitions.

In addition to these Chinese-American banks, we also compete with other banks in the region, particularly with Korean-American banks in our SFR and SBA lending areas. Although we were founded by and market primarily to Chinese Americans, we are broadening our marketing efforts to include all categories of Asian Americans. In certain geographic markets where we currently operate, there is overlap between Chinese-American, Korean-American and other Asian-American banks for loan and deposit business. We aim to grow both organically and potentially through acquisitions in these markets.

Other Subsidiaries

TFC Statutory Trust. In connection with our 2016 acquisition of TomatoBank and its holding company, TFC, the Company acquired TFC Statutory Trust I, or the Trust, a statutory business trust that was established by TFC in 2006 as a wholly-owned subsidiary. The Trust issued trust preferred securities representing undivided preferred beneficial interests in the assets of the Trust. The proceeds of these trust preferred securities were invested in certain securities issued by us, with similar terms to the relevant series of securities issued by the Trust, which we refer to as subordinated debentures. The Company guarantees, on a limited basis, the payments of distributions on the capital securities of the Trust and payments on redemption of the capital securities of the Trust. The Company is the owner of all the beneficial interests represented by the common securities of the Trust.

RBB Asset Management Company. In 2012, as a result of our acquisitions of FAB and VCBB**,** we established RBB Asset Management Company, or RAM, as a wholly-owned subsidiary of the Company. In March 2013, RAM purchased approximately $6.5 million in loans and $2.1 million in other real estate owned, or OREO, from the Bank that had been acquired in the FAB and VCBB acquisitions. The Bank received a one-time gain on sale of those assets of approximately $1.4 million, which was partially offset by a loss of approximately $1.0 million. As of March 31, 2017, there was approximately a $494,000 gain still to be recognized from the loans that were sold to RAM in 2013. We may continue to utilize RAM to purchase certain assets from the banks acquired in acquisitions that we may make in the future.

Risks Relating to Our Company

Our ability to implement our strategic plan and the success of our business are subject to numerous risks and uncertainties, which are discussed in the section titled “Risk Factors,” beginning on page 20, and include the following:

- a decline in general business and economic conditions and any regulatory responses to such conditions could have a material adverse effect on us;
- if we do not effectively manage our credit risk, we may experience increased levels of delinquencies, nonperforming loans and charge-offs, which could require increases in our provision for loan losses;
- our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio;
- we are subject to extensive state and federal financial regulation, and compliance with changing requirements may restrict our activities or have an adverse effect on our results of operations;
- a large percentage of our deposits is attributable to a relatively small number of customers and the withdrawal of a substantial portion of such deposits could adversely impact our liquidity;
- since 2011, our net interest margin has been positively affected by the accretion of purchased loan discounts relating to loans acquired in prior acquisitions, and no assurance can be made that such acquisitions will continue in the future and, in any event, will continue to positively impact our net interest margin;

- we generally retain the non-guaranteed portions of the SBA loans that we originate and, to the extent the borrowers of such loans experience financial difficulty, our financial condition and results of operations could be adversely impacted;
- as of March 31, 2017, 53.95% of our total loan portfolio consisted of commercial real estate loans, which may have a higher degree of risk than other types of loans;
- as of March 31, 2017, 17.05% of our single-family residential mortgage loans consisted of non-qualified mortgage loans, which are considered to have a higher degree of risk and are less liquid than qualified mortgage loans; and
- although we have historically been disciplined in pricing our acquisitions, acquisition pricing has increased and there can be no assurance that the higher multiples being paid in bank acquisitions will not adversely impact our ability to execute acquisitions in the future or adversely affect the returns we earn from such acquisitions.

Corporate Information

Our principal executive offices are located at 660 S. Figueroa Street, Suite 1888, Los Angeles, California 90017, and our telephone number at that address is (213) 627-9888. Our administrative and lending center is located at 123 E. Valley Blvd., San Gabriel, California 91176. In addition, our finance and operations center is located at 7025 Orangethorpe Avenue, Buena Park California 90621. Our website address is *www.royalbusinessbankusa.com.* The information contained on our website is not a part of, or incorporated by reference into, this prospectus.

The Offering

Common stock offered by us	2,100,000 shares.
Common stock offered by the selling shareholders	900,000 shares.
Underwriters' purchase option	450,000 shares from us.
Common stock outstanding after completion of this offering	14,927,803 shares (or 15,377,803 shares if the underwriters exercise their purchase option in full).
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full), based on an assumed public offering price of $ per share. We intend to contribute $25 million of the net proceeds that we receive from this offering to the Bank, and to use the remainder for general corporate purposes, which could include future acquisitions and other growth initiatives. We will not receive any proceeds from the sale of shares of our common stock by the selling shareholders. See "Use of Proceeds."
Dividends	It has been our policy to pay annual dividends to holders of our common stock. We have paid annual dividends to our shareholders of

	the past three years of between $0.20 and $0.30 per share, with our last annual dividend of $0.30 per share paid in the first quarter of 2017 based upon our 2016 earnings. We plan to change our dividend policy and practice to pay quarterly dividends, starting in the fourth quarter of 2017 and quarterly thereafter. We expect that the amount to be paid annually will be equal to 20% (or 5% per quarter) of our basic earnings per share for the four quarters immediately preceding the proposed payment. Based on this formula for paying dividends, if this quarterly dividend policy had been in effect for the quarter ended March 31, 2017, we would have paid a dividend of $0.08 per share. We have no obligation to pay dividends and we may change our dividend policy at any time without notice to our shareholders. Any future determination to pay dividends to holders of our common stock will depend on our results of operations, financial condition, capital requirements, banking regulations, contractual restrictions and any other factors that our board of directors may deem relevant. See "Dividend Policy."
Risk Factors	Investing in shares of our common stock involves a high degree of risk. See "Risk Factors" beginning on page 20 for a discussion of certain factors you should consider carefully before deciding to invest.
NASDAQ symbol	Our common stock has been approved for listing on the NASDAQ Global Select Market under the trading symbol " ."

Unless otherwise indicated, all information in this prospectus relating to the number of shares of common stock to be outstanding immediately after the completion of this offering is based on 12,827,803 shares outstanding as of March 31, 2017, and:

- excludes 2,310,904 shares of common stock issuable upon exercise of stock options outstanding at March 31, 2017 at a weighted average exercise price of $10.61 per share;
- excludes 1,353,207 shares of common stock reserved at March 31, 2017 available for future awards under our 2017 Omnibus Stock Incentive Plan;
- assumes the underwriters do not exercise their option to purchase up to 450,000 additional shares from us; and
- excludes 17,500 restricted shares of a common stock that may become issuable to our chairman, president and chief executive officer. See "Executive Compensation—Equity Grants to Management in this Offering" on page 155.

In addition, the information in this prospectus assumes the selling shareholders named in this prospectus determine to sell all of the 900,000 shares being offered by them. If any of the selling shareholders determine to sell less than the full number of shares offered by them pursuant to this prospectus, then the number of shares that the underwriters may purchase from us pursuant to their purchase option would decrease by 15% of the amount of such reduction.

Summary Consolidated Financial Data

The following table sets forth summary historical consolidated financial data as of the dates and for the periods shown. The summary balance sheet data as of December 31, 2016 and 2015 and the summary income statement data for the years ended December 31, 2016, 2015 and 2014 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary balance sheet data as of December 31, 2014, 2013 and 2012 and the summary income statement data for the years ended December 31, 2013 and 2012 have been derived from our audited consolidated financial statements that are not included in this prospectus. The summary consolidated financial data as of and for the three months ended March 31, 2017 and 2016 is derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus and includes all normal and recurring adjustments that we consider necessary for a fair presentation. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

As described elsewhere in this prospectus, we have consummated several acquisitions in recent fiscal periods. The results and other financial data of these acquired operations are not included in the table below for the periods prior to their respective acquisition dates and, therefore, the financial data for these prior periods is not comparable in all respects and are not necessarily indicative of our future results. You should read the following financial data in conjunction with the other information contained in this prospectus, including under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the financial statements and related notes included elsewhere in this prospectus.

(Dollars in thousands, except per share data)	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Balance sheet data:							
Total assets	$ 1,505,748	$ 1,448,573	$1,395,551	$1,023,084	$925,891	$723,410	$576,484
Total loans, gross	1,139,563	1,165,773	1,110,446	792,362	700,436	576,629	327,316
Allowance for loan losses	(14,186)	(10,798)	(14,162)	(10,023)	(8,848)	(7,549)	(7,122)
Mortgage loans held for sale	66,555	76,124	44,345	41,496	45,604	–	–
Securities	45,361	37,751	45,491	27,094	31,641	68,290	176,964
Total deposits	1,248,257	1,231,287	1,152,763	853,417	767,364	574,078	442,678
Long-term debt	49,419	40,150	49,383	–	–	–	–
Subordinated debentures	3,357	3,255	3,334	–	–	–	–
Total shareholders' equity	183,496	166,973	181,585	163,645	151,981	137,992	108,113
Tangible common equity	$ 151,857	$ 134,929	$ 149,852	$ 159,178	$147,397	$133,277	$107,324
Credit quality data:							
Loans 30-89 days past due	$ 2,525	$ 731	$ 343	$ 271	$ 4,431	$ 662	$ 122
Loans 30-89 days past due to total loans	0.22%	0.06%	0.03%	0.03%	0.63%	0.11%	0.04%
Nonperforming loans (1)	6,109	7,034	6,133	6,112	4,059	5,225	10,368
Nonperforming loans to total loans (1)	0.54	0.60	0.55	0.77	0.58	0.91	3.17
Nonperforming assets (2)	6,942	7,327	6,966	6,405	5,220	6,736	11,793
Nonperforming assets to total assets (2)	0.46	0.51	0.50	0.63	0.56	0.93	2.05
Allowance for loan losses to total loans (1)	1.24	0.93	1.28	1.26	1.26	1.31	2.18
Adjusted allowance for loan losses to total loans (3)	1.62	1.74	1.72	1.38	1.50	2.09	3.13
Allowance for loan losses to nonperforming loans (1)	232.22	153.51	230.91	163.99	217.98	144.48	68.69
Net charge-offs to average loans	– %	0.02%	0.08%	0.03%	0.02%	0.25%	– %

Table of Contents

(Dollars in thousands, except per share data)	As of and for the Three Months Ended March 31, 2017	2016	As of and for the Year Ended December 31, 2016	2015	2014	2013	2012
Income statement data:							
Total interest income	$ 16,759	$ 14,099	$ 68,189	$ 42,513	$ 38,149	$ 32,071	$ 24,445
Total interest expense	3,245	2,064	11,707	6,936	4,522	3,367	4,410
Net interest income	13,514	12,035	56,482	35,577	33,627	28,704	20,035
Provision for loan losses	–	998	4,974	1,386	1,446	1,613	2,058
Noninterest income	2,432	1,351	8,966	7,862	5,496	3,377	2,323
Noninterest expense	6,578	7,682	27,906	20,084	20,112	18,154	13,259
Income before income taxes	9,368	4,706	32,568	21,969	17,565	12,314	7,041
Income tax expense	3,875	1,866	13,489	8,996	7,137	5,310	2,995
Net income	$ 5,493	$ 2,840	$ 19,079	$ 12,973	$ 10,428	$ 7,004	$ 4,046
Per share data (common stock):							
Earnings:							
Basic (4)	$ 0.43	$ 0.22	$ 1.49	$ 1.02	$ 0.82	$ 0.60	$ 0.46
Diluted (4)	0.40	0.21	1.39	0.96	0.79	0.59	0.45
Dividends declared	0.30	–	0.20	0.25	–	–	–
Book value (5)	14.30	13.07	14.16	12.81	11.95	11.00	10.34
Tangible book value (6)	11.84	10.57	11.68	12.46	11.59	10.62	10.24
Weighted average shares outstanding:							
Basic	12,800,990	12,770,571	12,800,990	12,761,832	12,642,060	11,111,730	8,275,563
Diluted	13,695,900	13,669,857	13,695,900	13,552,682	13,170,685	11,377,372	8,340,881
Shares outstanding at period end	12,827,803	12,770,571	12,827,803	12,770,571	12,720,659	12,547,201	10,455,135
Adjusted earnings metrics:							
Adjusted earnings (6)	$ 4,856	$ 3,078	$ 17,919	$ 11,521	$ 8,385	$ 5,344	$ 2,229
Adjusted diluted earnings per share (6)	0.35	0.23	1.31	0.85	0.64	0.45	0.25
Adjusted return on average assets (6)	1.37%	1.01%	1.32%	1.15%	1.04%	0.81%	0.39%
Adjusted return on average tangible common equity (6)	12.96	8.25	12.34	7.53	5.94	4.42	2.47
Performance metrics:							
Return on average assets	1.55%	0.93%	1.41%	1.29%	1.29%	1.06%	0.70%
Return on average shareholders' equity	12.13	6.86	11.08	8.23	7.15	5.64	4.45
Return on average tangible common equity (6)	14.66	7.61	13.14	8.47	7.39	5.80	4.49
Yield on earning assets	5.04	4.93	5.35	4.44	5.01	5.14	4.41
Cost of average interest-bearing liabilities	1.24	0.93	1.15	0.96	0.82	0.77	1.09
Net interest spread	3.79	4.00	4.20	3.48	4.19	4.37	3.32
Net interest margin (7)	4.06	4.21	4.43	3.72	4.41	4.60	3.62
Adjusted net interest margin (6)	3.74	3.96	3.85	3.60	4.09	4.06	3.27
Efficiency ratio (8)	44.24	52.54	42.38	48.73	56.07	61.76	69.34
Common stock dividend payout ratio (9)	69.91	–	13.42	24.59	–	–	–
Loan to deposit ratio	91.29	94.68	96.33	92.85	91.28	100.44	73.94
Adjusted loan to deposit ratio (10)	94.84	95.27	102.13	98.65	92.45	102.53	80.60
Core deposits / total deposits (11)	69.23	69.24	67.83	66.55	66.12	73.55	71.37
Adjusted core deposits / total deposits (12)	76.11	81.74	78.47	76.15	75.37	94.24	89.98

(Dollars in thousands, except per share data)	As of and for the Three Months Ended March 31, 2017	2016	As of and for the Year Ended December 31, 2016	2015	2014	2013	2012
Net non-core funding dependency ratio (13)	13.59	12.36	12.20	6.08	6.51	9.14	(0.71)
Adjusted net non-core funding dependency ratio (14)	9.18	13.66	21.95	14.83	10.27	0.96	(2.27)
Regulatory and other capital ratios—consolidated:							
Tangible common equity to tangible assets (6)	10.30	9.53	10.99	15.63	16.00	18.54	18.64
Tier 1 leverage ratio	11.07	11.70	10.99	15.28	16.81	18.52	17.50
Tier 1 common capital to risk-weighted assets (15)	12.88	10.91	13.30	20.23	N/A	N/A	N/A
Tier 1 capital to risk-weighted assets	13.15	11.13	13.55	20.23	20.47	22.22	25.54
Total capital to risk-weighted assets	18.58	15.20	19.16	21.48	21.72	23.47	26.79
Regulatory capital ratios—bank only:							
Tier 1 leverage ratio	13.21	13.54	12.81	13.94	15.03	15.28	15.62
Tier 1 common capital to risk-weighted assets (15)	15.69	12.88	15.81	18.48	N/A	N/A	N/A
Tier 1 capital to risk-weighted assets	15.69	12.88	15.81	18.48	18.31	18.36	22.82
Total capital to risk-weighted assets	16.94	13.77	17.06	19.73	19.57	19.61	24.08

(1) Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest and loans modified under troubled debt restructurings. Nonperforming loans exclude purchased credit impaired loans, or PCI loans, acquired in prior acquisitions.
(2) Nonperforming assets include nonperforming loans and other repossessed assets. As discussed in footnote 1, above, nonperforming loans exclude PCI loans. This ratio may, therefore, not be comparable to a similar ratio of our peers.
(3) Adjusted allowance for loan losses included non-accreted credit discount on acquired loans through acquisitions.
(4) Earnings per share are calculated utilizing the two-class method. Basic earnings per share are calculated by dividing earnings to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share are calculated by dividing earnings by the weighted average number of shares adjusted for the dilutive effect of outstanding stock options using the treasury stock method.
(5) For purposes of computing book value per common share, book value equals total common shareholders' equity.
(6) Tangible book value per share, adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets, adjusted return on average tangible common equity, return on average tangible common equity, tangible common equity to tangible assets and adjusted net interest margin are non-GAAP financial measures. See "Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures" for a reconciliation of these measures to their most comparable GAAP measures.
(7) Net interest margin is presented on a fully taxable equivalent, or FTE, basis
(8) Efficiency ratio represents noninterest expenses, as adjusted, divided by the sum of fully taxable equivalent net interest income plus noninterest income, as adjusted. Noninterest expense adjustments exclude integration and acquisition related expenses. Noninterest income adjustments exclude bargain purchase gains, realized gains or losses from the sale of investment securities, gains or losses on sale of other assets and CDFI Fund grant.
(9) Common stock dividend payout ratio represents dividends per share divided by basic earnings per share. See "Dividend Policy." The amount reflected for the three months ended March 31, 2017 reflects dividends declared during the fourth fiscal quarter of 2016 and paid during the first fiscal quarter of 2017.
(10) For the purposes of calculating the loan to deposit ratio, short-term loans with maturities of less than 90-days, specifically "Term Fed Funds" and purchased receivables are not included as loans as defined by the regulatory agencies.
(11) The Bank measures core deposits by reviewing all relationships over $250,000 on a quarterly basis. After discussions with our regulators on the proper way to measure core deposits, we now track all deposit relationships over $250,000 on a quarterly basis and consider a relationship to be core if there are: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at market interest rates; and (vii) longevity of the relationship with us. We consider all deposit relationships under $250,000 as a core relationship except for time deposits originated through an internet service. This differs from the traditional definition of core deposits which is demand and savings deposits plus time deposits less than $250,000. As many of our customers have more than $250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of our deposit base.
(12) Adjusted core deposits ratio is a ratio management uses to measure core deposits. See "Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures".
(13) Net non-core funding dependency ratio represents the degree to which the Bank is funding longer term assets with non-core funds. We calculate this ratio as non-core liabilities, less short term investments, divided by long term assets.
(14) Adjusted non-core funding dependency ratio is a ratio management uses to measure dependency on non-core deposits. To determine non-core liabilities we review each deposit relationship using the criteria for determining whether a relationship is core as described in footnote 11 above.
(15) The Tier 1 common capital to risk-weighted assets ratio is required under the Basel III Final Rules, which became effective for the Company and the Bank on January 1, 2015. Accordingly, this ratio is shown as not applicable ("N/A") for periods ending prior to January 1, 2015.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before you decide to invest, you should carefully consider the risks described below, together with all other information included in this prospectus. We believe the risks described below are the risks that are material to us. Any of the following risks, as well as risks that we do not know or currently deem immaterial, could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In that case, you could experience a partial or complete loss of your investment.

Risks Related to Our Business

A decline in general business and economic conditions and any regulatory responses to such conditions could have a material adverse effect on our business, financial position, results of operations and growth prospects.

Our business and operations are sensitive to general business and economic conditions in the United States, generally, and particularly the state of California and the Los Angeles and Las Vegas, Nevada metropolitan areas. Unfavorable or uncertain economic and market conditions could lead to credit quality concerns related to repayment ability and collateral protection as well as reduced demand for the products and services we offer. In recent years there has been a gradual improvement in the U.S. economy as evidenced by a rebound in the housing market, lower unemployment and higher equities markets; however, economic growth has been uneven, and opinions vary on the strength and direction of the economy. Uncertainties also have arisen regarding the potential for a reversal or renegotiation of international trade agreements and for comprehensive tax reform under the administration of U.S. President Donald J. Trump, and the impact such actions and other policies of the new administration may have on economic and market conditions. In addition, concerns about the performance of international economies, especially in Europe and emerging markets, and economic conditions in Asia, particularly the economies of China and Taiwan, can impact the economy and financial markets here in the United States. If the national, regional and local economies experience worsening economic conditions, including high levels of unemployment, our growth and profitability could be constrained. Weak economic conditions are characterized by, among other indicators, deflation, elevated levels of unemployment, fluctuations in debt and equity capital markets, increased delinquencies on mortgage, commercial and consumer loans, residential and commercial real estate price declines, lower home sales and commercial activity, and fluctuations in the commercial Federal Housing Administration, or FHA, financing sector. All of these factors are generally detrimental to our business. Our business is significantly affected by monetary and other regulatory policies of the U.S. federal government, its agencies and government-sponsored entities. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control, are difficult to predict and could have a material adverse effect on our business, financial position, results of operations and growth prospects.

Our business depends on our ability to attract and retain Asian-American immigrants as clients.

Our business is based on successfully attracting and retaining Asian-American immigrants as clients for both our non-qualified residential mortgage loans and deposits. We may be limited in our ability to attract Asian-American clients to the extent the U.S. adopts restrictive domestic immigration laws. Changes to U.S. immigration policies as proposed by the Trump Administration that restrain the flow of immigrants may inhibit our ability to meet our goals and budgets for non-qualified SFR mortgage loans and deposits, which may adversely affect our net interest income and net income.

Liquidity risks could affect operations and jeopardize our business, financial condition, and results of operations.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and/or investment securities and from other sources could have a substantial negative effect on our

liquidity. Our most important source of funds consists of our customer deposits. Such deposit balances can decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff, or, in connection with our commercial mortgage servicing business, third parties for whom we provide servicing choose to terminate that relationship with us. If customers move money out of bank deposits and into other investments, we could lose a relatively low cost source of funds, which would require us to seek wholesale funding alternatives in order to continue to grow, thereby increasing our funding costs and reducing our net interest income and net income.

Other primary sources of funds consist of cash from operations, investment maturities and sales, and proceeds from the issuance and sale of our equity and debt securities to investors. Additional liquidity is provided by repurchase agreements and the ability to borrow from the Federal Reserve Bank and the Federal Home Loan Bank of San Francisco. We also may borrow from third-party lenders from time to time. Our access to funding sources in amounts adequate to finance or capitalize our activities or on terms that are acceptable to us could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

Any decline in available funding could adversely impact our ability to continue to implement our strategic plan, including originate loans, invest in securities, meet our expenses, pay dividends to our shareholders or to fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations.

Risks Related to Our Loans

Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing our real estate loans and result in loan and other losses.

At March 31, 2017, approximately 68.0% of our loan portfolio was comprised of loans with real estate as a primary or secondary component of collateral. As a result, adverse developments affecting real estate values in our market areas could increase the credit risk associated with our real estate loan portfolio. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the area in which the real estate is located. Adverse changes affecting real estate values and the liquidity of real estate in one or more of our markets could increase the credit risk associated with our loan portfolio, significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses, which could result in losses that would adversely affect profitability. Such declines and losses would have a material adverse impact on our business, results of operations and growth prospects. In addition, if hazardous or toxic substances are found on properties pledged as collateral, the value of the real estate could be impaired. If we foreclose on and take title to such properties, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses to address unknown liabilities and may materially reduce the affected property’s value or limit our ability to use or sell the affected property.

Many of our loans are to commercial borrowers, which have a higher degree of risk than other types of loans.

At March 31, 2017, we had $797.8 million of commercial loans, consisting of $493.4 million of commercial real estate loans and $214.5 million of commercial and industrial loans for which real estate is not the primary source of collateral, including $89.9 million of construction and land development loans. Commercial loans represented 70.0% of our total loan portfolio at March 31, 2017. Commercial loans are often larger and involve greater risks than other types of lending. Because payments on such loans are often dependent on the successful operation or development of the property or business involved, repayment of such loans is often more sensitive than other types of loans to adverse conditions in the real estate market or the general business climate and

economy. Accordingly, a downturn in the real estate market and a challenging business and economic environment may increase our risk related to commercial loans, particularly commercial real estate loans. Unlike residential mortgage loans, which generally are made on the basis of the borrowers' ability to make repayment from their employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrowers' ability to make repayment from the cash flow of the commercial venture. Our C&I loans are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most often, this collateral consists of accounts receivable, inventory and equipment. Inventory and equipment may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired. Due to the larger average size of each commercial loan as compared with other loans such as residential loans, as well as collateral that is generally less readily-marketable, losses incurred on a small number of commercial loans could have a material adverse impact on our financial condition and results of operations.

We have a concentration in commercial real estate which could cause our regulators to restrict our ability to grow.

As a part of their regulatory oversight, the federal regulators have issued the CRE Concentration Guidance on sound risk management practices with respect to a financial institution's concentrations in commercial real estate lending activities. These guidelines were issued in response to the agencies' concerns that rising CRE concentrations might expose institutions to unanticipated earnings and capital volatility in the event of adverse changes in the commercial real estate market. The CRE Concentration Guidance identifies certain concentration levels that, if exceeded, will expose the institution to additional supervisory analysis with regard to the institution's CRE concentration risk. The CRE Concentration Guidance is designed to promote appropriate levels of capital and sound loan and risk management practices for institutions with a concentration of CRE loans. In general, the CRE Concentration Guidance establishes the following supervisory criteria as preliminary indications of possible CRE concentration risk: (1) the institution's total construction, land development and other land loans represent 100% or more of total risk-based capital; or (2) total CRE loans as defined in the regulatory guidelines represent 300% or more of total risk-based capital, and the institution's CRE loan portfolio has increased by 50% or more during the prior 36-month period. Pursuant to the CRE Concentration Guidelines, loans secured by owner occupied commercial real estate are not included for purposes of CRE Concentration calculation. We believe that the CRE Concentration Guidance is applicable to us. As of March 31, 2017, our CRE loans represented 250.4% of our total risk-based capital, as compared to 256.5%, 218.8% and 196.7% as of December 31, 2016, 2015 and 2014, respectively. We are actively working to manage our CRE concentration and we have discussed the CRE Concentration Guidance with the FDIC and believe that our underwriting policies, management information systems, independent credit administration process, and monitoring of real estate loan concentrations are currently sufficient to address the CRE Concentration Guidance. Nevertheless, the FDIC could become concerned about our CRE loan concentrations, and they could limit our ability to grow by restricting their approvals for the establishment or acquisition of branches, or approvals of mergers or other acquisition opportunities.

Our SFR loan product consists primarily of non-qualified SFR mortgage loans which may be considered less liquid and more risky.

As of March 31, 2017, our *SFR* mortgage loan portfolio amounted to $191.9 million or 16.8% of our total loan portfolio. As of such date, 98.8% of our *SFR* mortgage loans consisted of non-qualified mortgage loans, which are considered to have a higher degree of risk and are less liquid than qualified mortgage loans. We offer two *SFR* mortgage products, a low loan-to-value, alternative document hybrid non-qualified *SFR* mortgage loan, or non-qualified *SFR* mortgage loan, and a qualified *SFR* mortgage loan. We originated $280.4 million for the year ended December 31, 2016 and $71.1 million for the three months ended March 31, 2017 of non-qualified *SFR* mortgage loans. We originated $600,000 for year ended December 31, 2016 of qualified *SFR* mortgage loans and we did not originate any of such loans for the three months ended March 31, 2017. As of March 31,

2017, our non-qualified *SFR* mortgage loans had an average loan-to-value of 57.6% and an average FICO score of 747. As of March 31, 2017, 7.0% of our total *SFR* mortgage loan portfolio was originated to foreign nationals. The non-qualified single-family residential mortgage loans that we originate are designed to assist Asian-Americans who have recently immigrated to the United States and as such are willing to provide higher down payment amounts and pay higher interest rates and fees in return for reduced documentation requirements. Non-qualified *SFR* mortgage loans are considered less liquid than qualified *SFR* mortgage loans because such loans are not able to be securitized and can only be sold directly to other financial institutions. Such non-qualified loans may be considered more risky than qualified mortgage loans although we attempt to address this enhanced risk through our underwriting process, including requiring larger down payments and, in some cases, interest reserves.

We sold in the secondary market $180.3 million of our non-qualified mortgage loans for the year ended December 31, 2016, but none for the three months ended March 31, 2017, and we realized $3.4 million gains on the sale of non-qualified SFR mortgage loans for the year ended December 31, 2016, but none for the three months ended March 31, 2017. We did not sell any non-qualified *SFR* mortgage loans during the three months ended March 31, 2017, as we accumulated such loans on our balance sheet for sale later in the year. We also have a concentration in our *SFR* secondary sale market, as a substantial portion of our non-qualified mortgage loans over the past two years have been sold to one bank. Although, we are taking steps to reduce our dependence on this one bank, and we are attempting to expand the number of banks that we sell our non-qualified *SFR* mortgages, we may not be successful expanding our sales market for our non-qualified mortgage loans. These loans also present pricing risk as rates change, and our sale premiums cannot be guaranteed. Further, the criteria for our loans to be purchased by other banks may change from time to time, which could result in a lower volume of corresponding loan originations.

Mortgage production historically, including refinancing activity, declines in rising interest rate environments. While we have been experiencing historically low interest rates over the last few years, this low interest rate environment likely will not continue indefinitely. Consequently, when interest rates increase further, there can be no assurance that our mortgage production will continue at current levels. Nonetheless, our SFR mortgage loan production is primarily originated to Asian Americans and Asian-American immigrants, who we believe are not as sensitive to changes in interest rates.

The non-guaranteed portion of SBA loans that we retain on our balance sheet as well as the guaranteed portion of SBA loans that we sell could expose us to various credit and default risks.

We originated $83.2 million for the year ended December 31, 2016, and $25.6 million for the three months ended March 31, 2017 of SBA loans. We sold $42.7 million for the year ended December 31, 2016, and $23.2 million for the three months ended March 31, 2017, of the guaranteed portion of our SBA loans. Consequently, as of March 31, 2017, we held $149.9 million of SBA loans on our balance sheet, $68.8 million of which consisted of the non-guaranteed portion of SBA loans and $80.8 million or 53.9% consisted of the 75% guaranteed portion of SBA loans which are intended to be sold later in 2017. The non-guaranteed portion of SBA loans have a higher degree of credit risk and risk of loss as compared to the guaranteed portion of such loans. We attempt to limit this risk by generally requiring such loans be collateralized and limiting the overall amount that can be held on our balance sheet to 75% of our total capital.

When we sell the guaranteed portion of SBA loans in the ordinary course of business, we are required to make certain representations and warranties to the purchaser about the SBA loan and the manner in which they were originated. Under these agreements, we may be required to repurchase the guaranteed portion of the SBA loan if we have breached any of these representations or warranties, in which case we may record a loss. In addition, if repurchase and indemnity demands increase on loans that we sell from our portfolios, our liquidity, results of operations and financial condition could be adversely affected. Further, we generally retain the non-guaranteed portions of the SBA loans that we originate and sell, and to the extent the borrowers of such loans experience financial difficulties, our financial condition and results of operations could be adversely impacted.

Curtailment of government guaranteed loan programs could affect a segment of our business.

A significant segment of our business consists of originating and periodically selling U.S. government guaranteed loans, in particular those guaranteed by the SBA. Presently, the SBA guarantees 75% of the principal amount of each qualifying SBA loan originated under the SBA's 7(a) loan program. There is no assurance that the U.S. government will maintain the SBA 7(a) loan program or if it does, that such guaranteed portion will remain at its current level. In addition, from time to time, the government agencies that guarantee these loans reach their internal limits and cease to guarantee future loans. In addition, these agencies may change their rules for qualifying loans or Congress may adopt legislation that would have the effect of discontinuing or changing the loan guarantee programs. Non-governmental programs could replace government programs for some borrowers, but the terms might not be equally acceptable. Therefore, if these changes occur, the volume of loans to small business, industrial and agricultural borrowers of the types that now qualify for government guaranteed loans could decline. Also, the profitability associated with the sale of the guaranteed portion of these loans could decline as a result of market displacements due to increases in interest rates, and could cause the premiums realized on the sale of the guaranteed portions to decline from current levels. As the funding and sale of the guaranteed portion of SBA 7(a) loans is a major portion of our business and a significant portion of our noninterest income, any significant changes to the funding for the SBA 7(a) loan program may have an unfavorable impact on our prospects, future performance and results of operations.

The small and medium-sized businesses that we lend to may have fewer resources to weather adverse business developments, which may impair a borrower's ability to repay a loan, and such impairment could adversely affect our results of operations and financial condition.

We target our business development and marketing strategy primarily to serve the banking and financial services needs of small to midsized businesses. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities, frequently have smaller market shares than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience substantial volatility in operating results, any of which may impair a borrower's ability to repay a loan. In addition, the success of a small and medium-sized business often depends on the management talents and efforts of one or two people or a small group of people, and the death, disability or resignation of one or more of these people could have a material adverse impact on the business and its ability to repay its loan. If general economic conditions negatively impact the markets in which we operate and small to medium-sized businesses are adversely affected or our borrowers are otherwise affected by adverse business developments, our business, financial condition and results of operations may be adversely affected.

Real estate construction loans are based upon estimates of costs and values associated with the complete project. These estimates may be inaccurate, and we may be exposed to significant losses on loans for these projects.

Real estate construction loans, including land development loans, comprised approximately 8.0% of our total loan portfolio as of March 31, 2017, and such lending involves additional risks because funds are advanced upon the security of the project, which is of uncertain value prior to its completion, and costs may exceed realizable values in declining real estate markets. Because of the uncertainties inherent in estimating construction costs and the realizable market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to evaluate accurately the total funds required to complete a project and the related loan-to-value ratio. As a result, construction loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest. If our appraisal of the value of the completed project proves to be overstated or market values or rental rates decline, we may have inadequate security for the repayment of the loan upon completion of construction of the project. If we are forced to foreclose on a project prior to or at completion due to a default, we may not be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs. In

addition, we may be required to fund additional amounts to complete the project and may have to hold the property for an unspecified period of time while we attempt to dispose of it.

The risks inherent in construction lending may affect adversely our results of operations. Such risks include, among other things, the possibility that contractors may fail to complete, or complete on a timely basis, construction of the relevant properties; substantial cost overruns in excess of original estimates and financing; market deterioration during construction; and lack of permanent take-out financing. Loans secured by such properties also involve additional risk because they have no operating history. In these loans, loan funds are advanced upon the security of the project under construction (which is of uncertain value prior to completion of construction) and the estimated operating cash flow to be generated by the completed project. Such properties may not be sold or leased so as to generate the cash flow anticipated by the borrower. A general decline in real estate sales and prices across the United States or locally in the relevant real estate market, a decline in demand for residential real estate, economic weakness, high rates of unemployment, and reduced availability of mortgage credit, are some of the factors that can adversely affect the borrowers' ability to repay their obligations to us and the value of our security interest in collateral, and thereby adversely affect our results of operations and financial results.

Nonperforming assets take significant time to resolve and adversely affect our results of operations and financial condition, and could result in further losses in the future.

As of March 31, 2017, our nonperforming loans (which consist of nonaccrual loans, loans past due 90 days or more and still accruing interest and loans modified under troubled debt restructurings) totaled $6.1 million, or 0.5% of our loan portfolio, and our nonperforming assets (which include nonperforming loans plus other real estate owned) totaled $6.9 million, or 0.5% of total assets. In addition, we had $2.5 million in accruing loans that were 31-89 days delinquent as of March 31, 2017. Of these totals, our nonperforming loans that we originated totaled $3.9 million or 0.3% of our loan portfolio, and we had $1.4 million in accruing loans that we originated that were 31-89 days delinquent as of March 31, 2017.

Our nonperforming assets adversely affect our net income in various ways. We do not record interest income on nonaccrual loans or other real estate owned, thereby adversely affecting our net income and returns on assets and equity, increasing our loan administration costs and adversely affecting our efficiency ratio. When we take collateral in foreclosure and similar proceedings, we are required to mark the collateral to its then-fair market value, which may result in a loss. These nonperforming loans and other real estate owned also increase our risk profile and the level of capital our regulators believe is appropriate for us to maintain in light of such risks. The resolution of nonperforming assets requires significant time commitments from management and can be detrimental to the performance of their other responsibilities. If we experience increases in nonperforming loans and nonperforming assets, our net interest income may be negatively impacted and our loan administration costs could increase, each of which could have an adverse effect on our net income and related ratios, such as return on assets and equity.

Real estate market volatility and future changes in our disposition strategies could result in net proceeds that differ significantly from our other real estate owned fair value appraisals.

As of March 31, 2017, we had $833,000 of other real estate owned, or OREO. Our OREO portfolio consists of properties that we obtained through foreclosure or through an in-substance foreclosure in satisfaction of loans. Properties in our OREO portfolio are recorded at the lower of the recorded investment in the loans for which the properties previously served as collateral or the "fair value," which represents the estimated sales price of the properties on the date acquired less estimated selling costs. Generally, in determining "fair value," an orderly disposition of the property is assumed, except where a different disposition strategy is expected. Significant judgment is required in estimating the fair value of other real estate owned property, and the period of time within which such estimates can be considered current is significantly shortened during periods of market volatility.

In response to market conditions and other economic factors, we may utilize alternative sale strategies other than orderly disposition as part of our OREO disposition strategy, such as immediate liquidation sales. In this event, as a result of the significant judgments required in estimating fair value and the variables involved in different methods of disposition, the net proceeds realized from such sales transactions could differ significantly from appraisals, comparable sales and other estimates used to determine the fair value of our OREO properties.

Our use of appraisals in deciding whether to make a loan on or secured by real property does not ensure the value of the real property collateral.

In considering whether to make a loan secured by real property, we require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made. If the appraisal does not reflect the amount that may be obtained upon any sale or foreclosure of the property, we may not realize an amount equal to the indebtedness secured by the property.

Adverse conditions in Asia and elsewhere could adversely affect our business.

A substantial number of our customers have economic and cultural ties to Asia and, as a result, we are likely to feel the effects of adverse economic and political conditions in Asia, including the effects of rising inflation or slowing growth and volatility in the real estate and stock markets in China and other regions. U.S. and global economic policies, military tensions, and unfavorable global economic conditions may adversely impact the Asian economies. In addition, pandemics and other public health crises or concerns over the possibility of such crises could create economic and financial disruptions in the region. A significant deterioration of economic conditions in Asia could expose us to, among other things, economic and transfer risk, and we could experience an outflow of deposits by those of our customers with connections to Asia. Transfer risk may result when an entity is unable to obtain the foreign exchange needed to meet its obligations or to provide liquidity. This may adversely impact the recoverability of investments with or loans made to such entities. Adverse economic conditions in Asia, and in China or Taiwan in particular, may also negatively impact asset values and the profitability and liquidity of our customers who operate in this region.

Risks Related to Our Deposits

Our deposit portfolio includes significant concentrations and a large percentage of our deposits are attributable to a relatively small number of clients.

As a commercial bank, we provide services to a number of clients whose deposit levels vary considerably and have a significant amount of seasonality. At March 31, 2017, 73 clients maintained balances (aggregating all related accounts, including multiple business entities and personal funds of business owners) in excess of $2.0 million. This amounted to $545.5 million or approximately 43.7% of the Bank’s total deposits as of March 31, 2017. In addition, our ten largest depositor relationships accounted for approximately 21.7% of our deposits at March 31, 2017. Our largest depositor relationship accounted for approximately 5.1% of our deposits at March 31, 2017. These deposits can and do fluctuate substantially. The depositors are not concentrated in any industry or business. The loss of any combination of these depositors, or a significant decline in the deposit balances due to ordinary course fluctuations related to these customers’ businesses, would adversely affect our liquidity and require us to raise deposit rates to attract new deposits, purchase federal funds or borrow funds on a short-term basis to replace such deposits. Depending on the interest rate environment and competitive factors, low cost deposits may need to be replaced with higher cost funding, resulting in a decrease in net interest income and net income. While these events could have a material impact on the Bank’s results, the Bank expects, in the ordinary course of business, that these deposits will fluctuate and believes it is capable of mitigating this risk, as well as the risk of losing one of these depositors, through additional liquidity, and business generation in the future. However, should a significant number of these customers leave the Bank, it could have a material adverse impact on the Bank.

Risks Related to our Management

We are highly dependent on our management team, and the loss of our senior executive officers or other key employees could harm our ability to implement our strategic plan, impair our relationships with customers and adversely affect our business, results of operations and growth prospects.

Our success is dependent, to a large degree, upon the continued service and skills of our executive management team, particularly Mr. Alan Thian, our chairman, president and chief executive officer, and Mr. David Morris, our executive vice president and chief financial officer.

Our business and growth strategies are built primarily upon our ability to retain employees with experience and business relationships within their respective market areas. We seek to manage the continuity of our executive management team through regular succession planning. In addition, we recently entered into an employment agreement with Mr. Thian, Mr. Morris, Mr. Liu and Mr. Pang. For a summary of Messrs. Thian’s, Morris’ and Pang’s employment agreements, see “Executive Compensation—Employment Agreements.” The loss of Mr. Thian, Mr. Morris or any of our other key personnel could have an adverse impact on our business and growth because of their skills, years of industry experience, knowledge of our market areas, the difficulty of finding qualified replacement personnel, and any difficulties associated with transitioning of responsibilities to any new members of the executive management team. In addition, although we have non-solicitation agreements, which limits the ability of executives to solicit our customers and employees, with each of our executive officers, we do not have any such agreements with other employees who are important to our business, and in any event the enforceability of non-competition agreements varies across the states in which we do business. While our mortgage originators and loan officers are generally subject to non-solicitation provisions as part of their employment, our ability to enforce such agreements may not fully mitigate the injury to our business from the breach of such agreements, as such employees could leave us and immediately begin soliciting our customers. The departure of any of our personnel who are not subject to enforceable non-competition agreements could have a material adverse impact on our business, results of operations and growth prospects.

Risk Related to our Allowance for Loan Losses, or ALLL

If we do not effectively manage our credit risk, we may experience increased levels of delinquencies, nonperforming loans and charge-offs, which could require increases in our provision for loan losses.

There are risks inherent in making any loan, including risks inherent in dealing with individual borrowers, risks of nonpayment, risks resulting from uncertainties as to the future value of collateral and cash flows available to service debt and risks resulting from changes in economic and market conditions. We cannot guarantee that our credit underwriting and monitoring procedures will reduce these credit risks, and they cannot be expected to completely eliminate our credit risks. If the overall economic climate in the United States, generally, or our market areas, specifically, declines, our borrowers may experience difficulties in repaying their loans, and the level of nonperforming loans, charge-offs and delinquencies could rise and require further increases in the provision for loan losses, which would cause our net income, return on equity and capital to decrease.

Our allowance for loan losses may prove to be insufficient to absorb potential losses in our loan portfolio.

We establish our allowance for loan losses and maintain it at a level that management considers adequate to absorb probable loan losses based on an analysis of our portfolio and market environment. The allowance for loan losses represents our estimate of probable losses in the portfolio at each balance sheet date and is based upon relevant information available to us. The allowance contains provisions for probable losses that have been identified relating to specific borrowing relationships, as well as probable losses inherent in the loan portfolio and credit undertakings that are not specifically identified. Additions to the allowance for loan losses, which are charged to earnings through the provision for loan losses, are determined based on a variety of factors, including an analysis of the loan portfolio, historical loss experience and an evaluation of current economic conditions in our market areas. The actual amount of loan losses is affected by changes in economic, operating and other conditions within our markets, which may be beyond our control, and such losses may exceed current estimates.

As of March 31, 2017, our allowance for loan losses as a percentage of total loans was 1.2% and as a percentage of total nonperforming loans was 232.2%. Although management believes that the allowance for loan losses is adequate to absorb losses on any existing loans that may become uncollectible, we may be required to take additional provisions for loan losses in the future to further supplement the allowance for loan losses, either due to management's decision to do so or because our banking regulators require us to do so. Our bank regulatory agencies will periodically review our allowance for loan losses and the value attributed to nonaccrual loans or to real estate acquired through foreclosure and may require us to adjust our determination of the value for these items. These adjustments may adversely affect our business, financial condition and results of operations.

The current expected credit loss standard established by the Financial Accounting Standards Board will require significant data requirements and changes to methodologies.

In the aftermath of the 2007-2008 financial crisis, the Financial Accounting Standards Board, or FASB, decided to review how banks estimate losses in the ALLL calculation, and it issued the final Current Expected Credit Loss, or CECL, standard on June 16, 2016. Currently, the impairment model used by financial institutions is based on incurred losses, and loans are recognized as impaired when there is no longer an assumption that future cash flows will be collected in full under the originally contracted terms. This model will be replaced by the CECL model that will become effective for the Bank for the fiscal year beginning after December 15, 2019 in which financial institutions will be required to use historical information, current conditions and reasonable forecasts to estimate the expected loss over the life of the loan. The Bank has run CECL models on its loan portfolio, and although the new CECL standard is currently not expected to have a significant impact on the Bank's ALLL, the transition to the CECL model will require significantly greater data requirements and changes to methodologies to accurately account for expected loss. There can be no assurance that the Bank will not be required to increase its reserves and ALLL as a result of the implementation of CECL.

Risks Related to our Acquisition Strategy

Our strategy of pursuing growth via acquisitions exposes us to financial, execution and operational risks that could have a material adverse effect on our business, financial position, results of operations and growth prospects.

Since late 2010, we have been pursuing a strategy of leveraging our human and financial capital by acquiring other financial institutions in our target markets. We have completed several acquisitions in recent years, including most recently the TomatoBank acquisition, and we may continue pursuing this strategy.

Our acquisition activities could require us to use a substantial amount of cash, other liquid assets, and/or incur debt. In addition, if goodwill recorded in connection with our potential future acquisitions were determined to be impaired, then we would be required to recognize a charge against our earnings, which could materially and adversely affect our results of operations during the period in which the impairment was recognized.

There are risks associated with an acquisition strategy, including the following:

- We may incur time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions, resulting in management's attention being diverted from the operation of our existing business.
- We may encounter insufficient revenue and/or greater than anticipated costs in integrating acquired businesses.
- We may encounter difficulties in retaining business relationships with vendors and customers of the acquired companies.
- We are exposed to potential asset and credit quality risks and unknown or contingent liabilities of the banks or businesses we acquire. If these issues or liabilities exceed our estimates, our earnings, capital and financial condition may be materially and adversely affected.

- The acquisition of other entities generally requires integration of systems, procedures and personnel of the acquired entity. This integration process is complicated and time consuming and can also be disruptive to the customers and employees of the acquired business and our business. If the integration process is not conducted successfully, we may not realize the anticipated economic benefits of acquisitions within the expected time frame, or ever, and we may lose customers or employees of the acquired business. We may also experience greater than anticipated customer losses even if the integration process is successful.
- To finance an acquisition, we may borrow funds or pursue other forms of financing, such as issuing voting and/or non-voting common stock or convertible preferred stock, which may have high dividend rights or may be highly dilutive to holders of our common stock, thereby increasing our leverage and diminishing our liquidity, or issuing capital stock, which could dilute the interests of our existing shareholders.
- We may be unsuccessful in realizing the anticipated benefits from acquisitions. For example, we may not be successful in realizing anticipated cost savings. We also may not be successful in preventing disruptions in service to existing customer relationships of the acquired institution, which could lead to a loss in revenues.

In addition to the foregoing, we may face additional risks in acquisitions to the extent we acquire new lines of business or new products, or enter new geographic areas, in which we have little or no current experience, especially if we lose key employees of the acquired operations. Future acquisitions or business combinations also could cause us to incur debt or contingent liabilities or cause us to issue equity securities. These actions could negatively impact the ownership percentages of our existing shareholders, our financial condition and results of operations. In addition, we may not find candidates which meet our criteria for such transactions, and if we do find such a situation, our shareholders may not agree with the terms of such acquisition or business relationship.

In addition, our ability to grow may be limited if we cannot make acquisitions. We compete with other financial institutions with respect to proposed acquisitions. We cannot predict if or when we will be able to identify and attract acquisition candidates or make acquisitions on favorable terms.

We cannot assure you that we will be successful in overcoming these risks or any other problems encountered in connection with acquisitions. Our inability to overcome risks associated with acquisitions could have an adverse effect on our ability to successfully implement our acquisition growth strategy and grow our business and profitability.

If the goodwill that we recorded in connection with a business acquisition becomes impaired, it could require charges to earnings, which would have a negative impact on our financial condition and results of operations.

Goodwill represents the amount by which the cost of an acquisition exceeded the fair value of net assets we acquired in connection with the purchase. We review goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate that the carrying value of the asset might be impaired.

We determine impairment by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Any such adjustments are reflected in our results of operations in the periods in which they become known. As of March 31, 2017, our goodwill totaled $29.9 million. There can be no assurance that our future evaluations of goodwill will not result in findings of impairment and related write-downs, which may have a material adverse effect on our financial condition and results of operations.

We may not be able to continue growing our business, particularly if we cannot make acquisitions or increase loans and deposits through organic growth, either because of an inability to find suitable acquisition candidates, constrained capital resources or otherwise.

We have grown our consolidated assets from $300.5 million as of December 31, 2010 to $1.5 billion as of March 31, 2017, and our deposits from $236.4 million as of December 31, 2010 to $1.2 billion as of March 31, 2017. Some of this growth has resulted from several acquisitions that we have completed since 2010. While we intend to continue to grow our business through strategic acquisitions coupled with organic loan and deposit growth, we anticipate that much of our future growth will be dependent on our ability to successfully implement our acquisition growth strategy. A risk exists, however, that we will not be able to identify suitable additional candidates for acquisitions.

In addition, even if suitable targets are identified, we expect to compete for such businesses with other potential bidders, many of which may have greater financial resources than we have, which may adversely affect our ability to make acquisitions at attractive prices. Although we have historically been disciplined in pricing our acquisitions, there can be no assurance that the higher multiples being paid in bank acquisitions will not adversely impact our ability to execute acquisitions in the future or adversely affect the return we earn from such acquisitions.

Furthermore, many acquisitions we may wish to pursue would be subject to approvals by bank regulatory authorities, and we cannot predict whether any targeted acquisitions will receive the required regulatory approvals. Moreover, our ability to continue to grow successfully will depend to a significant extent on our capital resources. It also will depend, in part, upon our ability to attract deposits and lessen our dependence on larger deposit accounts, identify favorable loan and investment opportunities and on whether we can continue to fund growth while maintaining cost controls and asset quality, as well on other factors beyond our control, such as national, regional and local economic conditions and interest rate trends.

Paydowns on our acquired loan portfolio will result in reduced total loan yield, net interest income and net income if not replaced with other high-yielding loans.

Our total loan yield and net interest margin has been positively affected by the accretion of purchased loan discounts relating to loans acquired in prior acquisitions. As our acquired loan portfolio is paid down, we expect downward pressure on our total loan yield and net interest income to the extent that the run-off is not replaced with other high-yielding loans. The accretable yield represents the excess of the net present value of expected future cash flows over the acquisition date fair value and includes both the expected coupon of the loan and the discount accretion. For example, the total loan yield for the year ended December 31, 2016 and the three months ended March 31, 2017 was 5.8% and 5.5%, respectively, and the yield generated using only the expected coupon would have been 5.1% and 5.1%, during the same respective periods. Notwithstanding, if we are unable to replace loans in our existing portfolio with comparable high-yielding loans or a larger volume of loans, our total loan yield, net interest income and net income could be adversely affected.

As we expand our business outside of California markets, we will encounter risks that could adversely affect us.

We primarily operate in California markets with a concentration of Chinese-American individuals and businesses; however, one of our strategies is to expand beyond California into other domestic markets that have concentrations of Chinese-American individuals and businesses. We also currently have operations in Las Vegas, Nevada, including operating a branch office, and are currently looking for additional expansion opportunities in the San Francisco Bay area, New York City and Houston and, secondarily, San Diego and Riverside counties in southern California, Chicago and Phoenix. In the course of this expansion, we will encounter significant risks and uncertainties that could have a material adverse effect on our operations. These risks and uncertainties include increased expenses and operational difficulties arising from, among other things, our ability to attract sufficient

business in new markets, to manage operations in noncontiguous market areas, to comply with all of the various local laws and regulations, and to anticipate events or differences in markets in which we have no current experience.

The accounting for loans acquired in connection with our acquisitions is based on numerous subjective determinations that may prove to be inaccurate and have a negative impact on our results of operations.

Loans acquired in connection with our acquisitions have been recorded at estimated fair value on their acquisition date without a carryover of the related allowance for loan losses. In general, the determination of estimated fair value of acquired loans requires management to make subjective determinations regarding discount rate, estimates of losses on defaults, market conditions and other factors that are highly subjective in nature. A risk exists that our estimate of the fair value of acquired loans will prove to be inaccurate and that we ultimately will not recover the amount at which we recorded such loans on our balance sheet, which would require us to recognize losses.

Loans acquired in connection with acquisitions that have evidence of credit deterioration since origination and for which it is probable at the date of acquisition that we will not collect all contractually required principal and interest payments are accounted for under ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. These credit-impaired loans, like non-credit-impaired loans acquired in connection with our acquisitions, have been recorded at estimated fair value on their acquisition date, based on subjective determinations regarding risk ratings, expected future cash flows and fair value of the underlying collateral, without a carryover of the related allowance for loan losses. We evaluate these loans quarterly to assess expected cash flows. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in cash flows result in a reversal of the provision for loan losses to the extent of prior charges or a reclassification of the difference from non-accretable to accretable with a positive impact on interest income. Because the accounting for these loans is based on subjective measures that can change frequently, we may experience fluctuations in our net interest income and provisions for loan losses attributable to these loans. These fluctuations could negatively impact our results of operations.

Risks Related to Our Capital

We may need to raise additional capital in the future, and if we fail to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our ability to maintain regulatory compliance, would be adversely affected.

We face significant capital and other regulatory requirements as a financial institution. Although management believes that funds raised in this offering will be sufficient to fund operations and growth initiatives for at least the next eighteen to twenty-four months based on our estimated future operations, we may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, which could include the possibility of financing acquisitions. In addition, the Company, on a consolidated basis, and the Bank, on a stand-alone basis, must meet certain regulatory capital requirements and maintain sufficient liquidity. Importantly, regulatory capital requirements could increase from current levels, which could require us to raise additional capital or contract our operations. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to maintain capital to meet regulatory requirements, our financial condition, liquidity and results of operations would be materially and adversely affected.

We may not be able to efficiently deploy all of our capital, which would decrease our return on equity.

Following this offering, we will have equity capital that is well in excess of our required regulatory amounts. As a result, unless we are able to grow through organic growth in the near term, or through acquisitions or other strategic transactions, it is likely that our return on equity will decline in the near future.

Risks Related to Interest Rates

Fluctuations in interest rates may reduce net interest income and otherwise negatively impact our financial condition and results of operations.

Shifts in short-term interest rates may reduce net interest income, which is the principal component of our earnings. Net interest income is the difference between the amounts received by us on our interest-earning assets and the interest paid by us on our interest-bearing liabilities. When interest rates rise, the rate of interest we pay on our assets, such as loans, rises more quickly than the rate of interest that we receive on our interest-bearing liabilities, such as deposits, which may cause our profits to increase. When interest rates decrease, the rate of interest we pay on our assets, such as loans, declines more quickly than the rate of interest that we receive on our interest-bearing liabilities, such as deposits, which may cause our profits to decrease. The impact on earnings is more adverse when the slope of the yield curve flattens, that is, when short-term interest rates increase more than long-term interest rates or when long-term interest rates decrease more than short-term interest rates.

Interest rate increases often result in larger payment requirements for our borrowers, which increases the potential for default. At the same time, the marketability of the underlying property may be adversely affected by any reduced demand resulting from higher interest rates. In a declining interest rate environment, there may be an increase in prepayments on loans as borrowers refinance their mortgages and other indebtedness at lower rates. At March 31, 2017, total loans were 84.1% of our average earning assets and exhibited a positive 8.6% sensitivity to rising interest rates in a 100 basis point parallel shock.

Changes in interest rates also can affect the value of loans, securities and other assets. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reduction of income recognized, which could have a material adverse effect on our results of operations and cash flows. Further, when we place a loan on nonaccrual status, we reverse any accrued but unpaid interest receivable, which decreases interest income. Subsequently, we continue to have a cost to fund the loan, which is reflected as interest expense, without any interest income to offset the associated funding expense. Thus, an increase in the amount of nonperforming assets would have an adverse impact on net interest income.

Rising interest rates will result in a decline in value of the fixed-rate debt securities we hold in our investment securities portfolio. The unrealized losses resulting from holding these securities would be recognized in accumulated other comprehensive income (loss) and reduce total shareholders' equity. Unrealized losses do not negatively impact our regulatory capital ratios; however, tangible common equity and the associated ratios would be reduced. If debt securities in an unrealized loss position are sold, such losses become realized and will reduce our regulatory capital ratios.

If short-term interest rates remain at their historically low levels for a prolonged period, and assuming longer term interest rates fall, we could experience net interest margin compression as our interest earning assets would continue to reprice downward while our interest-bearing liability rates could fail to decline in tandem. This would have a material adverse effect on our net interest income and our results of operations.

We could recognize losses on securities held in our securities portfolio, particularly if interest rates increase or economic and market conditions deteriorate.

As of March 31, 2017, the fair value of our securities portfolio was approximately $45.7 million. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential

adverse changes to the fair value of these securities. For example, fixed-rate securities acquired by us are generally subject to decreases in market value when interest rates rise. Additional factors include, but are not limited to, rating agency downgrades of the securities or our own analysis of the value of the security, defaults by the issuer or individual mortgagors with respect to the underlying securities, and continued instability in the credit markets. Any of the foregoing factors could cause other-than-temporary impairment in future periods and result in realized losses. The process for determining whether impairment is other-than-temporary usually requires difficult, subjective judgments about the future financial performance of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security. Because of changing economic and market conditions affecting interest rates, the financial condition of issuers of the securities and the performance of the underlying collateral, we may recognize realized and/or unrealized losses in future periods, which could have an adverse effect on our financial condition and results of operations.

Other Risks Related to Our Business

Our ability to maintain our reputation is critical to the success of our business, and the failure to do so may materially adversely affect our business and the value of our common stock.

We are a community bank, and our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers and associates. If our reputation is negatively affected, by the actions of our employees or otherwise, our business and, therefore, our operating results and the value of our common stock may be materially adversely affected.

Our risk management framework may not be effective in mitigating risks and/or losses to us.

Our risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which we are subject, including, among others, credit, market, liquidity, interest rate and compliance. Our framework also includes financial or other modeling methodologies that involve management assumptions and judgment. Our risk management framework may not be effective under all circumstances or that it will adequately mitigate any risk or loss to us. If our framework is not effective, we could suffer unexpected losses and our business, financial condition, results of operations or growth prospects could be materially and adversely affected. We may also be subject to potentially adverse regulatory consequences.

System failure or breaches of our network security could subject us to increased operating costs as well as litigation and other liabilities.

The computer systems and network infrastructure we use could be vulnerable to hardware and cyber security issues. Our operations are dependent upon our ability to protect our computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. We could also experience a breach by intentional or negligent conduct on the part of employees or other internal or external sources, including our third-party vendors. Any damage or failure that causes an interruption in our operations could have an adverse effect on our financial condition and results of operations. In addition, our operations are dependent upon our ability to protect the computer systems and network infrastructure utilized by us, including our internet banking activities, against damage from physical break-ins, cyber security breaches and other disruptive problems caused by the internet or other users. Such computer break-ins and other disruptions would jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability, damage our reputation and inhibit the use of our internet banking services by current and potential customers.

We rely heavily on communications, information systems (both internal and provided by third parties) and the internet to conduct our business. Our business is dependent on our ability to process and monitor large

numbers of daily transactions in compliance with legal, regulatory and internal standards and specifications. In addition, a significant portion of our operations relies heavily on the secure processing, storage and transmission of personal and confidential information, such as the personal information of our customers and clients. These risks may increase in the future as we continue to increase mobile payments and other internet-based product offerings and expand our internal usage of web-based products and applications.

In addition, several U.S. financial institutions have recently experienced significant distributed denial-of-service attacks, some of which involved sophisticated and targeted attacks intended to disable or degrade service, or sabotage systems. Other potential attacks have attempted to obtain unauthorized access to confidential information or destroy data, often through the introduction of computer viruses or malware, cyber-attacks and other means. To date, none of these type of attacks have had a material effect on our business or operations. Such security attacks can originate from a wide variety of sources, including persons who are involved with organized crime or who may be linked to terrorist organizations or hostile foreign governments. Those same parties may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers or clients. We are also subject to the risk that our employees may intercept and transmit unauthorized confidential or proprietary information. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a customer or third party could result in legal liability, remediation costs, regulatory action and reputational harm.

We regularly add additional security measures to our computer systems and network infrastructure to mitigate the possibility of cyber security breaches, including firewalls and penetration testing. However, it is difficult or impossible to defend against every risk being posed by changing technologies as well as criminal intent on committing cyber-crime. Increasing sophistication of cyber criminals and terrorists make keeping up with new threats difficult and could result in a breach. Controls employed by our information technology department and cloud vendors could prove inadequate. A breach of our security that results in unauthorized access to our data could expose us to a disruption or challenges relating to our daily operations, as well as to data loss, litigation, damages, fines and penalties, significant increases in compliance costs and reputational damage, any of which could have an adverse effect on our business, financial condition and results of operations.

Our operations could be interrupted if our third-party service providers experience difficulty, terminate their services or fail to comply with banking regulations.

We depend to a significant extent on a number of relationships with third-party service providers. Specifically, we receive core systems processing, essential web hosting and other internet systems, deposit processing and other processing services from third-party service providers. If these third-party service providers experience difficulties or terminate their services and we are unable to replace them with other service providers, our operations could be interrupted. If an interruption were to continue for a significant period of time, our business, financial condition and results of operations could be adversely affected, perhaps materially. Even if we are able to replace them, it may be at a higher cost to us, which could adversely affect our business, financial condition and results of operations.

We are subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors.

Employee errors and employee and customer misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence.

We maintain a system of internal controls and insurance coverage to mitigate against operational risks, including data processing system failures and errors and customer or employee fraud. If our internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on our business, financial condition and results of operations.

Changes in accounting standards could materially impact our financial statements.

From time to time, the FASB or the Securities and Exchange Commission, or SEC, may change the financial accounting and reporting standards that govern the preparation of our financial statements. Such changes may result in us being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. These changes may be beyond our control, can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, or apply an existing standard differently, also retrospectively, in each case resulting in our needing to revise or restate prior period financial statements.

Liabilities from environmental regulations could materially and adversely affect our business and financial condition.

In the course of our business, we may foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clear up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, as the owner or former owner of any contaminated site, we may be subject to common law claims by third parties based on damages, and costs resulting from environmental contamination emanating from the property. If we ever become subject to significant environmental liabilities, our business, financial condition, liquidity, and results of operations could be materially and adversely affected.

The obligations associated with being a public company will require significant resources and management attention, which may divert from our business operations.

As a result of this offering, we will become subject to the reporting requirements of the Securities Exchange Act of 1934, or Exchange Act, and the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition with the SEC. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. As a result, we will incur significant legal, accounting and other expenses that we did not previously incur. We anticipate that these costs will materially increase our general and administrative expenses. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management’s attention from implementing our strategic plan, which could prevent us from successfully implementing our growth initiatives and improving our business, results of operations and financial condition.

As an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of certain temporary exemptions from various reporting requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and an exemption from the requirement to obtain an attestation from our auditors on management’s assessment of our internal control over financial reporting. When these exemptions cease to apply, we expect to incur additional expenses and devote increased management effort toward ensuring compliance with them. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

We have a continuing need for technological change, and we may not have the resources to effectively implement new technology or we may experience operational challenges when implementing new technology.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow and expand our market area. We may experience operational challenges as we implement these new technology enhancements, or seek to implement them across all of our offices and business units, which could result in us not fully realizing the anticipated benefits from such new technology or require us to incur significant costs to remedy any such challenges in a timely manner.

Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which would put us at a competitive disadvantage. Accordingly, a risk exists that we will not be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our customers.

Confidential customer information transmitted through our online banking service is vulnerable to security breaches and computer viruses, which could expose us to litigation and adversely affect our reputation and ability to generate deposits.

We provide our customers the ability to bank online. The secure transmission of confidential information over the Internet is a critical element of online banking. Our network could be vulnerable to unauthorized access, computer viruses, phishing schemes and other security problems. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. To the extent that our activities or the activities of our customers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could adversely affect our reputation and our ability to generate deposits.

We depend on the accuracy and completeness of information provided by customers and counterparties.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We also may rely on representations of customers and counterparties as to the accuracy and completeness of that information. In deciding whether to extend credit, we may rely upon our customers' representations that their financial statements conform to GAAP and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. We also may rely on customer representations and certifications, or other audit or accountants' reports, with respect to the business and financial condition of our clients. Our financial condition, results of operations, financial reporting and reputation could be negatively affected if we rely on materially misleading, false, inaccurate or fraudulent information.

We face strong competition from financial services companies and other companies that offer banking and mortgage banking services, which could harm our business.

Our operations consist of offering banking and mortgage banking services to generate both interest and noninterest income. Many of our competitors offer the same, or a wider variety of, banking and related financial services within our market areas. These competitors include national banks, regional banks and other community

banks. We also face competition from many other types of financial institutions, including savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In addition, a number of out-of-state financial intermediaries have opened production offices or otherwise solicit deposits in our market areas. Additionally, we face growing competition from so-called “online businesses” with few or no physical locations, including online banks, lenders and consumer and commercial lending platforms, as well as automated retirement and investment service providers. Increased competition in our markets may result in reduced loans, deposits and commissions and brokers’ fees, as well as reduced net interest margin and profitability. Ultimately, we may not be able to compete successfully against current and future competitors. If we are unable to attract and retain banking and mortgage loan customers and expand our sales market for such loans, we may be unable to continue to grow our business, and our financial condition and results of operations may be adversely affected.

Risks Related to Legislative and Regulatory Developments

Legislative and regulatory actions taken now or in the future may increase our costs and impact our business, governance structure, financial condition or results of operations.

The Dodd-Frank Act, among other things, imposed new capital requirements on bank holding companies; changed the base for FDIC insurance assessments to a bank’s average consolidated total assets minus average tangible equity, rather than upon its deposit base; permanently raised the current standard deposit insurance limit to $250,000; and expanded the FDIC’s authority to raise insurance premiums. The Dodd-Frank Act established the CFPB, which has broad rulemaking, supervisory and enforcement authority over consumer financial products and services, including deposit products, residential mortgages, home-equity loans and credit cards and contains provisions on mortgage-related matters, such as steering incentives, determinations as to a borrower’s ability to repay and prepayment penalties. Although the applicability of certain elements of the Dodd-Frank Act is limited to institutions with more than $10 billion in assets, there can be no guarantee that such applicability will not be extended in the future or that regulators or other third parties will not seek to impose such requirements on institutions with less than $10 billion in assets, such as the Bank. Although legislation has been introduced to reduce regulatory requirements, including the Financial Choice Act of 2016 described below, compliance with the Dodd-Frank Act and its implementing regulations has and will continue to result in additional operating and compliance costs that could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The proposed Financial Choice Act of 2016 was introduced in June 2016, subsequently adopted in the Financial Services Committee, but it never advanced to the full House of Representatives. It would have amended the Dodd-Frank to repeal the “Volcker Rule,” which restricts banks from making certain speculative investments; eliminate the FDIC’s orderly liquidation authority for the winding down of failing banks and establish new provisions regarding financial institution bankruptcy; and repeal the “Durbin Amendment,” which limits the fees that may be charged to retailers for debit card processing. Certain banks may exempt themselves from specified regulatory standards if they maintain a certain ratio of capital to total assets and meet other specified requirements. The bill would remove the Financial Stability Oversight Council’s authority to designate non-bank financial institutions and financial market utilities as “systemically important.” Under current law, entities so designated are subject to additional regulatory restrictions. Designations made previously would be retroactively repealed. The bill would also amend the Consumer Financial Protection Act of 2010 to restructure the CFPB by replacing its director with a bipartisan commission; subject the commission to the congressional appropriations process, expanded judicial review, and additional congressional oversight; and limit the commission’s authority to take action against entities for abusive practices.

A modified version of the Financial Choice Act was introduced on April 19, 2017 that retains many of the principles of the original Financial Choice Act, but with certain modifications, including certain banks may exempt themselves from specified regulatory standards if they maintain a certain ratio of capital to total assets without meeting additional requirements, providing additional relief from and changes to the existing stress-

testing regime, removing the FDIC from the Dodd-Frank resolution plan process, further modifying the CFPB's jurisdiction, functions and governance structure by renaming the agency and having it led by a single director appointed and removable at will by the President, and placing limits and guidelines applicable to the federal regulatory agencies' enforcement, rulemaking and supervisory authority.

In addition, other new proposals for legislation continue to be introduced in the U.S. Congress that could further substantially increase regulation of the bank and non-bank financial services industries and impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices. Federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Certain aspects of current or proposed regulatory or legislative changes to laws applicable to the financial industry, if enacted or adopted, may impact the profitability of our business activities, require more oversight or change certain of our business practices, including the ability to offer new products, obtain financing, attract deposits, make loans and achieve satisfactory interest spreads and could expose us to additional costs, including increased compliance costs. These changes also may require us to invest significant management attention and resources to make any necessary changes to operations to comply and could have an adverse effect on our business, financial condition and results of operations.

As a result of the Dodd-Frank Act and recent rulemaking, we are subject to more stringent capital requirements.

In July 2013, the U.S. federal banking authorities approved the implementation of the Basel III regulatory capital reforms, or Basel III, and issued rules effecting certain changes required by the Dodd-Frank Act. Basel III is applicable to all U.S. banks that are subject to minimum capital requirements as well as to bank and saving and loan holding companies, other than "small bank holding companies" (generally bank holding companies with consolidated assets of less than $1.0 billion). Basel III not only increases most of the required minimum regulatory capital ratios, it introduces a new common equity Tier 1 capital ratio and the concept of a capital conservation buffer. Basel III also expands the current definition of capital by establishing additional criteria that capital instruments must meet to be considered additional Tier 1 and Tier 2 capital. In order to be a "well-capitalized" depository institution under the new regime, an institution must maintain a common equity Tier 1 capital ratio of 6.5% or more; a Tier 1 capital ratio of 8% or more; a total capital ratio of 10% or more; and a Tier 1 leverage ratio of 5% or more. The Basel III capital rules became effective as applied to us and the Bank on January 1, 2015 with a phase-in period that generally extends through January 1, 2019 for many of the changes.

The failure to meet applicable regulatory capital requirements could result in one or more of our regulators placing limitations or conditions on our activities, including our growth initiatives, or restricting the commencement of new activities, and could affect customer and investor confidence, our costs of funds and FDIC insurance costs, our ability to pay dividends on our common stock, our ability to make acquisitions, and our business, results of operations and financial conditions, generally.

Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations.

In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market purchases and sales of U.S. government securities, adjustments of the discount rate and changes in banks' reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits.

The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted.

Federal and state regulators periodically examine our business, and we may be required to remediate adverse examination findings.

The Federal Reserve, the FDIC, and the DBO periodically examine our business, including our compliance with laws and regulations. If, as a result of an examination, a banking agency were to determine that our financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, they may take a number of different remedial actions as they deem appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil money penalties, to fine or remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance and place us into receivership or conservatorship. Any regulatory action against us could have an adverse effect on our business, financial condition and results of operations.

We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations prohibit discriminatory lending practices by financial institutions. The U.S. Department of Justice, federal banking agencies, and other federal agencies are responsible for enforcing these laws and regulations. A challenge to an institution's compliance with fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The Bank Secrecy Act, the USA Patriot Act and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and to file reports such as suspicious activity reports and currency transaction reports. We are required to comply with these and other anti-money laundering requirements. The federal banking agencies and Financial Crimes Enforcement Network are authorized to impose significant civil money penalties for violations of those requirements and have recently engaged in coordinated enforcement efforts against banks and other financial services providers with the U.S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. We are also subject to increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control. If our policies, procedures and systems are deemed deficient, we would be subject to liability, including fines and regulatory actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans.

Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Any of these results could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

The Federal Reserve may require us to commit capital resources to support the Bank.

As a matter of policy, the Federal Reserve expects a bank holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. The Dodd-Frank Act codified the Federal Reserve's policy on serving as a source of financial strength. Under the

"source of strength" doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. A capital injection may be required at times when the holding company may not have the resources to provide it and therefore may be required to borrow the funds or raise capital. Any loans by a holding company to its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company's bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the institution's general unsecured creditors, including the holders of its note obligations. Thus, any borrowing that must be done by the Company to make a required capital injection becomes more difficult and expensive and could have an adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the soundness of other financial institutions.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services companies are interrelated as a result of trading, clearing, counterparty, and other relationships. We have exposure to different industries and counterparties, and through transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, and other institutional clients. As a result, defaults by, or even rumors or questions about, one or more financial services companies, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. These losses or defaults could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Additionally, if our competitors were extending credit on terms we found to pose excessive risks, or at interest rates which we believed did not warrant the credit exposure, we may not be able to maintain our business volume and could experience deteriorating financial performance.

Risks Related to this Offering and an Investment in Our Common Stock

An active, liquid trading market for our common stock may not develop for several reasons, including that the non-executive directors and their affiliates will retain a substantial ownership interest in the Company, and you may not be able to sell your common stock at or above the public offering price, or at all.

Prior to this offering, there has been no public market for our common stock. In addition, our eleven non-executive directors collectively currently own 24.7% of our issued and outstanding shares of common stock, and when aggregated with the holdings of their extended families and their affiliated entities, they collectively own 66.8% of our issued and outstanding shares of common stock. After completion of this offering, our eleven non-executive directors collectively are expected to own 19.1% of our issued and outstanding shares of common stock, and when aggregated with the holdings of their extended families and their affiliated entities, they are expected to collectively own 53.2% of our issued and outstanding shares of common stock. This relatively concentrated ownership may result in a lack of liquidity for our shares of common stock. As a result, an active trading market for shares of our common stock may never develop or be sustained following this offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. The public offering price for our common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell your common stock at or above the public offering price or at any other price or at the time that you would like to sell. An inactive market may also impair our ability to raise capital by selling our common stock and may impair our ability to expand our business by using our common stock as consideration in an acquisition.

The price of our common stock could be volatile following this offering.

The market price of our common stock following this offering may be volatile and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include, among other things:

- actual or anticipated variations in our quarterly results of operations;
- recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry generally;
- perceptions in the marketplace regarding us and/or our competitors;
- new technology used, or services offered, by competitors; and
- changes in government regulations.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

An investment in our common stock is not an insured deposit.

An investment in our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in our common stock is inherently risky for the reasons described herein, and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire our common stock, you could lose some or all of your investment.

If equity research analysts do not publish research or reports about our business, or if they do publish such reports but issue unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline.

The trading market for our common stock could be affected by whether equity research analysts publish research or reports about us and our business. We cannot predict at this time whether any research analysts will publish research and reports on us and our common stock. If one or more equity analysts do cover us and our common stock and publish research reports about us, the price of our stock could decline if one or more securities analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

If any of the analysts who elect to cover us downgrades our stock, our stock price could decline rapidly. If any of these analysts ceases coverage of us, we could lose visibility in the market, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.

Our dividend policy may change.

We have paid annual dividends to our shareholders for the past three years of between $0.20 and $0.30 per share, with our last annual dividend of $0.30 per share that was paid in the first quarter of 2017 based upon our 2016 earnings. We plan to change our dividend policy and practice to pay quarterly dividends, starting in the fourth quarter of 2017 and quarterly thereafter. We expect that the amount to be paid annually will be equal to 20% (or 5% per quarter) of our basic earnings per share for the four quarters immediately preceding the proposed

payment. Based on this formula for paying dividends, if this quarterly dividend policy had been in effect for the quarter ended March 31, 2017, we would have paid a dividend of $0.08 per share. We have no obligation to pay dividends and we may change our dividend policy at any time without notice to our shareholders. Holders of our common stock are only entitled to receive such cash dividends as our board of directors, in its discretion, may declare out of funds legally available for such payments. Furthermore, consistent with our strategic plans, growth initiatives, capital availability and requirements, projected liquidity needs, financial condition, and other factors, we have made, and will continue to make, capital management decisions and policies that could adversely impact the amount of dividends paid to our common shareholders.

We are a separate and distinct legal entity from our subsidiaries, including the Bank. We receive substantially all of our revenue from dividends from the Bank and RAM, which we use as the principal source of funds to pay our expenses. Various federal and/or state laws and regulations limit the amount of dividends that the Bank and certain of our non-bank subsidiaries may pay us. Such limits are also tied to the earnings of our subsidiaries. If the Bank does not receive regulatory approval or if our subsidiaries' earnings are not sufficient to make dividend payments to us while maintaining adequate capital levels, our ability to pay our expenses and our business, financial condition or results of operations could be materially and adversely impacted.

Shares of certain shareholders may be sold into the public market in the near future. This could cause the market price of our common stock to drop significantly.

In connection with this offering, we, our directors, our executive officers and certain of our shareholders have each agreed to enter into lock-up agreements that restrict the sale of their holdings of our common stock for a period of 180 days from the date of this prospectus, subject to an extension in certain circumstances. The underwriters, in their discretion, may release any of the shares of our common stock subject to these lock-up agreements at any time without notice. In addition, after this offering, approximately 8,585,239 shares of our common stock that are currently issued and outstanding will not be subject to lock-up. We also have outstanding options to purchase 2,310,904 shares of our common stock as of March 31, 2017 that may be exercised and sold, and we have the ability to issue options exercisable for up to an additional 1,353,207 shares of common stock pursuant to our 2017 Omnibus Stock Incentive Plan. The resale of such shares could cause the market price of our stock to drop significantly, and concerns that those sales may occur could cause the trading price of our common stock to decrease or to be lower than it might otherwise be.

Our management will have broad discretion as to the use of proceeds from this offering, and we may not use the proceeds effectively.

We are not required to apply any portion of the net proceeds of this offering for any particular purpose. Accordingly, our management will have broad discretion as to the application of the net proceeds of this offering and could use them for purposes other than those contemplated at the time of this offering. A portion of the proceeds are expected to be used to provide additional capital as a cushion against minimum regulatory capital requirements, which may tend to reduce our return on equity as opposed to if such proceeds were used for further growth. Our shareholders may not agree with the manner in which our management chooses to allocate and invest the net proceeds. We may not be successful in using the net proceeds from this offering to increase our profitability or market value and we cannot predict whether the proceeds will be invested to yield a favorable return.

Failure to maintain effective internal controls over financial reporting could have a material adverse effect on our business and stock price.

As a private company, we are not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company after completion of this offering, we will be required to comply with the SEC's rules implementing Sections 302

and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. In particular, we will be required to certify our compliance with Section 404 of the Sarbanes-Oxley Act beginning with our second annual report on Form 10-K, which will require us to furnish annually a report by management on the effectiveness of our internal control over financial reporting. Although we are currently an emerging growth company and have elected additional transitional relief available to emerging growth companies, if we are unable to continue to qualify as an emerging growth company in the future or we are unable to qualify as a smaller reporting company under applicable SEC rules, then our independent registered public accounting firm will be required to report on the effectiveness of our internal control over financial reporting, beginning as of that second annual report.

If we identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors, counterparties and customers may lose confidence in the accuracy and completeness of our financial statements and reports; our liquidity, access to capital markets and perceptions of our creditworthiness could be adversely affected; and the market price of our common stock could decline. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, the Board of Governors of the Federal Reserve System, the FDIC, the DBO or other regulatory authorities, which could require additional financial and management resources. These events could have an adverse effect on our business, financial condition and results of operations.

You will incur immediate dilution as a result of this offering.

If you purchase common stock in this offering, you will pay more for your shares than our existing net tangible book value per share. As a result, you will incur immediate dilution of $ per share, representing the difference between the assumed public offering price of $ per share (the mid-point of the range set forth on the cover page of this prospectus) and our adjusted net tangible book value per share after giving effect to this offering. This represents   % dilution from the public offering price. If the underwriters exercise their option to purchase additional shares from us in full, you will incur an immediate dilution of $ per share to new investors. This represents   % dilution from the public offering price.

Future equity issuances could result in dilution, which could cause our common stock price to decline.

We are generally not restricted from issuing additional shares of our common stock, up to the 100 million shares of voting common stock and 100 million shares of preferred stock authorized in our articles of incorporation, which in each case could be increased by a vote of a majority of our shares. We may issue additional shares of our common stock in the future pursuant to current or future equity compensation plans, upon conversions of preferred stock or debt, upon exercise of warrants or in connection with future acquisitions or financings. If we choose to raise capital by selling shares of our common stock for any reason, the issuance would have a dilutive effect on the holders of our common stock and could have a material negative effect on the market price of our common stock.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Although there are currently no shares of our preferred stock issued and outstanding, our articles of incorporation authorize us to issue up to 100 million shares of one or more series of preferred stock. The board also has the power, without shareholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or

in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our board of directors to issue shares of preferred stock without any action on the part of our shareholders may impede a takeover of us and prevent a transaction perceived to be favorable to our shareholders.

The holders of our debt obligations and preferred stock, if any, will have priority over our common stock with respect to payment in the event of liquidation, dissolution or winding up and with respect to the payment of interest and dividends.

In any liquidation, dissolution or winding up of the Company, our common stock would rank below all claims of debt holders against us. As of March 31, 2017, we had outstanding $50 million of subordinated notes and $3.4 million of subordinated debt (which reflects a discount of $1.8 million to the aggregate principal balance of $5.2 million as a result of purchase accounting adjustments).

As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding up of the Company until after all of our obligations to our debt holders have been satisfied and holders of subordinated debt and senior equity securities, including preferred shares, if any, have received any payment or distribution due to them. In addition, we are required to pay interest on our subordinated notes and dividends on our trust preferred securities and preferred stock before we pay any dividends on our common stock.

Provisions in our charter documents and California law may have an anti-takeover effect, and there are substantial regulatory limitations on changes of control of bank holding companies.

Provisions of our charter documents and the California General Corporation Law, or the CGCL, could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial by our shareholders. Furthermore, with certain limited exceptions, federal regulations prohibit a person or company or a group of persons deemed to be “acting in concert” from, directly or indirectly, acquiring more than 10% (5% if the acquirer is a bank holding company) of any class of our voting stock or obtaining the ability to control in any manner the election of a majority of our directors or otherwise direct the management or policies of our company without prior notice or application to and the approval of the Federal Reserve. Accordingly, prospective investors need to be aware of and comply with these requirements, if applicable, in connection with any purchase of shares of our common stock. Moreover, the combination of these provisions effectively inhibits certain mergers or other business combinations, which, in turn, could adversely affect the market price of our common stock.

We are an “emerging growth company,” and the reduced regulatory and reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an “emerging growth company,” as described in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of reduced regulatory and reporting requirements that are otherwise generally applicable to public companies. These include, without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced financial reporting requirements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments. The JOBS Act also permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. However, we have irrevocably “opted out” of this provision, and we will comply with new or revised accounting standards to the same extent that compliance is required for non-emerging growth companies.

We may take advantage of these provisions for up to five years, unless we earlier cease to be an emerging growth company, which would occur if our annual gross revenues exceed $1.0 billion, if we issue more than $1.0 billion in non-convertible debt in a three-year period, or if the market value of our common stock held by non-affiliates exceeds $700.0 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. Investors may find our common stock less attractive if we rely on the exemptions, which may result in a less active trading market and increased volatility in our stock price.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “might,” “should,” “could,” “predict,” “potential,” “believe,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “goal,” “target,” “outlook,” “aim,” “would,” “annualized” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, including those factors identified in “Risk Factors” or “Management’s Discussion and Analysis of Financial Condition and Results of Operations” or the following:

- business and economic conditions, particularly those affecting the financial services industry and our primary market areas;
- our ability to successfully manage our credit risk and the sufficiency of our allowance for loan loss;
- factors that can impact the performance of our loan portfolio, including real estate values and liquidity in our primary market areas, the financial health of our commercial borrowers and the success of construction projects that we finance, including any loans acquired in acquisition transactions;
- compliance with governmental and regulatory requirements, including the Dodd-Frank Act and others relating to banking, consumer protection, securities and tax matters, and our ability to maintain licenses required in connection with commercial mortgage origination, sale and servicing operations;
- our ability to identify and address cyber-security risks, fraud and systems errors;
- risks related to our acquisition strategy, including our ability to identify suitable acquisition candidates, exposure to potential asset and credit quality risks and unknown or contingent liabilities, the time and costs of integrating systems, procedures and personnel, the need for capital to finance such transactions, our ability to obtain required regulatory approvals and possible failures in realizing the anticipated benefits from acquisitions;
- our ability to effectively execute our strategic plan and manage our growth;
- accounting treatment for loans acquired in connection with our acquisitions;
- changes in our senior management team and our ability to attract, motivate and retain qualified personnel;
- governmental monetary and fiscal policies, and changes in market interest rates;
- liquidity issues, including fluctuations in the fair value and liquidity of the securities we hold for sale and our ability to raise additional capital, if necessary;
- incremental costs and obligations associated with operating as a public company;
- effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services;

- the impact of any claims or legal actions to which we may be subject, including any effect on our reputation;
- changes in federal tax law or policy; and
- risks related to this offering.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this prospectus. Because of these risks and other uncertainties, our actual future results, performance or achievement, or industry results, may be materially different from the results indicated by the forward looking statements in this prospectus. In addition, our past results of operations are not necessarily indicative of our future results. You should not rely on any forward looking statements, which represent our beliefs, assumptions and estimates only as of the dates on which they were made, as predictions of future events. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares from us in full), based on an assumed public offering price of $ per share. Each $1.00 increase or decrease in the assumed public offering price of $ per share would increase or decrease the net proceeds to us from this offering by approximately $ million (or approximately $ million if the underwriters exercise their purchase option in full). We will not receive any proceeds from the sale of shares of our common stock by the selling shareholders.

We intend to contribute $25 million of the net proceeds that we receive from this offering to the Bank, and to use the remainder for general corporate purposes, which could include future acquisitions and other growth initiatives. We do not have any current specific plan for such remaining net proceeds, and do not have any current plans, arrangements or understandings to make any material acquisitions or to establish any *de novo* bank branches. Our management will retain broad discretion to allocate the net proceeds of this offering. The precise amounts and timing of our use of the proceeds will depend upon market conditions, among other factors.

Table of Contents

DIVIDEND POLICY

It has been our practice to pay annual dividends to holders of our common stock. We have paid annual dividends to our shareholders for the past three years of between $0.20 and $0.30 per share, with our last annual dividend of $0.30 per share paid in the first quarter of 2017 based upon our 2016 earnings. We plan to change our dividend policy and practice to pay quarterly dividends, starting in the fourth quarter of 2017 and quarterly thereafter. We expect that the amount to be paid annually will be equal to 20% (or 5% per quarter) of our basic earnings per share for the four quarters immediately preceding the proposed payment. Based on this formula for paying dividends, if this quarterly dividend policy had been in effect for the quarter ended March 31, 2017, we would have paid a dividend of $0.08 per share. We have no obligation to pay dividends and we may change our dividend policy at any time without notice to our shareholders. Any future determination to pay dividends to holders of our common stock will depend on our results of operations, financial condition, capital requirements, banking regulations, contractual restrictions and any other factors that our board of directors may deem relevant.

The following table shows recent annual cash dividends on our common stock during the periods indicated.

Year	Amount Per Share	Payment Date
2017	$ 0.30(1)	February 28, 2017
2016	$ 0.20	April 30,2016
2015	$ 0.25	April 30,2015

(1) The amount reflected reflects dividends declared during the fourth fiscal quarter of 2016 and paid during the first fiscal quarter of 2017.

In addition, we paid a 5% stock dividend on April 30, 2014 and a 2.5% stock dividend on April 30, 2015.

Dividend Restrictions

Under the terms of our subordinated notes issued in March 2016 and the related subordinated note purchase agreements, we are not permitted to declare or pay any dividends on our capital stock if an event of default occurs under the terms of the subordinated notes.

As a bank holding company, our ability to pay dividends is affected by the policies and enforcement powers of the Federal Reserve. See “Supervision and Regulation—The Company—Dividend Payments.” In addition, because we are a holding company, we are dependent upon the payment of dividends by the Bank to us as our principal source of funds to pay dividends in the future, if any, and to make other payments. The Bank is also subject to various legal, regulatory and other restrictions on its ability to pay dividends and make other distributions and payments to us. See “Supervision and Regulation—The Bank—Dividend Payments.”

Table of Contents

CAPITALIZATION

The following table shows the Company's capitalization, including regulatory capital ratios, on a consolidated basis, as of March 31, 2017:

- on an actual basis; and
- on an as adjusted basis after giving effect to the net proceeds from the sale of 2,100,000 shares by us (assuming the underwriters do not exercise their option to purchase additional shares) at an assumed initial public offering price of $ per share, the midpoint of the price range on the cover of this prospectus, after deducting underwriting discounts and estimated offering expenses.

In March 2016, we downstreamed $35.0 million of the subordinated notes issued by the Company to the Bank as equity. As a result, as of March 31, 2017, the Company's investment in subsidiaries of $216.5 million exceeds our consolidated equity of $183.5 million by $35.0 million, representing double leverage of approximately 118%.

You should read the following table in conjunction with the sections titled "Selected Historical Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of March 31, 2017	
(Dollars in thousands)	**Actual**	**As adjusted (4)**
Long-term debt:		
Long-term debt (1)	$ 49,383	$ 49,383
Subordinated debentures (2)	3,357	3,357
Total long-term debt	52,740	52,740
Shareholders' equity:		
Preferred stock, no par value per share, 100,000,000 shares authorized, no shares outstanding actual and as adjusted	–	–
Common stock, no par value per share, 100,000,000 shares authorized, 12,827,803 shares outstanding actual and 14,927,803 shares outstanding as adjusted	142,651	
Additional paid-in capital	8,615	
Retained earnings	32,429	
Accumulated other comprehensive income	(199)	
Total shareholders' equity	183,496	
Total capitalization	$236,236	$
Capital ratios (consolidated):		
Tangible common equity to tangible assets (3)	10.3%	%
Tier 1 leverage to average assets	11.1	
Tier 1 common capital to risk-weighted assets	12.9	
Tier 1 capital to risk-weighted assets	13.2	
Total capital to risk-weighted assets	18.9	

(1) Consists of 6.50% fixed-to-floating rate subordinated notes which qualify as Tier 2 capital and which were issued in March 2016 and raised proceeds of $49.4 million.
(2) Consists of subordinated debentures issued by the companies we acquired to a statutory trust which then issued trust preferred securities to the public. Amount shown reflects a discount of $1.8 million to the aggregate principal balance of $5.2 million as a result of purchase accounting adjustments.
(3) Tangible common equity to tangible assets is a non-GAAP financial measure. See "Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures" for a reconciliation of this measure to its most comparable GAAP measure.
(4) A $1.00 increase (decrease) in the assumed public offering price of $ per share would increase (decrease) the as adjusted amount of each of common stock, total shareholders' equity and total capitalization by approximately $ million, assuming no change to the number of shares offered by us as set forth on the cover of this prospectus, and after deducting underwriting discounts and estimated offering expenses.

The table assumes the underwriters do not exercise their option to purchase additional shares from us.

DILUTION

If you purchase shares of our common stock in this offering, your ownership interest will experience immediate book value dilution to the extent the public offering price per share exceeds our net tangible book value per share immediately after this offering. Net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of common stock outstanding.

Our net tangible book value at March 31, 2017 was $151.9 million, or $11.84 per share based on the number of shares outstanding as of such date. After giving effect to our sale of 2,100,000 shares in this offering at an assumed public offering price of $ per share, which is the midpoint of the price range on the cover of this prospectus, and after deducting underwriting discounts and estimated offering expenses, our as adjusted net tangible book value at March 31, 2017 would have been approximately $ million, or $ per share. Therefore, under those assumptions this offering would result in an immediate increase of $ in the net tangible book value per share to our existing shareholders, and immediate dilution of $ in the net tangible book value per share to investors purchasing shares in this offering. The following table illustrates this per share dilution.

Assumed public offering price per share		$
Net tangible book value per share at March 31, 2017	$ 151,857	
Increase in net tangible book value per share attributable to this offering		
As adjusted net tangible book value per share after this offering		
Dilution in net tangible book value per share to new investors		$

If the underwriters exercise their option to purchase additional shares from us in full, the as adjusted net tangible book value after giving effect to this offering would be $ per share. This represents an increase in net tangible book value of $ per share to existing shareholders and dilution of $ per share to new investors.

A $1.00 increase (decrease) in the assumed public offering price of $ per share, which is the midpoint of the price range on the cover of this prospectus, would increase (decrease) our net tangible book value by $ million, or $ per share, and the dilution to new investors by $ per share, assuming no change to the number of shares offered by us as set forth on the cover of this prospectus, and after deducting underwriting discounts and estimated offering expenses.

The following table sets forth information regarding the shares issued to, and consideration paid by, our existing shareholders and the shares to be issued to, and consideration to be paid by, investors in this offering at an assumed public offering price of $ per share, which is the midpoint of the price range on the cover of this prospectus, before deducting underwriting discounts and estimated offering expenses.

	Shares purchased		**Total consideration**		
	Number	**Percent**	**Amount (in thousands)**	**Percent**	**Average price per share**
Shareholders as of March 31, 2017	–	– %	$ –	– %	$ –
Investors in this offering	3,000,000	100.0	–	–	–
Total	3,000,000	100.0%	$ –	– %	$ –

The tables above exclude 2,310,904 shares of common stock issuable upon exercise of stock options outstanding at March 31, 2017 at a weighted average exercise price of $10.33 per share. To the extent that such options are exercised, or other equity awards are issued, investors participating in the offering will experience further dilution.

Table of Contents

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth selected historical consolidated financial data as of the dates and for the periods shown. The selected balance sheet data as of December 31, 2016 and 2015 and the selected income statement data for the years ended December 31, 2016, 2015 and 2014 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected balance sheet data as of December 31, 2014, 2013 and 2012 and the selected income statement data for the years ended December 31, 2013 and 2012 have been derived from our audited consolidated financial statements that are not included in this prospectus. The summary consolidated financial data as of and for the three months ended March 31, 2017 and 2016 is derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus and includes all normal and recurring adjustments that we consider necessary for a fair presentation. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

As described elsewhere in this prospectus, we have consummated several acquisitions in recent fiscal periods. The results and other financial data of these acquired operations are not included in the table below for the periods prior to their respective acquisition dates and, therefore, the financial data for these prior periods is not comparable in all respects and are not necessarily indicative of our future results. You should read the following financial data in conjunction with the other information contained in this prospectus, including under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the financial statements and related notes included elsewhere in this prospectus

(Dollars in thousands, except per share data)	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Selected balance sheet data:							
Assets:							
Cash and cash equivalents	$ 167,647	$ 91,445	$ 119,058	$ 121,353	$ 106,895	$ 35,874	$ 62,008
Investment securities available for sale, at fair value	39,155	31,082	39,277	20,416	24,931	61,548	169,839
Investment securities held to maturity, at amortized cost	6,206	6,669	6,214	6,678	6,710	6,742	7,125
Total investment securities	45,361	37,751	45,491	27,094	31,641	68,290	176,964
Mortgage loans held for sale, at fair value	66,555	76,124	44,345	41,496	45,604	–	–
Total loans (gross)	1,139,563	1,165,772	1,110,446	792,362	700,435	576,629	327,316
Allowance for loan losses	(14,186)	(10,798)	(14,162)	(10,023)	(8,848)	(7,549)	(7,122)
Total loans (net)	1,125,377	1,154,974	1,096,284	782,339	691,587	569,080	320,195
Premises and equipment, net	6,538	6,988	6,585	6,860	7,014	7,146	2,792
Other real estate owned	833	293	833	293	1,161	1,511	1,425
Servicing right, at lower of cost or market	4,223	2,435	3,704	2,105	720	–	–
Core deposit intangible	1,699	2,104	1,793	466	583	714	–
Goodwill	29,940	29,940	29,940	4,001	4,001	4,001	789
Total intangible assets	31,639	32,044	31,733	4,467	4,584	4,715	789
Cash surrender value of life insurance policies	32,142	21,538	21,958	21,398	20,819	20,211	–
Other assets	25,433	24,981	25,560	15,679	15,867	16,585	12,312
Total assets	$ 1,505,748	$ 1,448,572	$ 1,395,551	$ 1,023,084	$ 925,891	$ 723,410	$ 576,484
Liabilities:							
Noninterest-bearing deposits	$ 215,652	$ 153,664	$ 174,272	$ 114,647	$ 105,347	$ 89,129	$ 56,502
Interest-bearing deposits	1,032,605	1,077,623	978,491	738,770	662,018	484,949	386,176
Total deposits	1,248,257	1,231,287	1,152,763	853,417	767,365	574,079	442,678
FHLB advances	10,000	–	–	–	–	–	–
Long-term debt	49,419	40,150	49,383	–	–	–	–
Subordinated debentures	3,357	3,255	3,334	–	–	–	–
Other liabilities	11,219	6,908	8,486	6,022	6,545	11,339	25,693
Total liabilities	1,322,252	1,281,600	1,213,966	859,439	773,910	585,417	468,371

(Dollars in thousands, except per share data)	As of and for the Three Months Ended March 31, 2017	2016	As of and for the Year Ended December 31, 2016	2015	2014	2013	2012
Shareholders' equity:							
Common stock	142,651	141,873	142,651	141,873	136,212	125,707	102,365
Additional paid-in capital	8,615	7,920	8,417	7,706	6,373	5,201	3,817
Retained earnings	32,429	17,100	30,784	14,259	9,448	7,374	371
Accumulated other comprehensive income	(199)	80	(267)	(193)	(52)	(290)	1,561
Total shareholders' equity	183,496	166,973	181,585	163,645	151,981	137,992	108,113
Total liabilities and shareholders' equity	$ 1,505,748	$ 1,448,572	$ 1,395,551	$ 1,023,084	$ 925,891	$ 723,410	$ 576,484
Credit quality data:							
Loans 30-89 days past due	$ 2,525	$ 731	$ 343	$ 271	$ 4,431	$ 662	$ 122
Loans 30-89 days past due to total loans	0.22%	0.06%	0.03%	0.03%	0.63%	0.11%	0.04%
Nonperforming loans (1)	6,109	7,034	6,133	6,112	4,059	5,225	10,368
Nonperforming loans to total loans (1)	0.54	0.60	0.55	0.77	0.58	0.91	3.17
Nonperforming assets (2)	6,942	7,327	6,966	6,405	5,220	6,736	11,793
Nonperforming assets to total assets (2)	0.46	0.51	0.50	0.63	0.56	0.93	2.05
Allowance for loan losses to total loans (1)	1.24	0.93	1.28	1.26	1.26	1.31	2.18
Adjusted allowance for loan losses to total loans (3)	1.62	1.70	1.74	1.42	1.56	2.09	3.13
Allowance for loan losses to nonperforming loans (1)	232.22	153.51	230.91	163.99	217.98	144.48	68.69
Net charge-offs to average loans	– %	0.02%	0.08%	0.03%	0.02%	0.25%	– %
Selected income statement data:							
Interest and fees on loans	$ 16,033	$ 13,655	$ 65,888	$ 41,026	$ 36,614	$ 29,653	$ 20,967
Interest on investment securities	278	211	872	553	969	2,167	3,112
Interest on federal funds and other	448	233	1,429	934	566	251	367
Interest expense	3,245	2,064	11,707	6,936	4,522	3,367	4,410
Net interest income	13,514	12,035	56,482	35,577	33,627	28,704	20,035
Provision for loan losses	–	998	4,974	1,386	1,446	1,613	2,058
Net interest income after provision for loan losses	13,514	11,037	51,508	34,191	32,181	27,091	17,977
Noninterest income	2,432	1,351	8,966	7,862	5,496	3,377	2,323
Noninterest expense	6,578	7,682	27,906	20,084	20,112	18,154	13,259
Income before income taxes	9,368	4,706	32,568	21,969	17,565	12,314	7,042
Income tax expense	3,875	1,866	13,489	8,996	7,137	5,310	2,995
Net income	$ 5,493	$ 2,840	$ 19,079	$ 12,973	$ 10,428	$ 7,004	$ 4,047
Per share data (common stock):							
Earnings:							
Basic	$ 0.43	$ 0.22	$ 1.49	$ 1.02	$ 0.82	$ 0.60	$ 0.46
Diluted (4)	0.40	0.21	1.39	0.96	0.79	0.59	0.45
Dividends declared	0.30	–	0.20	0.25	–	–	–
Book value (5)	14.30	13.07	14.16	12.81	11.95	11.00	10.34
Tangible book value (6)	11.84	10.57	11.68	12.46	11.59	10.62	10.27
Weighted average shares outstanding:							
Basic	12,800,990	12,770,571	12,800,990	12,761,832	12,642,060	11,111,730	8,275,563
Diluted	13,695,900	13,669,857	13,695,900	13,552,682	13,170,685	11,377,372	8,340,881
Shares outstanding at period end	12,827,803	12,770,571	12,827,803	12,770,571	12,720,659	12,547,201	10,455,135
Adjusted earnings metrics:							
Adjusted earnings (6)	4,856	3,078	17,919	11,521	8,385	5,344	2,229
Adjusted diluted earnings per share (6)	0.35	0.23	1.31	0.85	0.64	0.45	0.25
Adjusted return on average assets (6)	1.37%	1.01%	1.32%	1.15%	1.04%	0.81%	0.39%
Adjusted return on average tangible common equity (6)	12.96	8.25	12.34	7.53	5.94	4.42	2.47

(Dollars in thousands, except per share data)	As of and for the Three Months Ended March 31, 2017	2016	As of and for the Year Ended December 31, 2016	2015	2014	2013	2012
Performance metrics:							
Return on average assets	1.55%	0.93%	1.41%	1.29%	1.29%	1.06%	0.70%
Return on average shareholders' equity	12.13	6.86	11.08	8.23	7.15	5.64	4.45
Return on average tangible common equity (6)	14.66	7.61	13.14	8.47	7.39	5.80	4.49
Yield on earning assets	5.04	4.93	5.35	4.44	5.01	5.14	4.41
Cost of average interest-bearing liabilities	1.24	0.93	1.15	0.96	0.82	0.77	1.09
Net interest spread	3.79	4.00	4.20	3.48	4.19	4.37	3.32
Net interest margin (7)	4.06	4.21	4.43	3.72	4.41	4.60	3.62
Adjusted net interest margin (6)	3.74	3.96	3.85	3.60	4.09	4.06	3.27
Efficiency ratio (8)	44.24	52.54	42.38	48.73	56.07	61.76	69.34
Common stock dividend payout ratio (9)	69.91	–	13.42	24.59	–	–	–
Loan to deposit ratio	91.29	94.68	96.33	92.85	91.28	100.44	73.94
Adjusted loan to deposit ratio (10)	94.84	95.27	102.13	98.65	92.45	102.53	80.60
Core deposits / total deposits (11)	69.23	69.24	67.83	66.55	66.12	73.55	71.37
Adjusted core deposits / total deposits (12)	76.11	81.74	78.47	76.15	75.37	94.24	89.98
Net non-core funding dependency ratio (13)	13.59	12.36	12.20	6.08	6.51	9.14	(0.71)
Adjusted net non-core funding dependency ratio (14)	9.18	13.66	21.95	14.83	10.27	0.96	(2.27)
Regulatory and other capital ratios—consolidated:							
Tangible common equity to tangible assets (6)	10.30%	9.53%	10.99%	15.63%	16.00%	18.54%	18.64%
Tier 1 leverage ratio	11.07	11.70	10.99	15.28	16.81	18.52	17.50
Tier 1 common capital to risk-weighted assets (15)	12.88	10.91	13.30	20.23	N/A	N/A	N/A
Tier 1 capital to risk-weighted assets	13.15	11.13	13.55	20.23	20.47	22.22	25.54
Total capital to risk-weighted assets	18.58	15.20	19.16	21.48	21.72	23.47	26.79
Regulatory capital ratios—bank only:							
Tier 1 leverage ratio	13.21	13.54	12.81	13.94	15.03	15.28	15.62
Tier 1 common capital to risk-weighted assets (15)	15.69	12.88	15.81	18.48	N/A	N/A	N/A
Tier 1 capital to risk-weighted assets	15.69	12.88	15.81	18.48	18.31	18.36	22.82
Total capital to risk-weighted assets	16.94%	13.77%	17.06%	19.73%	19.57%	19.61%	24.08%

(1) Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest and loans modified under troubled debt restructurings. Nonperforming loans exclude PCI loans acquired in prior acquisitions.
(2) Nonperforming assets include nonperforming loans and other repossessed assets. As discussed in footnote 1, above, nonperforming loans exclude PCI loans. This ratio may therefore not be comparable to a similar ratio of our peers.
(3) Adjusted allowance for loan losses included non-accreted credit discount on acquired loans through acquisitions.
(4) Earnings per share are calculated utilizing the two-class method. Basic earnings per share are calculated by dividing earnings to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share are calculated by dividing earnings by the weighted average number of shares adjusted for the dilutive effect of outstanding stock options using the treasury stock method.
(5) For purposes of computing book value per common share, book value equals total common shareholders' equity.
(6) Tangible book value per share, adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets, adjusted return on average tangible common equity, return on average tangible common equity, tangible common equity to tangible assets and adjusted net interest margin are non-GAAP financial measures. See "—Non-GAAP Financial Measures" for a reconciliation of these measures to their most comparable GAAP measures.
(7) Net interest margin is presented on a fully taxable equivalent, or FTE, basis
(8) Efficiency ratio represents noninterest expenses, as adjusted, divided by the sum of fully taxable equivalent net interest income plus noninterest income, as adjusted. Noninterest expense adjustments exclude integration and acquisition related expenses. Noninterest income adjustments exclude bargain purchase gains, realized gains or losses from the sale of investment securities, gains or losses on sale of other assets and CDFI Fund grant.
(9) Common stock dividend payout ratio represents dividends per share divided by basic earnings per share. See "Dividend Policy." The amount reflected for the three months ended March 31, 2017 reflects dividends declared during the fourth fiscal quarter of 2016 and paid during the first fiscal quarter of 2017.
(10) For the purposes of calculating the loan to deposit ratio, short-term loans with maturities of less than 90-days, specifically "Term Fed Funds" and purchased receivables are not included as loans as defined by the regulatory agencies.
(11) The Bank measures core deposits by reviewing all relationships over $250,000 on a quarterly basis. After discussions with our regulators on the proper way to measure core deposits, we now track all deposit relationships over $250,000 on a quarterly basis and consider a relationship to be core if there are: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at market interest rates; and (vii) longevity of the relationship with us. We consider all deposit relationships under $250,000 as a core relationship except for time deposits originated through an internet service. This differs from the traditional definition of core deposits

which is demand and savings deposits plus time deposits less than $250,000. As many of our customers have more than $250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of our deposit base.

(12) Adjusted core deposits ratio is a ratio management uses to measure core deposits. See “Selected Historical Consolidate Financial Data—Non-GAAP Financial Measures”.

(13) Net non-core funding dependency ratio represents the degree to which the Bank is funding longer term assets with non-core funds. We calculate this ratio as non-core liabilities, less short term investments, divided by long term assets.

(14) Adjusted non-core funding dependency ratio is a ratio management uses to measure dependency on non-core deposits. To determine non-core liabilities we review each deposit relationship using the criteria for determining whether a relationship is core as described in footnote 11 above.

(15) The Tier 1 common capital to risk-weighted assets ratio is required under the Basel III Final Rules, which became effective for the Company and the Bank on January 1, 2015. Accordingly, this ratio is shown as not applicable (“N/A”) for periods ending prior to January 1, 2015.

Non-GAAP Financial Measures

Some of the financial measures included in this prospectus are not measures of financial performance recognized by GAAP. These non-GAAP financial measures include “tangible common equity to tangible assets,” “tangible book value per share,” “return on average tangible common equity,” “adjusted earnings,” “adjusted diluted earnings per share,” “adjusted return on average assets,” and “adjusted return on average tangible common equity.” Our management uses these non-GAAP financial measures in its analysis of our performance.

Tangible Common Equity to Tangible Assets Ratio and Tangible Book Value Per Share. The tangible common equity to tangible assets ratio and tangible book value per share are non-GAAP measures generally used by financial analysts and investment bankers to evaluate capital adequacy. We calculate: (i) tangible common equity as total shareholders’ equity less goodwill and other intangible assets (excluding mortgage servicing rights); (ii) tangible assets as total assets less goodwill and other intangible assets; and (iii) tangible book value per share as tangible common equity divided by shares of common stock outstanding.

Our management, banking regulators, many financial analysts and other investors use these measures in conjunction with more traditional bank capital ratios to compare the capital adequacy of banking organizations with significant amounts of goodwill or other intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions. Tangible common equity, tangible assets, tangible book value per share and related measures should not be considered in isolation or as a substitute for total shareholders’ equity, total assets, book value per share or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate tangible common equity, tangible assets, tangible book value per share and any other related measures may differ from that of other companies reporting measures with similar names. The following table reconciles shareholders’ equity (on a GAAP basis) to tangible common equity and total assets (on a GAAP basis) to tangible assets, and calculates our tangible book value per share:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands, except per share data)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Tangible common equity:							
Total shareholders’ equity	$ 183,496	$ 166,973	$ 181,585	$ 163,645	$ 151,981	$ 137,992	$ 108,113
Adjustments							
Goodwill	(29,940)	(29,940)	(29,940)	(4,001)	(4,001)	(4,001)	(789)
Core deposit intangible	(1,699)	(2,104)	(1,793)	(466)	(583)	(714)	0
Tangible common equity	$ 151,857	$ 134,929	$ 149,852	$ 159,178	$ 147,397	$ 133,277	$ 107,324
Tangible assets:							
Total assets-gaap	1,505,748	1,448,572	1,395,551	1,023,084	925,891	723,410	576,484
Adjustments							
Goodwill	(29,940)	(29,940)	(29,940)	(4,001)	(4,001)	(4,001)	(789)
Core deposit intangible	(1,699)	(2,104)	(1,793)	(466)	(583)	(714)	0
Tangible assets	$ 1,474,109	$ 1,416,528	$ 1,363,818	$ 1,018,617	$ 921,307	$ 718,695	$ 575,695
Common shares outstanding	12,827,803	12,770,571	12,827,803	12,770,571	12,720,659	11,658,259	9,714,411
Tangible common equity to tangible assets ratio	10.30%	9.53%	10.99%	15.63%	16.00%	18.54%	18.64%
Tangible book value per share	$ 11.84	$ 10.57	$ 11.68	$ 12.46	$ 11.59	$ 10.62	$ 10.27

Return on Average Tangible Common Equity. Management measures return on average tangible common equity (ROATCE) to assess the Company's capital strength and business performance. Tangible equity excludes goodwill and other intangible assets (excluding mortgage servicing rights), and is reviewed by banking and financial institution regulators when assessing a financial institution's capital adequacy. This non-GAAP financial measure should not be considered a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures used by other companies. The following table reconciles return on average tangible common equity to its most comparable GAAP measure:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Net income available to common shareholders	$ 5,493	$ 2,840	$ 19,079	$ 12,973	$ 10,429	$ 7,004	$ 4,046
Average tangible common equity	183,666	166,410	172,140	157,615	145,781	124,103	90,872
Adjustments							
Goodwill	(29,940)	(15,158)	(25,167)	(4,001)	(4,001)	(2,804)	(789)
Core deposit intangible	(1,755)	(1,236)	(1,779)	(526)	(649)	(479)	–
Average tangible common equity	$151,971	$150,016	$145,194	$153,088	$141,131	$120,820	$90,083
Return on average tangible common equity	14.66%	7.61%	13.14%	8.47%	7.39%	5.80%	4.49%

Adjusted Earnings Metrics. Management uses the measure adjusted earnings to assess the performance of our core business and the strength of our capital position. We believe that this non-GAAP financial measure provides meaningful additional information about us to assist investors in evaluating our operating results. This non-GAAP financial measure should not be considered a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures used by other companies. The following table reconciles adjusted earnings, adjusted diluted earnings per share, adjusted return on average assets and adjusted return on average tangible common equity to their most comparable GAAP measures:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands, except per share data)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Income before taxes - GAAP	9,368	4,706	32,568	21,969	17,565	12,314	7,041
Adjustments to interest income							
Accretion of purchase discounts	(1,078)	(714)	(7,501)	(1,081)	(2,490)	(3,367)	(1,899)
Provision for loan losses	–	500	3,793	–	–	–	–
Adjustments to noninterest income							
Gain on sale of OREO	–	–	–	(1,218)	(493)	(460)	(761)
Gain on sale on investment securities, net	–	–	(19)	(78)	(268)	(179)	(162)
Bank enterprise award ("BEA") grant	–	–	–	–	–	–	(415)
Bargain purchase gain	–	–	–	–	–	–	–
Adjustments to other expenses							
Integration and acquisition expenses	–	762	1,746	75	–	815	–
Total adjustments to income	(1,078)	548	(1,981)	(2,302)	(3,251)	(3,191)	(3,237)
Adjusted earnings pre - tax	8,290	5,254	30,587	19,667	14,314	9,123	3,804
Adjusted taxes	3,434	2,176	12,668	8,146	5,929	3,779	1,576
Adjusted earnings non - GAAP	4,856	3,078	17,919	11,521	8,385	5,344	2,229
Adjusted diluted earnings per share	$ 0.35	$ 0.23	$ 1.31	$ 0.85	$ 0.64	$ 0.45	$ 0.25
Weighted average diluted common shares outstanding	13,695,900	13,669,857	13,695,900	13,552,682	13,170,685	11,874,808	8,937,413
Average assets	1,436,836	1,227,052	1,357,234	1,002,422	809,784	658,515	575,694
Adjusted return on average assets	1.37%	1.01%	1.32%	1.15%	1.04%	0.81%	0.39%
Average tangible common equity	151,971	150,016	145,194	153,088	141,131	120,820	90,083
Adjusted return on average tangible common equity	12.96%	8.25%	12.34%	7.53%	5.94%	4.42%	2.47%

Adjusted allowance for loan losses to total loans ratio. Management uses the measure adjusted allowance for loan losses to total loans ratio to assess the strength of our allowance for loan losses position. We believe that this non-GAAP financial measure provides meaningful additional information about us to assist investors in evaluating our operating results. This non-GAAP financial measure should not be considered a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled measures used by other companies. The following table reconciles adjusted allowance for loan losses to total loans to the reported allowance for loan losses to total loans:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Adjusted allowance for loan losses to total loans							
Allowance for loan losses	$ 14,186	$ 10,798	$ 14,162	$ 10,023	$ 8,848	$ 7,549	$ 7,122
Adjustment							
Unaccreted credit discounts to total loans	4,304	8,974	5,124	1,216	2,104	4,158	2,739
Adjusted allowance for loan losses	18,490	19,772	19,286	11,239	10,952	11,707	9,861
Total loans	1,139,563	1,165,773	1,110,446	792,362	700,436	576,629	327,316
Adjusted allowance for loan losses to total loans	1.62%	1.70%	1.74%	1.42%	1.56%	2.03%	3.01%

Adjusted Yield on Loans and Adjusted Net Interest Margin. Management uses the measures adjusted yield on loans and adjusted net interest margin to assess the impact of purchase accounting on the yield on loans and net interest margin, excluding loan accretion from acquired loans. This metric better assesses our net interest margin by making it comparable to banks that do not acquire financial institutions. The impact of purchase accounting on yield on loans and net interest margin is expected to decrease as the acquired loans mature or roll off of our balance sheet. We have a guideline to achieve an adjusted net interest margin of 3.5%. We believe that these non-GAAP financial measures provide meaningful additional information about us to assist investors in evaluating our operating results. These non-GAAP financial measures should not be considered substitutes for results determined in accordance with GAAP and may not be comparable to other similarly titled measures used by other companies. The following table reconciles adjusted yield on loans and adjusted net interest margin to their most comparable GAAP measure:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands, except per share data)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Adjusted yield on loans and adjusted net interest margin							
Reported yield on loans	5.51%	5.37%	5.81%	5.14%	5.54%	6.27%	6.88%
Effect of accretion income on acquired loans	(0.39)	(0.30)	(0.69)	(0.14)	(0.38)	(0.71)	(0.62)
Adjusted yield on loans	5.12%	5.07%	5.12%	5.00%	5.17%	5.56%	6.26%
Reported net interest margin	4.06%	4.21%	4.43%	3.72%	4.41%	4.60%	3.62%
Effect of accretion income on acquired loans	(0.32)	(0.25)	(0.59)	(0.11)	(0.33)	(0.54)	(0.34)
Adjusted net interest margin	3.74%	3.96%	3.85%	3.60%	4.09%	4.06%	3.27%

Regulatory Reporting to Financial Statements

Some of the financial measures included in this prospectus differ from those reported on the FRB Y-9(c) report. These financial measures include “core deposits to total deposits” and “net non-core funding dependency ratio”. Our management uses these financial measures in its analysis of our performance.

Core Deposits to Total Deposits Ratio. The Bank measures core deposits by reviewing all relationships over $250,000 on a quarterly basis. After discussions with our regulators on the proper way to measure core deposits, we now track all deposit relationships over $250,000 on a quarterly basis and consider a relationship to be core if there are: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at

market interest rates; and (vii) longevity of the relationship with us. We consider all deposit relationships under $250,000 as a core relationship except for time deposits originated through an internet service. This differs from the traditional definition of core deposits which is demand and savings deposits plus time deposits less than $250,000. As many of our customers have more than $250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of our deposit base. The following table reconciles the adjusted core deposit to total deposits.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
(Dollars in thousands, except per share data)							
Adjusted core deposit to total deposit ratio and net non-core funding dependency ratio							
Core deposits (1)	$ 864,132	$ 852,519	$ 781,940	$567,980	$507,376	$422,252	$315,943
Adjustments to core deposits:							
CD > $250,000 considered core deposits (2)	364,364	236,780	506,808	174,038	115,572	118,756	82,373
Less internet and other deposit originator deposits < $250,000 considered non-core (3)	(48,810)	(39,058)	(30,971)	(21,418)	(44,562)	–	–
Less other deposits not considered core (4)	(229,678)	(43,813)	(171,800)	(70,759)	–	–	–
Adjusted core deposits	950,008	1,006,428	904,622	649,840	578,387	541,008	398,316
Total deposits	1,248,257	1,231,287	1,152,763	853,417	767,364	574,078	442,678
Adjusted core deposits to total deposits ratio	76.11%	81.74%	78.47%	76.15%	75.37%	94.24%	89.98%

(1) Core deposits comprise all demand and savings deposits of any amount plus time deposits less than $250,000.
(2) Comprised of time deposits to core customers over $250,000 as defined in the lead-in to the table above.
(3) Comprised of internet and outside deposit originator time deposits less than $250,000 which are not considered to be core deposits.
(4) Comprised of demand and savings deposits in relationships over $250,000 which are considered non-core deposits because they do not satisfy the definition of core deposits set forth in the lead-in to the table above.

Net Non-Core Funding Dependency Ratio. Management measures net non-core funding dependency ratio by using the data provided under "–Core Deposits to Total Deposits Ratio" on page 57 to make adjustments to the traditional definition of net non-core funding dependency ratio. The traditional net non-core funding dependency ratio measures non-core funding sources less short term assets divided by total earning assets. The ratio indicates the dependency of the Company on non-core funding. The following table reconciles the adjusted net non-core dependency ratio.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands, except per share data)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Non-core deposits (1)	$ 384,125	$ 378,768	$ 370,823	$ 285,437	$ 259,988	$ 151,826	$126,735
Adjustment to non-core deposits:							
Less CD > $250,000 considered core deposits (2)	(364,364)	(236,780)	(325,453)	(174,038)	(115,572)	(118,756)	(82,373)
Internet and other deposit originator deposits considered non-core (3)	48,810	39,058	30,971	21,418	44,562	–	–
Other deposits not considered core (4)	229,678	43,813	171,800	70,759	–	–	–
Adjusted to non-core deposits	298,249	224,859	248,141	203,577	188,977	33,070	44,362
Short-term borrowings outstanding (5)	10,000	–	–	–	–	–	–
Adjusted non-core liabilities (A)	308,249	268,672	419,941	274,336	188,977	33,070	44,362
Short-term assets (6)	154,190	79,469	108,537	113,224	98,556	26,594	57,172
Adjustment to short term assets:							
Purchased receivables with maturities less than 90-days	24,230	2,268	22,368	16,012	–	–	–
Adjusted short term assets (B)	178,420	81,737	130,905	129,236	98,556	26,594	57,172
Net non-core funding (A-B)	129,829	186,935	289,036	145,099	90,422	6,476	(12,811)
Total earning assets	1,413,506	1,368,641	1,316,651	978,743	880,038	675,478	563,818
Adjusted net non-core funding dependency ratio	9.18%	13.66%	21.95%	14.83%	10.27%	0.96%	(2.27)%

(1) Non-core deposits are time deposits greater than $250,000 which is the traditional definition of non-core deposits.
(2) Comprised of time deposits to core customers over $250,000 as defined in the lead-in to the table under "–Core Deposits to Total Deposits Ratio".
(3) Comprised of Internet and outside deposit originator time deposits less than $250,000 which are not considered to be core deposits.
(4) Comprised of demand and savings deposits in relationships over $250,000 which are considered non-core deposits because they do not satisfy the definition of core deposits set forth in the lead-in to the table under "–Core Deposits to Total Deposits Ratio".
(5) Short-term borrowings consist of our FHLB advances.
(6) Short-term assets include cash equivalents and investments with maturities of less than one year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the "Selected Historical Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Certain risks, uncertainties and other factors, including but not limited to those set forth under "Cautionary Note Regarding Forward-Looking Statements," "Risk Factors" and elsewhere in this prospectus, may cause actual results to differ materially from those projected in the forward looking statements. We assume no obligation to update any of these forward-looking statements.

Our Company

Royal Business Bank began operations in 2008 as a California state-chartered commercial bank located in Los Angeles, California. The Bank was established by Alan Thian and a group of very experienced bankers who planned to capitalize on the general dissatisfaction that many customers had with the nature and level of services that were being provided by existing Asian-American and Chinese-American banks. We adopted a strategic plan focused on providing a broad array of traditional community banking services and other complementary financial services, including commercial and industrial lending that includes trade finance, commercial real estate lending, and SBA lending. In more recent years, we have also originated a significant amount of non-conforming single-family residential mortgage loans, a portion of which we accumulate and sell to other banks. We target our product offerings and services to first generation immigrants of various Asian ethnicities who desire to establish their own businesses, purchase a home and/or educate their children in the United States.

In January 2011, we established RBB Bancorp as our holding company and we began to review potential acquisition candidates. Since July 2011, we have acquired four banking institutions, adding an aggregate of $754.8 million and $657.7 million in total assets and total deposits, respectively. We intend to continue to pursue growth opportunities, both organically as well as through acquisitions that meet our criteria to the extent that they are beneficial to our long-term growth strategy for both loans and deposits, provided that such acquisitions are accretive to our earnings in the immediate to short-term. We have supplemented our capital base by raising over $54 million in common stock in 2012 from investors, many of whom were original shareholders of the Bank, and in 2016, by raising $50 million in subordinated notes.

The Bank currently operates 13 branches across three separate regions: Los Angeles County, California; Ventura County, California; and Clark County, Nevada. We currently have ten branches in Los Angeles County, located in downtown Los Angeles, San Gabriel, Torrance, Rowland Heights, Monterey Park, Silverlake, Arcadia, Cerritos, Diamond Bar, and west Los Angeles. We have two branches in Ventura County, located in Oxnard and Westlake Village, and one branch in Las Vegas, Nevada.

As of March 31, 2017, the Company had total consolidated assets of $1.5 billion, total consolidated deposits of $1.2 billion and total consolidated shareholders' equity of $183.5 million.

Primary Factors Affecting Comparability

Each factor listed below materially affects the comparability of our results of operations and financial condition at and for the three months ended March 31, 2017 and 2016 and at and for the years ended December 31, 2016, 2015 and 2014, and may affect the comparability of financial information we report in future fiscal periods.

Recent Acquisitions. We have completed four acquisitions in recent years, but the results and other financial data of these acquired operations are not included in our financial results for the periods prior to their

respective acquisition dates. Therefore, the financial data for these prior periods is not comparable in all respects and is not necessarily indicative of our future results. The following table summarizes our completed acquisitions since December 31, 2010:

Date	Target	Type	Description and Highlights
February 2016	TFC Holding Company *Alhambra, CA*	Holding Company	Significantly expanded presence in Los Angeles metropolitan area through the addition of three full-service banking offices.
May 2013	Los Angeles National Bank *Buena Park, CA*	Whole Bank	Significantly expanded presence in Los Angeles metropolitan area through the addition of three full-service banking offices.
September 2011	Ventura County Business Bank *Oxnard, CA*	Whole Bank	Expanded our marketing area to Ventura County, California through the addition of two full-service banking offices.
July 2011	First Asian Bank *Las Vegas, NV*	Whole Bank	Expanded our marketing area to Clark County, Nevada through the addition of one full-service banking office.

Capital Transactions. We consummated two significant capital transactions to support our organic growth and acquisition activity. Each of the following capital raising transactions affected the comparability of our results of operations and financial condition of prior periods to post-transaction periods and may affect the comparability of financial information we report in future fiscal periods.

In March 2016, we issued $50.0 million of Tier 2 qualifying subordinated notes with a maturity date of April 1, 2021 at a fixed interest rate of 6.50% for the first five years and a floating rate based on the three-month LIBOR plus 516 basis points thereafter.

During the period between May 2012 and March 2013, we issued 4,500,000 shares of our common stock in a private placement offering to support future acquisitions, which increased shareholders' equity by $53.9 million.

Accretion of Loan Discounts. In every bank acquisition acquired loans are valued at fair market value creating either a net discount or premium. Each loan has two types of adjustments, a credit discount and a market discount or premium. We have booked a net discount on all loans acquired in our acquisitions and the discount is accreted over the life of the loans. We also compare the credit discount to the allowance for loan losses calculated on the purchased loans and if the allowance for loan losses on purchased loans is greater than the discount, we will provide additional provisions for loan losses. The accretion of the discounts will cause fluctuations to our net interest margin and may affect the comparability of financial information we report in future fiscal periods. In addition, our allowance for loan losses to loans ratio may not be comparable to other banks without credit discounts. We accreted into income $1.1 million and $714,000 of loan discounts as of the three months ended March 31, 2017 and 2016, respectively, and $7.5 million, $1.1 million and $2.5 million for the years ended December 31, 2016, 2015 and 2014, respectively. As of March 31, 2017, we had $7.0 million and as of December 31, 2016 we had $8.1 million in unaccreted discounts recorded.

Our net interest margin benefits from accretion income associated with purchase accounting discounts established on purchased loans included in our acquisitions. For the three months ended March 31, 2017 and 2016, our reported net interest margin was 4.1% and 4.2%, respectively, and 4.4%, 3.7% and 4.4% for the years

ended December 31, 2016, 2015 and 2014, respectively. Our net interest margin for the three months ended March 31, 2017 and 2016, excluding the impact of accretion income, would have been reduced to 3.7% and 4.0%, respectively, for the three months ended March 31, 2017 and 2016, and 3.9% 3.6% and 4.1% for the years ended December 31, 2016, 2015 and 2014, respectively. We currently consider an adjusted net interest margin of 3.5% as our goal.

Primary Factors Used to Evaluate Our Business

Results of operations. In addition to net income, the primary factors we use to evaluate and manage our results of operations include net interest income, noninterest income and noninterest expense.

Net interest income. Net interest income represents interest income less interest expense. We generate interest income from interest, dividends and fees received on interest-earning assets, including loans and investment securities we own. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, borrowings and other forms of indebtedness. Net interest income typically is the most significant contributor to our revenues and net income. To evaluate net interest income, we measure and monitor: (i) yields on our loans and other interest-earning assets; (ii) the costs of our deposits and other funding sources; (iii) our net interest spread; (iv) our net interest margin; and (v) our provisions for loan losses. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is calculated as the annualized net interest income divided by average interest-earning assets. Because noninterest-bearing sources of funds, such as noninterest-bearing deposits and shareholders' equity, also fund interest-earning assets, net interest margin includes the benefit of these noninterest-bearing sources.

Changes in market interest rates and interest we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities and shareholders' equity, usually have the largest impact on periodic changes in our net interest spread, net interest margin and net interest income. We measure net interest income before and after the provision for loan losses we maintain.

Noninterest Income. Noninterest income consists of, among other things: (i) service charges, fees and other, including trade finance fees; (ii) gains on sale of loans; (iii) loan servicing income; (iv) recoveries on loans acquired in business combinations; (v) Increase in cash surrender of life insurance; (vi) gains on sales of securities; and (vii) gains on sales of OREO.

Our income from service charges on deposit accounts is largely impacted by the volume, growth and type of deposits we hold, which are impacted by prevailing market conditions for our deposit products, our marketing efforts and other factors.

Our gains on sale of loans are primarily from sales of single-family residential mortgage loans and SBA loans. Our gains on sale of loans may be effected by changes in interest rates and general market conditions. Our servicing income, net of amortization is also, primarily from our single-family residential mortgages and SBA loan servicing portfolio. Our servicing income, net of amortization, may be effected by interest rate changes. Typically, when interest rates decrease, single-family residential mortgages pay off faster, resulting in a decrease in servicing income. The opposite is true with SBA loans, as increases in interest rates result in faster SBA loans payoffs, and decrease in servicing income from the existing SBA loan servicing portfolio.

Recoveries on loans acquired in business combinations are loan payments on loans that were fully charged-off prior to our acquisition of the acquired bank. Recoveries on loans acquired in a business combination tend to decrease over time as fully charged-off loans are recovered in full.

Our income from increases in cash surrender of life insurance is generated on bank owned life insurance. Our gains on sales of securities is income from the sale of securities within our securities portfolio and is

dependent on U.S. Treasury interest rates. As Treasury rates increase, our security portfolio decreases in market value and as Treasury rates decrease, our securities portfolio increases in value. Our gain on sale on OREO reflects the selling price of repossessed real estate collateral, reduced by the book value of the asset and selling cost. Gains on OREO are dependent on the current real estate market and the number of repossessed properties.

Noninterest expense. Noninterest expense includes, among other things: (i) salaries and employee benefits; (ii) occupancy and equipment expenses; (iii) data processing expense; (iv) legal and professional expenses; (v) office expenses; (vi) marketing and business promotion expense; (vii) insurance and regulatory assessments; (viii) amortization of intangibles; (ix) OREO expenses, net of income; and (x) other expenses.

Salaries and employee benefits includes compensation, employee benefits and tax expenses for our personnel. Occupancy expense includes depreciation expense on our owned properties, lease expense on our leased properties and other occupancy-related expenses. Equipment expense includes furniture, fixtures and equipment related expenses. Data processing expenses include expenses paid to our third-party data processing system provider and other data service providers. Legal and professional fees include legal, accounting, consulting and other outsourcing arrangements. Office expenses include telephone, office supplies and postage and delivery expenses. Marketing and business promotion expense includes costs for advertising, promotions and sponsorships. Insurance and regulatory assessments includes FDIC insurance premiums, DBO fees and corporate insurance premiums. Amortization of intangible assets primarily represents the amortization of core deposit intangibles, which we recognized in connection with our acquisitions. OREO expenses are expenses to maintain OREO properties or prepare such properties for sale, net of any income generated from such properties. Other expenses include expenses associated with travel, meals, training, directors fees, and merger expenses. Noninterest expenses generally increase as we grow our business. Noninterest expenses have increased significantly over the past few years as we have grown organically and completed four acquisitions, and as we have built out and modernized our operational infrastructure and implemented our plan to build an efficient banking operation with significant capacity for growth.

Primary Factors Used to Evaluate Our Financial Condition

The primary factors we use to evaluate and manage our financial condition include asset quality, capital and liquidity.

Asset Quality. We manage the diversification and quality of our assets based upon factors that include the level, distribution, severity and trend of problem, classified, delinquent, nonaccrual, nonperforming and restructured assets, the adequacy of our allowance for loan losses, or the allowance, the diversification and quality of loan and investment portfolios, the extent of counterparty risks, credit risk concentrations and other factors.

Capital. Financial institution regulators have established guidelines for minimum capital ratios for banks, thrifts and bank holding companies. During the first quarter of 2015, we adopted the new Basel III regulatory capital framework as approved by federal banking agencies, which are subject to a multi-year phase-in period. The adoption of this new framework modified the calculation of the various capital ratios, added a new ratio, common equity Tier 1, and revised the adequately and well capitalized thresholds. In addition, Basel III establishes a new capital conservation buffer of 2.5% of risk-weighted assets, which is phased-in over a four-year period beginning January 1, 2016. Our capital ratios at March 31, 2017 exceeded all of the current well capitalized regulatory requirements.

We manage capital based upon factors that include: (i) the level and quality of capital and our overall financial condition; (ii) the trend and volume of problem assets; (iii) the adequacy of discounts and reserves; (iv) the level and quality of earnings; (v) the risk exposures in our balance sheet; (vi) the levels of Tier 1 and total capital; (vii) the Tier 1 capital ratio, the total capital ratio, the Tier 1 leverage ratio, and the common equity Tier 1 capital ratio; and (viii) other factors.

Liquidity. Our deposit base consists primarily of business accounts and deposits from the principals of such businesses. As a result, we have many depositors with balances over $250,000. (see "—Financial Condition—Deposits" on page 98). We manage liquidity based upon factors that include the amount of core deposit relationships as a percentage of total deposits, the level of diversification of our funding sources, the allocation and amount of our deposits among deposit types, the short-term funding sources used to fund assets, the amount of non-deposit funding used to fund assets, the availability of unused funding sources, off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the amount of cash and liquid securities we hold, the re-pricing characteristics and maturities of our assets when compared to the re-pricing characteristics of our liabilities and other factors.

Material Trends and Developments

Economic and Interest Rate Environment. The results of our operations are highly dependent on economic conditions and market interest rates. Beginning in 2007, turmoil in the financial sector resulted in a reduced level of confidence in financial markets among borrowers, lenders and depositors, as well as extreme volatility in the capital and credit markets. In response to these conditions, the Federal Reserve began decreasing short-term interest rates, with eleven consecutive decreases totaling 525 basis points between September 2007 and December 2008. Since the recession ended in 2009, the economic conditions in the U.S. and our primary market areas have improved. Economic growth has been modest, the real estate market continues to recover and unemployment rates in the U.S. and our primary markets have significantly improved. The Federal Reserve has maintained historically low interest rates since their last decrease in December 2008. Since December 2015, the Federal Reserve raised short-term interest rates three times with three 25 basis point increases.

Community Banking. We believe the most important trends affecting community banks in the United States over the foreseeable future will be related to heightened regulatory capital requirements, increasing regulatory burdens generally, including the continuing implementation of the Dodd-Frank Act and the regulations to be promulgated thereunder, and continuing interest margin compression. We expect that community banks will face increased competition for lower cost capital as a result of regulatory policies that may offer larger financial institutions greater access to government assistance than is available for smaller institutions, including community banks. We expect that troubled community banks will continue to face significant challenges when attempting to raise capital. We also believe that heightened regulatory capital requirements will make it more difficult for even well-capitalized, healthy community banks to grow in their communities by taking advantage of opportunities in their markets that result as the economy improves. We believe these trends will favor community banks that have sufficient capital, a diversified business model and a strong deposit franchise, and we believe we possess these characteristics.

We also believe that increased regulatory burdens will have a significant adverse effect on smaller community banks, which often lack the personnel, experience and technology to efficiently comply with new regulations in a variety of areas in the banking industry, including in the areas of deposits, lending, compensation, information security and overdraft protection. We believe the increased costs to smaller community banks from a more complex regulatory environment, especially those institutions with less than $500 million in total assets but also, to a lesser extent, institutions with between $500 million and $1 billion in total assets, coupled with challenges in the real estate lending area, present attractive acquisition opportunities for larger community banks that have already made significant investments in regulatory compliance and risk management and can acquire and quickly integrate these smaller institutions into their existing platform. Furthermore, we believe that, as a result of our significant operational investments and our experience acquiring other institutions and quickly integrating them into our organization, we are well positioned to capitalize on the challenges facing smaller community banks.

We continue to believe we have significant opportunities for further growth through additional acquisitions of other banks, selective *de novo* opportunities, the hiring of banking professionals from other organizations and organic growth within our existing branch network. We also believe we have the necessary experience, management and infrastructure to take advantage of these growth opportunities.

General and Administrative Expenses. We expect to continue incurring increased noninterest expense attributable to general and administrative expenses as a result of transaction-related expenses from our recent and future acquisitions, if any, including the costs of integrating acquired assets and operations into our organization, expenses related to building out and modernizing our operational infrastructure, marketing and other administrative expenses to execute our strategic initiatives, costs associated with establishing *de novo* branch facilities, expenses to hire additional personnel and other costs required to continue our growth.

Credit Reserves. One of our key operating objectives has been, and continues to be, maintenance of an appropriate level of reserve protection against probable losses in our loan portfolio. As noted above, we record purchased loans from acquisitions at estimated fair value on their acquisition date without a carryover of the related allowance for loan losses. Our allowance for loan losses as a percentage of total loans increased at December 31, 2016 to 1.28% from 1.26% as of December 31, 2015, which was the same for December 31, 2014. The allowance for loan losses as a percentage of total loans as of March 31, 2017 was 1.2% compared to 0.9% as of March 31, 2016. Each loan we acquire through an acquisition has an associated credit discount, which reflects the probability of loss. When we calculate an allowance for loan losses on such acquired loans, we compare such amount to the total amount of unaccreted discounts. If the total of all the discounts is greater than the calculated allowance for loan losses for such portfolio of acquired loans, no additional reserve is taken by management. Management internally accounts for the unaccreted balance of the loan discounts by adding to the allowance for loan losses. We refer to this as “an adjusted allowance for loan losses.” The adjusted allowance for loan losses as a percentage of total loans as of March 31, 2017 was 1.6% compared to 1.7% as of March 31, 2016. The adjusted allowance for loan losses as a percentage of total loans was 1.7%, 1.4% and 1.5% for the years ended December 31, 2016, 2015 and 2014, respectively.

Regulatory Environment. As a result of regulatory changes, including the Dodd-Frank Act and Basel III, as well as regulatory changes resulting from becoming a publicly traded company, we expect to be subject to more restrictive capital requirements, more stringent asset concentration and growth limitations and new and potentially heightened examination and reporting requirements. We also expect to face a more challenging environment for customer loan demand due to the increased costs that could be ultimately borne by borrowers, and to incur higher costs to comply with these new regulations. This uncertain regulatory environment could have a detrimental impact on our ability to manage our business consistent with historical practices and cause difficulty in executing our growth plan. See “Risk Factors—Risks Related to Our Business” and “Supervision and Regulation.”

Average Balance Sheet, Interest and Yield/Rate Analysis

The following tables present average balance sheet information, interest income, interest expense and the corresponding average yields earned and rates paid for the three months ended March 31, 2017 and 2016 and the years ended December 31, 2016, 2015 and 2014. The average balances are principally daily averages and, for loans, include both performing and nonperforming balances. Interest income on loans includes the effects of discount accretion and net deferred loan origination costs accounted for as yield adjustments.

	Three Months Ended March 31,					
	2017			2016		
(Tax-equivalent basis, dollars in thousands)	Average Balance	Interest and Fees	Yield / Rate	Average Balance	Interest and Fees	Yield / Rate
Earning assets:						
Federal funds sold, cash equivalents and other (1)	$ 118,250	$ 448	1.54%	$ 90,043	$ 233	1.04%
Securities (2)						
Available for sale	38,846	217	2.27	25,260	145	2.31
Held to maturity	6,211	61	3.98	6,675	66	3.98
Mortgage loans held for sale	51,748	621	4.87	63,222	769	4.89
Loans held for investment:						
Real estate	765,675	10,810	5.73	668,776	9,211	5.54
Commercial	368,907	4,602	5.06	296,671	3,675	4.98
Total loans (3)(4)	1,134,582	15,412	5.51	965,447	12,886	5.37
Total earning assets	1,349,637	$ 16,759	5.04	1,150,647	$ 14,099	4.93
Noninterest-earning assets	87,199			76,405		
Total assets	1,436,836			1,227,052		
Interest-bearing liabilities						
NOW and money market deposits	267,079	435	0.66%	255,606	396	0.63%
Savings deposits	34,145	39	0.46	32,411	39	0.49
Time deposits	692,910	1,850	1.08	610,391	1,607	1.07
Total interest-bearing deposits	994,134	2,324	0.95	898,409	2,042	0.92
FHLB short-term advances	10,278	17	0.67	2,143	2	0.38
Long-term debt	49,395	848	6.96	911	7	3.13
Subordinated debentures	3,343	56	6.79	1,502	13	3.52
Total interest-bearing liabilities	1,057,150	$ 3,245	1.24	902,964	$ 2,064	0.93
Noninterest-bearing liabilities						
Noninterest-bearing deposits	185,757			116,786		
Other noninterest-bearing liabilities	10,263			40,892		
Total noninterest-bearing liabilities	196,020			157,678		
Shareholders' equity	183,666			166,410		
Total liabilities and shareholders' equity	$1,436,836			$1,227,052		
Net interest income / interest rate spreads		$ 13,514	3.79%		$ 12,035	4.00%
Net interest margin			4.06%			4.21%

(1) Includes income and average balances for FHLB stock, term federal funds, interest-earning time deposits and other miscellaneous interest-earning assets.
(2) We have an insignificant amount of tax-exempt loans and securities, less than $1 million. Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis as of March 31, 2017 and 2016.
(3) Average loan balances include nonaccrual loans and loans held for sale. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.

(4) Includes purchased receivables, which are short term loans made to investment grade companies and are used for cash management purposes by the Company.

(Tax-equivalent basis, dollars in thousands)	Year Ended December 31, 2016 Average Balance	2016 Interest and Fees	2016 Yield / Rate	2015 Average Balance	2015 Interest and Fees	2015 Yield / Rate	2014 Average Balance	2014 Interest and Fees	2014 Yield / Rate
Earning assets:									
Federal funds sold, cash equivalents and other (1)	$ 91,979	$ 1,429	1.55%	$ 127,422	$ 934	0.73%	$ 52,694	$ 566	1.07%
Securities (2)									
Available for sale	30,464	624	2.05	18,859	290	1.54	39,501	705	1.78
Held to maturity	6,338	248	3.91	6,695	263	3.93	6,727	264	3.92
Mortgage loans held for sale	64,638	3,120	4.83	49,035	2,182	4.45	2,913	–	–
Loans held for investment:									
Real estate	739,679	45,655	6.17	519,862	28,479	5.48	492,874	29,839	6.05
Commercial	340,769	17,113	5.02	235,774	10,365	4.40	167,492	6,775	4.04
Total loans (3)(4)	1,080,448	62,768	5.81	755,636	38,844	5.14	660,366	36,614	5.54
Total earning assets	1,273,867	$ 68,189	5.35	957,647	$ 42,513	4.44	762,201	$ 38,149	5.01
Noninterest-earning assets	83,367			44,775			47,583		
Total assets	1,357,234			1,002,422			809,784		
Interest-bearing liabilities									
NOW and money market deposits	271,320	1,813	0.67%	192,885	1,168	0.61%	154,914	845	0.55%
Savings deposits	34,149	162	0.47	31,882	175	0.55	41,204	259	0.63
Time deposits	665,804	6,968	1.05	498,384	5,592	1.12	353,555	3,412	0.97
Total interest-bearing deposits	971,273	8,943	0.92	723,151	6,935	0.96	549,673	4,516	0.82
FHLB short-term advances	6,494	35	0.54	430	1	0.23	3,321	6	0.18
Long-term debt	37,113	2,547	6.86	–	–	–	–	–	–
Subordinated debentures	2,820	182	6.45	–	–	–	–	–	–
Total interest-bearing liabilities	1,017,700	11,707	1.15	723,581	6,936	0.96	552,994	4,522	0.82
Noninterest-bearing liabilities									
Noninterest-bearing deposits	151,441			114,180			105,368		
Other noninterest-bearing liabilities	15,953			7,046			5,641		
Total noninterest-bearing liabilities	167,394			121,226			111,009		
Shareholders' equity	172,140			157,615			145,781		
Total liabilities and shareholders' equity	$1,357,234			$1,002,422			$809,784		
Net interest income / interest rate spreads		$ 56,482	4.20%		$ 35,577	3.48%		$ 33,627	4.19%
Net interest margin			4.43%			3.72%			4.41%

(1) Includes income and average balances for FHLB stock, term federal funds, interest-earning time deposits and other miscellaneous interest-earning assets.
(2) We have an insignificant amount of tax-exempt loans and securities, less than $1 million. Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis as of December 31, 2016, 2015 and 2014.
(3) Average loan balances include nonaccrual loans and loans held for sale. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.
(4) Includes purchased receivables, which are short term loans made to investment grade companies and are used for cash management purposes by the Company.

Interest Rates and Operating Interest Differential

Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in average interest rates. The following tables show the effect that these factors had on the interest earned on our interest-earning assets and the interest incurred on our interest-bearing liabilities. The effect of changes in volume is determined by

multiplying the change in volume by the previous period's average rate. Similarly, the effect of rate changes is calculated by multiplying the change in average rate by the previous period's volume. Changes which are not due solely to volume or rate have been allocated to these categories based on the respective percent changes in average volume and average rate as they compare to each other.

	Three Months Ended March 31, 2017 Compared with Three Months Ended March 31, 2016		
	Change due to:		
(Tax-equivalent basis, dollars in thousands)	Volume	Rate	Interest Variance
Earning assets:			
Federal funds sold, cash equivalents and other (1)	$ 73	$ 142	$ 215
Securities (2)			
Available for sale	7,842	(7,770)	72
Held to maturity	(461)	456	(5)
Mortgage loans held for sale	(14,033)	13,885	(148)
Loans held for investment:			
Real estate	134,192	(132,593)	1,599
Commercial	89,974	(89,047)	927
Total loans (3)(4)	226,988	(224,462)	2,526
Total earning assets	$245,164	($ 242,504)	$ 2,660
Interest-bearing liabilities			
NOW and money market deposits	$ 18	$ 21	$ 39
Savings deposits	212	(212)	–
Time deposits	22,087	(21,844)	243
Total interest-bearing deposits	22,120	(21,838)	282
FHLB short-term advances	772	(757)	15
Long-term debt	37,888	(37,047)	841
Subordinated debentures	1,619	(1,576)	43
Total interest-bearing liabilities	$ 35,831	($ 34,650)	$ 1,181
Net interest	$209,333	($ 207,854)	$ 1,479

(1) Includes income and average balances for FHLB stock, term federal funds interest-bearing time deposits and other miscellaneous interest-bearing assets.
(2) We have an insignificant amount of tax-exempt loans and securities, less than $1 million. Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis as of March 31, 2017 and 2016.
(3) Average loan balances include nonaccrual loans and loans held for sale. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.
(4) Includes purchased receivables, which are short term loans made to investment grade companies and are used for cash management purposes by the Company.

(Tax-equivalent basis, dollars in thousands)	Year Ended December 31, 2016 Compared with Year Ended December 31, 2015			Year Ended December 31, 2015 Compared with Year Ended December 31, 2014		
	Change due to:			Change due to:		
	Volume	Rate	Interest Variance	Volume	Rate	Interest Variance
Earning assets:						
Federal funds sold, cash equivalents and other (1)	($ 260)	$ 755	$ 495	$ 803	($ 435)	$ 368
Securities (2)						
Available for sale	17,845	(17,511)	334	(36,841)	36,426	(415)
Held to maturity	(1,402)	1,387	(15)	(126)	125	(1)
Mortgage loans held for sale	69,432	(68,494)	938	–	2,182	2,182
Loans held for investment:						
Real estate	1,204,198	(1,187,022)	17,176	163,385	(164,745)	(1,360)
Commercial	461,576	(454,828)	6,748	276,199	(272,609)	3,590
Total loans (3)(4)	1,669,720	(1,645,796)	23,924	528,222	(525,992)	2,230
Total earning assets	$ 1,403,802	($ 1,378,126)	$ 25,676	$ 978,229	($ 973,865)	$ 4,364
Interest-bearing liabilities						
NOW and money market deposits	$ 475	$ 170	$ 645	$ 207	$ 116	$ 323
Savings deposits	1,244	(1,257)	(13)	(5,860)	5,776	(84)
Time deposits	187,850	(186,474)	1,376	139,768	(137,588)	2,180
Total interest-bearing deposits	237,948	(235,940)	2,008	142,526	(140,107)	2,419
FHLB short-term advances	1,410	(1,376)	34	(522)	517	(5)
Long-term debt	–	2,547	2,547	–	–	–
Subordinated debentures	–	182	182	–	–	–
Total interest-bearing liabilities	$ 281,932	($ 277,161)	$ 4,771	$ 139,494	($ 137,080)	$ 2,414
Net interest	$ 1,121,870	($ 1,100,965)	$ 20,905	$ 838,735	($ 836,785)	$ 1,950

(1) Includes income and average balances for FHLB stock, term federal funds interest-bearing time deposits and other miscellaneous interest-bearing assets.
(2) We have an insignificant amount of tax-exempt loans and securities, less than $1 million. Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis as of December 31, 2016, 2015 and 2014.
(3) Average loan balances include nonaccrual loans and loans held for sale. Interest income on loans includes amortization of deferred loan fees, net of deferred loan costs.
(4) Includes purchased receivables, which are short term loans made to investment grade companies and are used for cash management purposes by the Company.

Results of Operations—Comparison of Results of Operations for the Three Months Ended March 31, 2017 and 2016

The following discussion of our results of operations compares the three months ended March 31, 2017 to the three months ended March 31, 2016. The results of operations for the three months ended March 31, 2017 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2017.

Net Interest Income/Average Balance Sheet

Our primary source of revenue is net interest income, which is the difference between interest income from earning assets (primarily loans and securities) and interest expense on funding sources (primarily interest-bearing deposits and borrowings). Net interest income is impacted by the level of interest-earning assets and related funding sources, as well as changes in the levels of interest rates. The difference between the average yield on earning assets and the average rate paid for interest-bearing liabilities is the net interest spread. Noninterest-bearing sources of funds, such as demand deposits and shareholders' equity, also support earning assets. The impact of the noninterest-bearing sources of funds is captured in the net interest margin, which is calculated as net interest income divided by average earning assets.

In the first quarter of 2017, we generated $13.5 million of net interest income, which was an increase of $2.5 million, or 14.5%, from the $11.0 million of net interest income we produced in the first quarter of 2016. The increase in net interest income was due primarily to a 17.3% increase in the average balance of interest-earning assets, coupled with a 11 basis point improvement in the average yield on interest-earning assets, partially offset by a 31 basis point increase in the average rate paid on interest-bearing liabilities reflecting the issuance of subordinated notes. The increase in the average balance of interest-earning assets reflected increases in loans and federal funds sold, cash equivalents and other and securities average balances. The increase in average loan balances of $169.1 is primarily due to the acquisition of TomatoBank. The increase in federal funds sold, cash equivalents and other average balances of $28.0 million is primarily due to the increased deposit production in the first quarter of 2017. Our deposit average balances increased by $95.7 million primarily due to enhanced marketing efforts in 2017. The increase in interest expense was primarily due to the interest cost associated with $50.0 million of subordinated notes that were issued at the end of the first quarter of 2016 combined with the growth in deposits and a decrease in market interest rates. For the three months ended March 31, 2017 and 2016, our reported net interest margin was 4.1% and 4.2%, respectively. Our net interest margin benefits from discount accretion on our purchased loan portfolios. Our net interest margin for the three months ended March 31, 2017 and 2016, excluding accretion income would have been 3.7% and 4.0%, respectively.

Interest Income. Total interest income was $16.8 million for the first quarter of 2017 compared to $14.1 million for the first quarter of 2016. The $2.7 million, or 19.1%, increase in total interest income was primarily due to increases in average balances of loans and federal funds sold and other cash equivalents and securities as well as the average yield earned on real estate loans and federal funds sold and other cash equivalents.

Interest and fees on loans for the first quarter of 2017 was $16.0 million compared to $13.7 million for the first quarter of 2016. The $2.3 million, or 17.5%, increase was primarily due to a 15.3% increase in the average balance of loans outstanding and a 14 basis point increase in average yield on loans. The increase in the average balance of loans outstanding, was primarily due to organic loan growth in single-family residential mortgage and SBA loans and growth in commercial real estate and construction and land development loans that is attributable to the TomatoBank acquisition. In addition to increases in average balances, interest and fees on loans increased due to increased accretion income associated with purchase accounting discounts established on loans acquired in the TomatoBank acquisition. Accretion income totaled $1.1 million in the first quarter of 2017 compared to $714,000 in the first quarter of 2016. The average yield on loans benefits from discount accretion on our purchased loan portfolio. For the three months ended March 31, 2017 and 2016, the reported yield on total loans was 5.5% and 5.4%, respectively, while the yield on total loans excluding accretion income would have been 5.1% and 5.1%, respectively. Due to early payoffs of many TomatoBank commercial real estate loans in 2016, we expect accretion income to continue to decline throughout 2017 in comparison to 2016. The table below illustrates by loan type the accretion income for March 31, 2017 and March 31, 2016

	As of and for the Three Months Ended March 31,	
	2017	2016
(Dollars in thousands)		
Beginning balance of discount on purchased loans	$8,085	$ 1,712
Additions due to acquisitions:		
Commercial and industrial	–	737
SBA	–	177
Construction and land development	–	736
Commercial real estate	–	12,224
Single-family residential mortgages	–	–
Total additions	–	13,874
Accretion:		
Commercial and industrial	73	105
SBA	6	1
Construction and land development	23	61
Commercial real estate	945	538
Single-family residential mortgages	31	9
Total accretion	1,078	714
Ending balance of discount on purchased loans	$7,007	$ 14,872

Interest income on our securities portfolio increased $67,000, or 3.2%, to $278,000 in the first quarter of 2017 compared to $211,000 in the first quarter of 2016. This increase is mainly attributable to an increase in average balances of 41.1% or $13.1 million, as management purchased corporate notes in the second half of 2016 pending further reinvestment in loans.

Interest income on federal funds sold, cash equivalent and other investments increased to $448,000 for the three months ended March 31, 2017 compared to $233,000 million for the three months ended March 31, 2016. This increase was primarily due to an increase in short-term interest rates combined with an increase in the level of short-term cash investments. The increase in short-term cash investments is primarily due to the increase deposit gathering activities in the first quarter of 2017.

Interest Expense. Interest expense on interest-bearing liabilities increased $1.2 million, or 60.0%, to $3.2 million for the first quarter of 2017 as compared to $2.0 million in the first quarter of 2016 due to increases in interest expense on both deposits and borrowings.

Interest expense on deposits increased to $2.3 million for the first quarter of 2017 as compared to $2.0 million for the first quarter of 2016. The $300,000, or 15%, increase in interest expense on deposits was

primarily due to the average balance of deposits increasing 10.7%, combined with a 2 basis point increase in the average rate paid. The increase in the average balance of deposits resulted primarily from increases in NOW, money market deposits and time deposits. The increase in the average rate paid was primarily due to the impact of higher market interest rates on deposits.

Interest expense on subordinated notes and subordinated debentures increased $885,000 to $905,000 in the first quarter of 2017 as compared to $20,000 in the first quarter of 2016. This increase primarily reflected increased interest expense of $842,000 on subordinated notes issued on March 31, 2016. The increase in interest expense on subordinated debentures of $43,000 was due to a full quarter of expense associated with the 2016 acquisition of subordinated debentures of TomatoBank. The increase in interest expense on FHLB short-term advances of $15,000 is due to additional balances to fund mortgage loans held for sale.

Provision for Loan Losses. The $1.0 million decrease in the provision for loan losses from the first quarter of 2016 to the first quarter of 2017 was due to the fact that our reserve methodology did not require any provision for loan losses. We had no new credit downgrades and we experienced a decline in the migration of loans into adversely classified asset categories during the first quarter of 2017.

In the first quarter of 2016, two SBA guaranteed loans that are to the same borrower who is based in Los Angeles, were classified as substandard. The first loan is a SBA 7(a) loan with an original balance of $1.0 million. We charged-off the unguaranteed portion of the loan in an amount of $206,000 in the first quarter of 2016, and we charged-off the remaining SBA guaranteed portion of the loan in the amount of $600,000 in the fourth quarter of 2016, for a total charge-off of $806,000. The second loan is a SBA export working capital program loan, with an original loan balance of $4.0 million. We charged off the non-guaranteed portion of this loan in 2015 in the amount of $400,000, and set-up a specific reserve of 8.1%, or $288,000, of the remaining balance in the first quarter of 2016. We increased the specific reserve to 50% of the remaining balance, or $1.8 million, in the fourth quarter of 2016 and downgraded the loan to doubtful. We increased the specific reserve to 100% of the remaining balance, or $3.6 million, in the first quarter of 2017. In February 2017, we submitted a request for reimbursement to the SBA under the guarantee for both loans in the amount of $3.8 million. No assurance can be given that we will be reimbursed by the SBA for all or any portion of the amounts we have previously charged off.

Noninterest Income. Noninterest income increased $1.0 million, or 71.4%, to $2.4 million for the first quarter of 2017, compared to $1.4 million in the prior comparable quarter. The following table sets forth the major components of our noninterest income for the first quarter of 2017 compared to the first quarter of 2016:

(Dollars in thousands)	For the Three Months Ended March 31, 2017	2016	Increase (decrease)
Noninterest income:			
Service charges, fees and other	$ 460	$ 354	$ 106
Gain on sale of loans	1,497	686	811
Loan servicing fee, net of amortization	262	122	140
Recoveries on loans acquired in business combinations	28	49	(21)
Increase in cash surrender of life insurance	185	140	45
Gain on sale of securities	–	–	–
Gain on sale of OREO	–	–	–
Total noninterest income	$ 2,432	$ 1,351	$ 1,081

Service charges, fees and other income. Service charges, fees and other income totaled $460,000 in the first quarter of 2017 compared to $354,000 in the first quarter of 2016. The increase in services charges, fees and other income is attributable to the purchase of TomatoBank and additional service charges from those new customers.

Gain on sale of loans. Gain on sale of loans is comprised of gains on sale of single-family residential mortgage loans and gains on sale of SBA loans. Gain on sale of loans totaled $1.5 million in the first quarter of 2017 compared to $686,000 in the first quarter of 2016. We sold $23.2 million in SBA loans for a gain of $1.5 million as of March 31, 2017 compared to the sale of $4.2 million for a gain on $237,000 as of March 31, 2016. The increase is a result of us changing the timing of our SBA loan sales. Prior to 2017, we sold the majority of our SBA loans during the fourth quarter of each year. Beginning in 2017, we intend to sell SBA loans on a quarterly basis. We did not sell any single-family residential mortgage loans in the first quarter of 2017. However it is our intent to sell such loans through the remaining quarters of 2017. In the first quarter of 2016 we sold $28.5 million of single-family mortgage loans for a gain of $449,000. During 2017, we plan to continue to sell single-family mortgage loans at relatively the same volume as we did in 2016.

Loan servicing income, net of amortization. Loan servicing income, net of amortization was $262,000 for the three months ended March 31, 2017 compared to $122,000 for the three months ended March 31, 2016. The increase in loan serving income is due to a higher amount of loans being serviced. The single-family residential mortgage loan servicing portfolio was $249.5 million as of March 31, 2017 compared to $133.5 million as of March 31, 2016. The SBA loan servicing portfolio was $131.9 million as of March 31, 2017 compared to $82.8 million as of March 31, 2016. The increase in the respective servicing portfolios reflect the growth in our originations and sales of single-family residential and SBA loans in 2016 and the first quarter of 2017.

Recoveries on loans acquired in business combination. Recoveries on loans acquired in business combinations decreased $21,000 to $28,000 in the quarter ended March 31, 2017 compared to $49,000 in the comparable quarter in 2016. This decrease is primarily due to our having completed collections on former VCBB and FAB loans, offset slightly by new recoveries resulting from the TomatoBank acquisition.

Increase in cash surrender of life insurance. Cash surrender value increased $45,000 to $185,000 in the quarter ended March 31, 2017 compared to $140,000 in the comparable quarter in 2016 mainly due to our purchase of an additional $10.0 million in bank owned life insurance, or BOLI, in January 2017.

Noninterest Expense

Noninterest expense decreased $1.1 million, or 14.3%, to $6.6 million in the first quarter of 2017 compared to $7.7 million in the first quarter of 2016. In the first quarter of 2016, we had $1.9 million in acquisition related expenses that will not be recurring and are listed below under “other expenses.” The majority of those expenses consisted of termination and conversion fees for system contracts of $854,000 and employee change in control expenses of $1.1 million. The following table sets forth the major components of our noninterest expense for the first quarter of 2017 compared to the first quarter of 2016:

(Dollars in thousands)	For the Three Months Ended March 31, 2017	2016	Increase (decrease)
Noninterest expense:			
Salaries and employee benefits	$4,183	$3,524	$ 659
Occupancy and equipment expenses	744	743	1
Data processing	352	397	(45)
Legal and professional	(387)	16	(403)
Office expenses	154	146	8
Marketing and business promotion	182	116	66
Insurance and regulatory assessments	205	252	(47)
Amortization of intangibles	94	61	33
OREO expenses (income)	14	2	12
Other expenses	1,037	2,425	(1,388)
Total noninterest expense	$6,578	$7,682	$ (1,104)

Salaries and employee benefits. Salaries and employee benefits expense increased $659,000, or 18.7%, to $4.2 million for the first quarter of 2017 compared to $3.5 million for the first quarter of 2016. The increase in salaries and employee benefits is due to the addition of 43 employees resulting from the TomatoBank acquisition.

Occupancy and equipment. Occupancy and equipment expense was virtually unchanged for each of the first quarters in 2017 and 2016. Our occupancy expense increased due to the additional TomatoBank branches added to our network, and this increase was partially offset by a reduction in equipment expense.

Data processing. Data processing expense decreased $45,000, or 11.3%, to $352,000 for the first quarter of 2017, compared to $397,000 for the prior comparable quarter in 2016. The decrease was primarily due to discontinuing data lines and duplicative systems associated with TomatoBank branches.

Legal and professional. Legal and professional expense decreased $403,000 to $(387,000) for the first quarter of 2017, compared to $16,000 for the prior comparable quarter in 2016. Prior to 2017, we would accrue the entire amount of our estimate of the legal expense for a particular matter. Beginning in 2017, we began accruing for legal expenses as such expenses are incurred. The decrease is due to reversing accruals for legal and accounting fees that did not materialize. We paid $343,000 for the three months ended March 31, 2017 in legal and professional expenses and $173,000 for the same period in 2016.

Office expenses. Office expense increased by $8,000, or 5.5%, to $154,000 in the first quarter of 2017, compared to $146,000 for the prior comparable quarter in 2016, due to the additional branches added as part of the TomatoBank merger and due to normal growth of the Company.

Marketing and business promotion. Marketing and business promotion expense increased $66,000, or 55.9%, to $182,000 in the first quarter of 2017, compared to $116,000 for the prior comparable quarter in 2016. This increase was primarily due to charitable contributions to CRA qualified organizations.

Insurance and regulatory assessments. Insurance and regulatory assessments decreased $47,000, or 18.7%, to $205,000 for the first quarter of 2017, compared to $252,000 for the prior comparable quarter in 2016. The decrease was primarily due to lower FDIC insurance expense due to lower accrual rates after our de novo period had ended. Our FDIC insurance expense was $120,000 for the three months ended March 31, 2017 compared to $171,000 for the three months ended of March 31, 2016. Our DBO regulatory assessment was $32,000 for the three months ended March 31, 2017 compared to $25,000 for the same period in 2016. Our corporate insurance was $53,000 for the three months ended March 31, 2017 compared to $56,000 for the three months ended March 31, 2016.

Amortization of intangibles. Amortization of intangibles totaled $94,000 for the three months ended March 31, 2017 versus $61,000 for the three months ended March 31, 2016. The $33,000 increase in amortization is due to the amortization of the core deposit intangible asset associated with the acquisition of TomatoBank

OREO expenses (income). OREO expenses increased $12,000 to $14,000 for the first quarter of 2017, compared to $2,000 in the prior comparable quarter. This increase is primarily due to the addition of one additional OREO in the fourth quarter of 2016.

Other expenses. Other expenses decreased $1.4 million, or 58.3%, to $1.0 million for the first quarter of 2017, compared to $2.4 in the prior comparable quarter. This decrease is primarily due to a reduction in merger related expenses of $1.9 million, offset by higher provision for off-balance sheet commitments of $520,000, which primarily consist of construction and land development commitments.

Income Tax Expense

Income tax expense was $3.9 million in the first quarter of 2017 compared to $1.9 million in the first quarter of 2016. This increase in income tax expense was consistent with the corresponding increase in pre-tax income. Effective tax rates were 41.4% and 40.4% in the first quarter of 2017 and the first quarter of 2016, respectively.

Net Income

Net income amounted to $5.5 million as of March 31, 2017, a $2.7 million or 96.4% increase from March 31, 2016, primarily due to the growth in earning assets as a result of the TomatoBank merger, increased gain on sales of SBA loans and reduced legal and professional expenses and other expenses.

Results of Operations—Comparison of Results of Operations for the Years Ended December 31, 2016 to December 31, 2015

The following discussion of our results of operations compares the year ended December 31, 2016 to the year ended December 31, 2015.

Net Interest Income/Average Balance Sheet

In 2016, we generated net interest income of $56.5 million, an increase of $20.9 million, or 58.8%, from the net interest income we produced in 2015. This increase was largely due to a 32.2% increase in the average balance of interest-earning assets, coupled with a 91 basis point improvement in the average yield on interest-earning assets. The increase in the average balance of interest-earning assets was primarily due to loans added from the TomatoBank acquisition coupled with organic growth in SBA, commercial real estate loans and single-family residential mortgage loans during 2016. The increase in the average yield on interest-earning assets was primarily due to an increase in accretion income associated with purchase accounting discounts established on loans acquired in the TomatoBank acquisition. For the years ended December 31, 2016 and 2015, our reported net interest margin was 4.4% and 3.7%, respectively. Our net interest margin benefits from discount accretion on our purchased loan portfolios. Our net interest margin for the years ended December 31, 2016 and 2015, excluding accretion income, would have been 3.9% and 3.6%, respectively.

Interest Income. Total interest income was $68.2 million in 2016 compared to $42.5 million in 2015. The $25.7 million, or 72.2%, increase in total interest income was due to increases in interest earned on our loan portfolio, securities portfolio and Federal Funds sold.

Interest and fees on loans was $65.9 million in 2016 compared to $41.0 million in 2015. The $24.9 million, or 60.6%, increase in interest income on loans was primarily due to a 42.3% increase in the average balance of loans outstanding coupled with a 66 basis point increase in the average yield on loans. The increase in the average balance of loans outstanding was primarily due to commercial real estate loans added as a result of the TomatoBank acquisition coupled with organic loan growth in single-family residential mortgage loans and SBA loans during 2016. The higher yield on the loan portfolio resulted primarily from accretion income associated with purchase accounting discounts established on loans acquired in the TomatoBank acquisition. The average yield on loans benefits from discount accretion on our acquired loan portfolios. For the years ended December 31, 2016 and 2015, the reported yield on total loans was 5.8% and 5.1%, respectively, while the yield on total loans excluding accretion income would have been 5.1% and 5.0%, respectively. A substantial portion of our acquired loan portfolio that is subject to discount accretion consists of commercial real estate loans. The table below illustrates by loan type the accretion income for, December 31, 2016, and 2015:

	As of and for the Year Ended December 31,	
(Dollars in thousands)	**2016**	**2015**
Beginning balance of discount on purchased loans	$ 1,712	$ 2,922
Additions due to acquisitions:		
Commercial and industrial	737	–
SBA	177	–
Construction and land development	736	–
Commercial real estate	12,224	(129)
Single-family residential mortgages	–	–
Total additions	13,874	(129)
Accretion:		
Commercial and industrial	848	8
SBA	(106)	2
Construction and land development	692	4
Commercial real estate	6,019	806
Single-family residential mortgages	48	261
Total accretion	7,501	1,081
Ending balance of discount on purchased loans	$ 8,085	$ 1,712

Interest income on our securities portfolio increased $319,000, or 57.7%, to $872,000 in 2016. The increase in interest income on securities was primarily due to an increased average balance of $11.3 million, or 44.0%, and by an 11 basis point increase in the average yield on securities. We purchased $3.0 million of subordinated debt issued by other community banks with an average yield of 5.5%, $3.0 million in corporate bonds and $5.3 million in SBA sponsored securities in 2016. These purchases increased our average yield by changing the mix of asset classes in our securities portfolio. We have temporarily invested a portion of the proceeds received from our issuance of $50 million of subordinated notes into subordinated debt issued by other community banks and expect to deploy such funds into new loan originations over the next two years.

Interest income on our federal funds sold, cash equivalents and other investments increased $495,000, or 53.0%, to $1.4 million in 2016. The increase in interest income on cash equivalents was primarily due to a 85 basis point increase in average yield of cash equivalents offset by a decrease in average balance of $41.5 million. The main reasons for the increased yield were the increase in the federal funds rate and placing higher balances into term federal funds for liquidity management purposes.

Interest Expense. Interest expense on interest-bearing liabilities increased $4.8 million, or 68.8%, to $11.7 million in 2016 due to increases in interest expense on both deposits and borrowings.

Interest expense on deposits increased to $8.9 million in 2016. The $2.0 million, or 29.0%, increase in interest expense on deposits was primarily due to the average balance of deposits increasing 34.3%, offset in part

by a 4 basis point decrease in the average rate paid. The increase in the average balance of deposits resulted primarily from the impact of deposit accounts acquired in the TomatoBank acquisition. The decline in the average rate paid was due to the TomatoBank deposits having a slightly lower cost of deposits as compared to the Bank's cost of deposits.

Interest expense on borrowings increased from zero in 2015 to $2.8 million or 100% in 2016. This increase reflected increased interest expense on subordinated notes, subordinated debentures and other borrowed funds, consisting of FHLB short-term advances of less than 90-days. The increase in interest expense on subordinated notes of $2.5 million was due to the issuance of $50.0 million of subordinated notes on March 31, 2016. The increase in interest expense on subordinated debentures of $182,000 was due to acquiring $5.0 million of subordinated debentures assumed in the TomatoBank acquisition at a fair value of $3.3 million. The increase in interest expense on other borrowed funds of $34,000 was due to the Bank incurring average borrowings of $6.0 million of FHLB short-term advances during 2016, which were utilized to fund $10.0 million of single-family residential mortgage loans that were originated and held for sale during the year.

Provision for Loan Losses. The provision for loan losses totaled $5.0 million in 2016 compared to $1.4 million in 2015. The $3.6 million increase in the provision for loan losses was due primarily to an increase in specific reserves on two SBA guaranteed nonperforming loans, coupled with the impact of loan growth during 2016. The two SBA guaranteed loans are discussed under "—Results of Operations—Comparison of Results of Operations for the Three Months Ended March 31, 2017 and 2016" on page 70 above.

Noninterest Income. Noninterest income increased $1.1 million, or 14%, to $9.0 million in 2016. The following table sets forth the major components of our noninterest income for the years ended December 31, 2016 and 2015:

(Dollars in thousands)	For the Years Ended December 31, 2017	2016	Increase (decrease)
Noninterest income:			
Service charges, fees and other	$ 1,755	$ 1,296	$ 459
Gain on sale of loans	5,847	4,316	1,531
Loan servicing fees, net of amortization	615	272	343
Recoveries on loans acquired in business combinations	170	103	67
Increase in cash surrender of life insurance	560	579	(19)
Gain on sale of securities	19	78	(59)
Gain on sale of OREO	–	1,218	(1,218)
Total noninterest income	$ 8,966	$ 7,862	$ 1,104

Service charges, fees and others. Noninterest income from service charges, fees and other income increased $400,000 to $1.8 million in 2016 compared to $1.4 million in 2015. This increase primarily resulted from services charges on the additional transactional deposit accounts acquired in the TomatoBank acquisition.

Gain on sale of loans. Our gain on sale of loans increased $1.5 million to $5.8 million in 2016 compared to $4.3 million in 2015 due to an increased amount of single-family residential mortgage loans sold. The gain on sale of single-family residential mortgage loans was $3.4 million in 2016 compared to $1.6 million in 2015, accounting for a $1.8 million increase. The gain on sale of single-family residential mortgage loans was partially offset by a decrease in the gain on SBA loans sold of $300,000 in 2016 compared to 2015 due to a lower volume of loans being sold as a result of management's decision not to sell additional loans. We sold $180.3 million in single-family residential loans in 2016 as compared to $128.1 million in 2015. The increase reflects our efforts to increase our originations and sales of such loans to generate additional noninterest income. We sold $37.9 million in SBA loans in 2016 compared to $42.7 million in 2015, resulting in a gain on sale of loans of $2.4 million in 2016 compared to $2.7 million in 2015.

Loan servicing income, net of amortization. Our loan servicing income, net of amortization increased by $402,000 to $615,000 for the year ended December 31, 2016 compared to $213,000 for the year ended December 31, 2015. Serving income increased due to an increase in the volume of loans we are servicing. We were servicing $259.2 million on single-family residential mortgage loans as of December 31, 2016 compared to $106.9 million as of December 31, 2015. We were also servicing $110.3 million of SBA loans as of December 31, 2016 compared to and $74.4 million as of December 31, 2015. The increase in the respective servicing portfolios reflects the growth in our originations and sales of single-family residential and SBA loans in 2016.

Recoveries on loans acquired in business combination. Recoveries on loans acquired in business combinations increased $67,000 to $170,000 in 2016 compared to $103,000 in 2015. This increase primarily resulted from increased recoveries on loans acquired in the TomatoBank acquisition.

Increase in cash surrender of life insurance. Cash surrender value decreased $19,000 to $560,000 in 2016 compared to $579,000 in 2015, mainly due to lower interest rates in 2016 on the BOLI policies.

Gain on sales of securities, net. During 2016, we sold one security, a taxable municipal security, for $425,000 that resulted in net gains of $19,000. During 2015, we sold $5.2 million of mortgage-backed securities that resulted in net gains of $78,000.

Gain on Sale of OREO. In 2016, we did not sell any OREO. In 2015, we sold $2.1 million in OREO property for a gain of $1.2 million.

Noninterest Expense

Noninterest expense increased $7.8 million, or 38.95%, to $27.9 million in 2016. The following table sets forth the major components of our noninterest expense for the years ended December 31, 2016 and 2015:

	For the Years Ended December 31,		Increase
(Dollars in thousands)	**2016**	**2015**	**(decrease)**
Noninterest expense:			
Salaries and employee benefits	$ 13,784	$ 11,122	$ 2,662
Occupancy and equipment expenses	3,098	2,359	739
Data processing	2,018	1,532	486
Legal and professional	1,565	954	611
Office expenses	598	353	245
Marketing and business promotion	542	475	67
Insurance and regulatory assessments	883	761	122
Amortization of intangibles	372	117	255
OREO expenses (income)	28	(18)	46
Other expenses	5,018	2,429	2,589
Total noninterest expense	$ 27,906	$ 20,084	$ 7,822

Salaries and employee benefits. Salaries and employee benefits expense increased $2.7 million, or 23.9%, to $13.8 million in 2016 compared to $11.1 million in 2015. This increase was primarily attributable to the TomatoBank acquisition that closed in February 2016. The number of full-time equivalent employees averaged 166 during 2016 compared to 135 in 2015. This increase was also impacted by severance accruals related to TomatoBank employees who were terminated during 2016, annual salary increases that took effect in 2016 and increased benefit costs.

Occupancy and equipment. Occupancy and equipment expense increased $739,000, or 31.3%, to $3.1 million in 2016 compared to $2.4 million in 2015. This increase was mainly due to the TomatoBank acquisition and the depreciation, real estate taxes, utilities, ongoing maintenance and lease obligations associated with the branch and office facilities we added as a result. The acquisition of TomatoBank included six branch locations, two of which we closed in June 2016.

Data processing. Data processing expense increased $486,000, or 31.7%, to $2.0 million in 2016 compared to $1.5 million in 2015. This increase resulted primarily from the impact of increased processing costs incurred subsequent to the TomatoBank acquisition. Conversion expense associated with the TomatoBank acquisition is in the “other expenses” line item.

Legal and professional. Legal and professional expense increased $611,000, or 64.0%, to $1.6 million in 2016. This increase was primarily due to increased legal fees associated with the acquisition of TomatoBank, audit and consulting fees associated with upgrading our internal control testing, which is required once a bank exceeds $1 billion in assets, and implementing Public Company Accounting Oversight Board standards.

Office expenses. Office expenses are comprised of communications, postage, armored car, and office supplies and totaled $598,000 in 2016 compared to $353,000 in 2015. This 69.4% increase primarily resulted from the increase in branches associated acquired in the TomatoBank acquisition.

Marketing and business promotion. Marketing and business promotion expense increased $67,000, or 14.1%, to $542,000 in 2016 compared to $475,000 in 2015. This increase was primarily due to our increase in CRA activities, including increased donations to qualifying non-profit organizations.

Insurance and regulatory assessments. Insurance and regulatory assessment expense totaled $883,000 in 2016 compared to $761,000 in 2015. The $122,000 or 16.0% increase was primarily due to the TomatoBank acquisition, which included the acquisition of $404.5 million of deposits and six branches. Our FDIC insurance assessment was $552,000 for 2016 and $475,000 in 2015, an increase of $77,000. Our DBO regulatory assessment was $113,000 for 2016 and $92,000 for 2015, an increase of $21,000. Our corporate insurance expenses, including our directors and officers insurance and our fidelity bond, was $215,000 for 2016 as compared to $193,000 for 2015. This increase was primarily due an increase in insurance-related expenses relating to the TomatoBank acquisition.

Amortization of intangibles. Amortization of intangibles totaled $372,000 in 2016 as compared to $117,000 for 2015. The $255,000 increase was due to the increase in the core deposit intangible asset associated with the acquisition of TomatoBank.

OREO expenses (income). Net OREO expense was $28,000 in 2016 compared to income of $18,000 in 2015, an increase of $46,000, which was mainly due to the addition of a $540,000 OREO property in 2016 that is currently being marketed for sale.

Other noninterest expense. Other noninterest expense totaled $5.0 million in 2016 compared to $2.4 million in 2015. This increase of $2.6 million was primarily attributable to the TomatoBank acquisition. We paid $854,000 in systems termination and conversion fees and $1.1 million in change in control payments pursuant to agreements assumed by us in such acquisition.

Income Tax Expense

Income tax expense was $13.5 million in 2016 compared to $9.0 million in 2015. The increase in income tax expense was consistent with the related growth in pre-tax income. Effective tax rates were 41.4% and 41.0% in 2016 and 2015, respectively. The higher effective tax rate in 2016 was primarily due to income before taxes growing in 2016 without corresponding increases in tax exempt items.

Net Income

Net income increased $6.1 million to $19.1 million in 2016, compared to $13.0 million in 2015. The increase is primarily due to an increase in net interest income due to the growth in earning assets as a result of the TomatoBank acquisition, an increase in noninterest income due to increased gain on sales of loans, primarily

single-family residential mortgage loans, and an increase in loan servicing income. The increases in net interest income and noninterest income were partially offset by an increase in noninterest expense due to the additional expenses incurred as a result of the TomatoBank acquisition, including operating four additional branches and conversion and termination fees.

Results of Operations - Comparison of Results of Operations for the Years Ended December 31, 2015 to December 31, 2014

The following discussion of our results of operations compares the year ended December 31, 2015 to the year ended December 31, 2014.

Net Interest Income/Average Balance Sheet

In 2015, we generated $35.6 million of net interest income which represented a $2.0 million, or 5.8%, increase from the $33.6 million of net interest income we earned in 2014. This increase was primarily due to a 26.4% increase in average earning assets, which was partially offset by a 72 basis point decline in our net interest margin, from 4.4% in 2014 to 3.7% in 2015. The decrease in our net interest margin was primarily due to a decrease in accretion income associated with purchase accounting discounts related to the LANB acquisition, lower yields on loans and higher deposit costs resulting from the growth of our deposit base. For the years ended December 31, 2015 and 2014, our reported net interest margin was 3.7% and 4.4%, respectively. Our net interest margin benefits from discount accretion on our purchased loan portfolios. Our net interest margin for the years ended December 31, 2015 and 2014, excluding accretion income, would have been 3.6% and 4.1%, respectively.

Interest Income. Total interest income was $42.5 million in 2015 compared to $38.1 million in 2014. The $4.4 million, or 18.0%, increase in total interest income was due to an increase in the average earning asset balances of $201.5 million or 26.4% due to loan growth primarily in SBA and single-family mortgage loans, offset by lower yields earned on loans.

Interest and fees on loans increased $4.4 million, or 12.5%, to $41.0 million in 2015 from $36.6 million in 2014. This increase was primarily due to an increase in the average balance of loans outstanding of $141.4 million or 21.3%. This increase was partially offset by a 42 basis point decline in the average yield on loans. The increase in the average balance of loans resulted primarily from strong organic loan growth, primarily in the SBA and single-family residential mortgage loans during the year. The lower yield on the loan portfolio resulted primarily from a decline in accretion income associated with purchase accounting discounts related to our LANB acquisition. The average yield on loans benefits from discount accretion on our purchased loan portfolios. For the years ended December 31, 2015 and 2014, the reported yield on total loans was 5.1% and 5.5%, respectively, while the yield on total loans excluding accretion income would have been 5.0% and 5.2%, respectively.

	As of and for the Year Ended December 31,	
(Dollars in thousands)	**2015**	**2014**
Beginning balance of discount on purchased loans	$ 2,922	$ 5,283
Additions due to acquisitions:		
Commercial and industrial	–	–
SBA	–	–
Construction and land development	–	–
Commercial real estate	(129)	129
Single-family residential mortgages	–	–
Total additions	(129)	129
Accretion:		
Commercial and industrial	8	22
SBA	2	7
Construction and land development	4	124
Commercial real estate	806	1,964
Single-family residential mortgages	261	373

Total accretion	1,081	2,490
Ending balance of discount on purchased loans	$1,712	$2,922

Interest income on our securities portfolio decreased $416,000, or 42.9%, to $553,000 in 2015 from $969,000 in 2014. This decrease resulted from a 44.7% decline in the average balance of our securities portfolio, offset in part by a 6 basis point increase in the average yield on investments. The decrease in the average balance of securities was primarily due to maturities, repayments and sales of securities to fund loan growth during the year.

Interest income on our federal funds sold, cash equivalents and other investments increased $368,000, or 65.0%, in 2015. The increase in interest income on such short-term investments was primarily due to an increase in the average balance of $80.7 million of such investments, partially offset by a decrease in average yield of 37 basis points. The main reason for the increase in average balance was the increase in deposits, which were initially invested in short-term investments pending the deployment into loans and higher yielding securities. The decrease in yield is due to having a higher percentage in overnight federal funds sold in order to manage our liquidity.

Interest Expense. Total interest expense was $6.9 million in 2015 compared to $4.5 million in 2014. The $2.4 million, or 53.4%, increase in total interest expense was primarily due to an increase in average interest-bearing liabilities of $173.5 million and an increase in the average rate paid on all deposits of 14 basis points. Interest expense related to NOW and money market deposits increased to $1.2 million in 2015 compared to $845,000 in 2014 due to both an increase in the average balance of $38.0 million and an increase in the average rate paid of 6 basis points. Interest expense related to time deposits increased to $5.6 million from $3.4 million due to both an increase in the average balance of $144.8 and an increase in the average rate paid of 15 basis points. The increase in average balances was due to normal deposit origination activities. Interest expense on borrowings, including subordinated notes, subordinated debt and FHLB advances, was insignificant (less than $6,000) in both 2015 and 2014.

Provision for Loan Losses. The provision for loan losses decreased slightly in 2015 to $1.4 million, a decrease of $60,000 from $1.4 million in 2014. The decrease was mainly due to lower loan growth in 2015.

Noninterest Income. Noninterest income increased $2.4 million, or 43.0%, to $7.9 million in 2015 compared to $5.5 million in 2014. The increase was primarily due to gains realized on an increased volume of loan sales and gain on the sale of OREO properties.

The following table sets forth the major components of our noninterest income for the years ended December 31, 2015 and 2014

	For the Years Ended December 31,		
(Dollars in thousands)	**2015**	**2014**	**Increase (decrease)**
Noninterest income:			
Service charges, fees and other	$ 1,296	$ 1,373	$ (77)
Gain on sale of loans	4,316	2,496	1,820
Loan servicing fee, net of amortization	272	54	218
Recoveries on loans acquired in business combinations	103	204	(101)
Increase in cash surrender of life insurance	579	608	(29)
Gain on sale of securities	78	268	(190)
Gain on sale of OREO	1,218	493	725
Total noninterest income	$ 7,862	$ 5,496	$ 2,366

Service charges, fees and others. Noninterest income from service charges, fees and other decreased $77,000 to $1.3 million in 2015 from $1.4 million in 2014. This decrease was primarily resulted from placing former LANB’s customers onto our fee schedules in late 2014, which provided lower fees for similar services.

Gain on sale of loans. Gain on sale of loans amounted to $4.3 million in 2015 compared to $2.5 million in 2014, an increase of $1.8 million, due to an increased amount of single-family residential mortgage and SBA loans sold. The gain on sale of single-family mortgage loans was $1.6 million in 2015 compared to $182,000 in 2014, a 779.1% increase. We started our single-family mortgage loan operation in mid-2014 and started selling single-family residential mortgage loans in the second half of the year. Our single-family residential mortgage lending department sold $128.1 million of loans in 2015 and $20.5 million in 2014. The $107.6 million increase reflects our efforts to increase our single-family residential loan growth. The gain on sale of SBA loans was $2.7 million in 2015 compared to $2.3 million in 2014. The $369,000 increase is due to increased volume and the restructuring of our SBA department in 2014, when we hired a new SBA manager and team to run our SBA department. These actions resulted in the increased volume of loans sold and gain on sale income. Our SBA lending department sold $42.7 million in loans in 2015 and $29.2 million in 2014, an increase of 46.2%.

Loan servicing income, net of amortization. Our loan servicing income, net of amortization expense, increased by $159,000 to $272,000 during 2015 compared to $54,000 in 2014. Serving income increased due to the volume of such loans we were servicing. We started servicing single-family residential mortgage loans in 2015 and as of December 31, 2015, we were servicing $106.9 million. We were servicing $74.4 million of SBA loans as of December 31, 2016 and $40.0 million as of December 31, 2015.

Recoveries on loans acquired in business combinations. Recoveries on loans acquired in a business combinations decreased $101,000 to $103,000 in 2015 compared to $204,000 in 2014. This decrease primarily resulted from decreased recoveries resulting from loans acquired in the LANB, VCBB and FAB acquisitions.

Increase in cash surrender of life insurance. Cash surrender value decreased $29,000 to $579,000 in 2015, compared to $608,000 in 2014 mainly due to lower interest rates in 2015 on the BOLI policies.

Gain on sales of securities, net. During 2015, we sold four mortgage-backed securities, that resulted in net gains of $78,000. During 2014, we sold $9.1 million of mortgage-backed securities and $11.0 million in corporate notes that resulted in net gains of $268,000.

Gain on Sale of OREO. In 2015, we sold $2.1 million in OREO properties for a gain of $1.2 million. In 2014 we sold $843,000 in OREO property for a gain of $493,000.

Noninterest Expense

Noninterest expense in 2015 was $20.1 million compared to $20.1 million in 2014. The following table sets forth the major components of our noninterest expense for the years ended December 31, 2015 and 2014:

	For the Years Ended December 31,		
(Dollars in thousands)	**2015**	**2014**	**Increase (decrease)**
Noninterest expense:			
Salaries and employee benefits	$ 11,122	$ 10,426	$ 696
Occupancy and equipment expenses	2,359	2,356	3
Data processing	1,532	1,446	86
Legal and professional	954	2,417	(1,463)
Office expenses	353	312	41
Marketing and business promotion	475	317	158
Insurance and regulatory assessments	761	591	170
Amortization of intangibles	117	131	(14)
OREO expenses (income)	(18)	112	(130)
Other expenses	2,429	2,004	425
Total noninterest expense	$ 20,084	$ 20,112	$ (28)

Salaries and employee benefits. Salaries and employee benefits expense increased $696,000, or 6.7%, to $11.1 million in 2015 compared to $10.4 million in 2014. This increase was primarily attributable increased staff

due to organic growth and normal salary increases. The number of full-time equivalent employees averaged 135 during 2015 compared to 133 in 2014.

Occupancy and equipment. Occupancy and equipment expense remained virtually the same in 2015 compared to 2014.

Data processing. Data processing expense increased $86,000, or 6.1%, to $1.5 million in 2015 compared to $1.4 million in 2014. This increase resulted primarily from the impact of increased processing costs incurred due to the organic growth in assets and liabilities in 2015.

Legal and professional. Legal and professional expenses decreased $1.5 million, or 62.5%, to $1.0 million in 2015 compared to $2.4 million in 2014. This decrease was primarily due to resolving outstanding legal issues concerning legal matters that arose in connection with our acquisitions of VCBB and FAB, which were settled in 2015.

Office expenses. Office expenses are comprised of communications, postage, armored car, and office supplies and totaled $353,000 in 2015 compared to $312,000 in 2014. This increase primarily resulted from increased branch deposits.

Marketing and business promotion. Marketing and business promotion expense totaled $475,000 in 2015 compared to $317,000 in 2014. The increase was primarily due to a promotion we ran when we reached $1 billion in assets and increases in CRA donations.

Insurance and regulatory assessments. Insurance and regulatory assessments totaled $761,000 in 2015 compared to $591,000 in 2014. This increase was primarily due to the increase in our size, which resulted in a higher expense for FDIC insurance premiums and DBO assessment.

Amortization of intangibles. Amortization of intangibles totaled $117,000 in 2015 as compared to $131,000 for 2014. The $14,000 decrease was due to the normal amortization of our core deposit intangible asset.

OREO expense (income). Our OREO expense (income) was ($18,000) in 2015 and $112,000 in 2014. The decrease of $120,000 in OREO expense (income) was mainly due to reducing our OREO balances to one property which is an income producing property.

Other noninterest expense. Other noninterest expense totaled $2.4 million in 2015 compared to $2.0 million in 2015. This increase was primarily attributable to the growth in the Company. The increase of $400,000 was primarily due to an increase in the provision for off-balance sheet commitments of $224,000, attributable to increased construction and land development loan commitments, and an increase in SBA guarantee fees of $151,000.

Income Tax Expense

Income tax expense was $9.0 million and $7.1 million in 2015 and 2014, respectively. The fluctuation in income tax expense was consistent with the corresponding fluctuation in income before income taxes. Effective tax rates for 2015 and 2014 were 41.0% and 40.6%, respectively.

Net Income

Net income increased $2.6 million to $13.0 million in 2015 from $10.4 million in 2014. The increase is attributable to an increase in net interest income due to the growth in earning assets from organic growth and an increase in noninterest income due to increased gain on sales of loans, primarily single-family residential mortgage loans, and an increase in loan servicing income.

Financial Condition

Assets. Total assets were $1.5 billion as of March 31, 2017 and $1.4 billion as of December 31, 2016. We increased our loan totals by $30 million, primarily in single-family residential mortgage and commercial and industrial loans, partially offset by a decrease in SBA and commercial real estate loans. The decrease in SBA loans is primarily due to our selling more SBA loans than originating and the decrease in commercial real estate loans is due to payoffs from the acquired TomatoBank loans**.** Our mortgage loans held for sale increased by $22.0 million in the first quarter of 2017. We also purchased $10.0 million in bank owned life insurance, or BOLI in the first quarter of 2017 to partially offset the increase in benefit expenses. The increase in assets was funded by an increase in deposits of $108.0 million and a $10.0 million FHLB advance.

Total assets increased $373.0 million, or 36.5%, to $1.4 billion at December 31, 2016 as compared to December 31, 2015. This increase primarily resulted from loan growth of $323.8 million. The acquisition of TomatoBank added $387.6 million in loans, and the decrease in loans from the acquisition date to year-end was due to reducing organic commercial real estate growth and commercial real estate loan payoffs to bring our commercial real estate concentration within policy limits. We funded our loan growth with an increase in deposits and the issuance of subordinated notes. The deposit growth was also due primarily to the TomatoBank acquisition. We acquired $405,000 in deposits and at the time of the acquisition, and projected a run-off of approximately 20%. We experienced an actual reduction in deposits from the date of closing the acquisition of $105,000 or 25.9%. We also issued $50.0 million of subordinated notes in March 2016.

Total assets increased $97.2 million, or 10.5%, to $1.0 billion at December 31, 2015 as compared to $925.9 million at December 31, 2014. This increase in total assets was primarily due to organic loan growth mainly in SBA and single-family residential mortgage loans.

Loans. The loan portfolio is the largest category of our earning assets. At March 31, 2017, total loans, net of allowance for loan losses, totaled $1.1 billion. Prior to 2014, we mainly had two lending products, commercial and industrial loans and CRE loans. In 2014, we made the strategic move to diversify our lending into single-family residential mortgage and SBA loans. The following table presents the balance and associated percentage of each major category in our loan portfolio at March 31, 2017 and December 31, 2016, 2015, 2014, 2013 and 2012:

	As of March 31, 2017		As of December 31, 2016		2015		2014		2013		2012	
(Dollars in thousands)	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Loans:												
Commercial and industrial	$ 214,480	18.82%	$ 203,843	18.36%	$160,559	20.26%	$146,699	20.94%	$114,944	19.93%	$ 93,705	28.63%
SBA	149,926	13.16	158,968	14.32	108,680	13.72	30,714	4.39	24,439	4.24	6,617	2.02
Construction and land development	89,869	7.89	89,408	8.05	67,594	8.53	93,025	13.28	63,164	10.95	56,601	17.29
Commercial real estate (1)	493,416	43.30	501,799	45.19	343,434	43.34	372,836	53.23	315,186	54.66	170,394	52.06
Single-family residential mortgages	191,872	16.84	156,428	14.09	112,095	14.15	57,161	8.16	58,895	10.21	–	–
Total loans, (2)	1,139,563	100.00%	1,110,446	100.00%	792,362	100.00%	700,436	100.00%	576,629	100.00%	327,316	100.00%
Allowance for loan losses	(14,186)		(14,162)		(10,023)		(8,848)		(7,549)		(7,122)	
Total loans, net	$1,125,377		$1,096,284		$782,339		$691,588		$569,080		$320,195	

(1) Includes non-farm & non-residential real estate loans, multifamily resident and 1-4 family single family residential loan for a business purpose
(2) Net of purchased loan discounts and deferred costs and fees

Net loans increased $29.0 million, or 2.6%, to $1.1 billion at March 31, 2017 as compared to December 31, 2016. The increase in net loans primarily resulted from organic growth in single-family residential mortgage and

commercial and industrial loans, which was partially offset by the sale of SBA loans and continued run-off of our commercial real estate loans.

Net loans increased $313.9 million, or 40.1%, to $1.1 billion at December 31, 2016 as compared to December 31, 2015. This increase in net loans was primarily due to $387.6 million of primarily commercial real estate, multi-family and construction and development loans added in connection with the TomatoBank acquisition, which was partially offset by reduced originations and loan payoffs in construction and land development loans and commercial real estate loans.

Net loans increased $90.8 million, or 13.1%, to $782.3 million as of December 31, 2015 as compared to December 31, 2014. This increase in net loans was primarily due to organic loan growth, primarily in SBA, commercial real estate and single-family residential mortgage loans, which was partially offset by a decrease in construction and land development loans.

Outstanding loan balances increased due to new loan originations, advances on outstanding commitments and loans acquired as a result of acquisitions of other financial institutions, net of amounts received for loan payments and payoffs, charge-offs of loans and transfers of loans to OREO.

The following table presents the activity in the acquired and originated loan portfolios for the period presented.

(Dollars in thousands)	As of and for the Three Months Ended March 31, 2017	As of and for the Year Ended December 31, 2016	2015	2014
Loans originated:				
Commercial and industrial	$ 52,849	$173,326	$194,183	$122,018
SBA	20,372	83,167	119,522	44,353
Construction and land development	28,400	73,310	35,643	106,061
Commercial real estate	5,833	39,765	87,498	145,850
Single-family residential mortgages	45,526	109,396	66,957	11,745
Total loans originated	152,980	478,964	503,802	430,027
Loans acquired:				
Commercial and industrial	–	16,667	–	–
SBA	–	16,816	–	–
Construction and land development	–	19,972	–	–
Commercial real estate	–	334,221	–	–
Single-family residential mortgages	–	–	–	–
Total loans acquired	–	387,676	–	–
SBA loans sold	23,168	37,935	42,697	29,200
Single-family residential mortgage loans transferred to available for sale	–	33,692	10,429	–
Loan principal reduction and payoffs (1)	101,619	471,184	361,472	280,005
Net increase in total loans	$ 28,193	$323,829	$ 89,204	$120,823

(1) Includes $0, $540,000, $0 and $0 of loans transferred to OREO for the three months ended March 31, 2017 and the years ended December 31, 2016, 2015 and 2014, respectively.

The following table shows the contractual maturities our loan portfolio and the distribution between fixed and adjustable interest rate loans at March 31, 2017:

	As of March 31, 2017						
	Within One Year		One Year to Five Years		After Five Years		
(Dollars in thousands)	Fixed	Adjustable Rate	Fixed	Adjustable Rate	Fixed	Adjustable Rate	Total
Commercial and industrial	$ 24,230	$ 89,377	$ 3,508	$ 35,597	$ –	$ 61,768	$ 214,480
SBA	–	149,926					149,926
Construction and land development	–	78,949	–	10,920	–	–	89,869
Commercial real estate	–	76,546	52,758	275,698	35,318	53,096	493,416
Single-family residential mortgages	–	14,928		13,477	163,467	–	191,872
Total loans (1)	$ 24,230	$ 409,726	$ 56,266	$ 335,692	$ 198,785	$ 114,864	$ 1,139,563

(1) Net of purchased loan discounts, and deferred cost and fees

The principal categories of our loan portfolio are discussed below:

Commercial and industrial loans. We provide a mix of variable and fixed rate commercial and industrial loans. The loans are typically made to small- and medium-sized manufacturing, wholesale, retail and service businesses for working capital needs, business expansions and for international trade financing. Commercial and industrial loans include lines of credit with a maturity of one year or less, commercial and industrial term loans with maturities of five years or less, shared national credits with maturities of five years or less, mortgage warehouse lines with a maturity of one year or less, bank subordinated debentures with a maturity of 10 years, purchased receivables with a maturity of two months or less and international trade discounts with a maturity of three months or less. Substantially all of our commercial and industrial loans are collateralized by business assets or by real estate.

We originate commercial and industrial lines of credit, term loans, mortgage warehouse lines and international trade discounts which totaled in the aggregate $151.2 million as of March 31, 2017, $150.9 million and $114.0 million, at December 31, 2016 and December 31, 2015, respectively. The interest rate on these loans are generally Wall Street Journal Prime or Prime rate based.

We purchase shared national credits for the purpose of using our excess capital. These loans consist of large syndicated loans to companies with stable credit ratings. We limit these type of loans to 10% of our loans. These loans are floating-rate loans based on the London Interbank Offered Rate, or LIBOR. The shared national credit portfolio totaled $36.5 million as of March 31, 2017 and $28.6 million as of December 31, 2016.

We originate purchased receivables as a cash management tool. These loans are to large companies with investment grade bond and commercial paper ratings and the purchased receivables are managed through our investment policy. We limit purchased receivables to 45% of our security portfolio and 45% of our tier-1 capital. The purchased receivable portfolio totaled $24.2 million at March 31, 2017 and $22.4 million at December 31, 2016. We started this program in 2015 with a total balance of $16.0 million at December 2015.

We purchase subordinated debentures of other community banks in limited amounts not to exceed $1.0 million by individual issuer and not more than $10.0 million in total. Most of these loans have a fixed rate for five years then float to LIBOR. The subordinated debentures loan portfolio totaled $2.5 million at March 31, 2017 and $2.0 million at December 31, 2016. We also purchase subordinated debentures in our securities portfolio. We decide whether to treat the debenture as a loan or a security based on the liquidity of the asset. We determine liquidity by the size of the offering and by whether the security can be held in electronic form. The total community bank subordinated debenture portfolio, amounted to $6.5 million at March 31, 2017 and $5.0 million at December 31, 2016, with $2.5 million and $2.0 million classified as loans as of such respective dates. We started this program after we issued our subordinated notes in March 2016 to offset a portion of the interest rate payment on the $50.0 million of subordinated notes that we issued.

Commercial and industrial loans increased $10.7 million, or 5.3%, to $214.5 million as of March 31, 2017 compared to $203.8 million at December 31, 2016. This increase resulted primarily from an increase in shared national credits of $5.8 million, mortgage warehouse lines of $2.9 million and purchased receivables of $1.9 million. Commercial and industrial loans increased $43.1 million, or 26.8%, to $203.7 million at December 31, 2016 as compared to $160.6 million at December 31, 2015. The increase resulted primarily from organic loan growth in commercial lines of credit of $23 million, commercial and industrial term notes of $27.1 million, partially offset by a reduction in mortgage warehouse lines of $5.1 million and shared national credits of $2.0 million. Commercial and industrial loans increased $13.9 million, or 9.5%, to $160.6 million at December 31, 2015 as compared to $146.7 million at December 31, 2014. This increase was due to an increase in mortgage warehouse lines of $10.1 million and purchased receivables of $16 million, partially offset by a decrease in commercial lines of credit.

Commercial real estate loans. Commercial real estate loans include owner-occupied and non-occupied commercial real estate, multi-family residential and single-family residential loans originated for a business purpose. The interest rate for the majority of these loans are Prime based and have a maturity of five years or less except for the single-family residential loans originated for a business purpose which may have a maturity of one year. At March 31, 2017, approximately 17.9% of the commercial real estate portfolio consisted of fixed-rate loans. Our policy maximum loan-to-value, or LTV is 75% for commercial real estate loans. The total commercial real estate portfolio totaled $374.1 million at March 31, 2017, $379.6 million and $233.8 million as of December 31, 2016 and December 31, 2015, respectively, of which $133.0 million, $135.1 million, and $76.7 million respectively, are secured by owner occupied properties. The multi-family residential loan portfolio totaled $70.9 million as of March 31, 2017, $70.6 million and $23.0 million as of December 31, 2016. The single-family residential loan portfolio originated for a business purpose totaled $48.4 million as of March 31, 2017, $51.6 million, $87.7 million as of December 31, 2016 and December 31, 2015, respectively.

Commercial real estate loans decreased $8.4 million, or 1.7%, to $493.4 million at March 31, 2017 as compared to $501.8 million at December 31, 2016. This decrease resulted primarily from the continued pay-off of TomatoBank commercial real estate and single-family residential loans originated for a business purpose. Commercial real estate loans increased $158.4 million, or 46.1%, to $501.8 million at December 31, 2016 as compared to $343.4 million at December 31, 2015. This increase resulted from the acquisition of TomatoBank, partially offset by payoffs in commercial real estate loans. Commercial real estate loans decreased $29.4 million, or 7.9%, to $343.4 million at December 31, 2015 as compared to $372.8 million at December 31, 2014. The decrease in 2015 was primarily the result of decreasing our commercial real estate originations to lower our commercial real estate concentration.

Construction and land development loans. Our construction and land development loans are comprised of residential construction, commercial construction and land acquisition and development construction. Interest reserves are generally established on real estate construction loans. These loans are typically Prime based and have maturities of less than 18 months. Our policy maximum LTV for construction loans is 75% and for land development loans is 50%. The following table shows the categories of our construction and land development portfolio as of March 31, 2017 and December 31, 2016 and 2015.

(Dollars in thousands)	As of March 31, 2017		As of December 31, 2016		As of December 31, 2015	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Residential construction	$ 47,606	52.97%	$ 47,985	53.67%	$ 44,329	65.58%
Commercial construction	28,067	31.25	35,404	39.60	11,834	17.51
Land development	14,196	15.80	6,019	6.73	11,431	16.91
Total construction and land development loans (1)	$ 89,869	100.00%	$ 89,408	100.00%	$ 67,594	100.00%

(1) Net of purchased loan discounts, deferred costs and fees.

Construction and land development loans increased $461,000, or 0.5%, to $89.9 million at March 31, 2017 as compared to $89.4 million at December 31, 2016. This increase in construction and land development loans was primarily due to construction loan originations exceeding loan repayments. Construction and land development loans increased $21.8 million, or 32.2%, to $89.4 million at December 31, 2016 as compared to $67.6 million at December 31, 2015. This increase in construction and land development loans was primarily due to the acquisition of approximately $20.0 loans in the TomatoBank acquisition, partially offset by repayments exceeding new construction loan originations. Construction and land development loans decreased $25.4 million, or 27.3%, to $67.6 million at December 31, 2015 as compared to $93.0 million at December 31, 2014. This decrease in construction and land development loans was primarily due to loan repayments exceeding new construction loan originations.

Small Business Administration guaranteed loans. We are designated a Preferred Lender under the SBA Preferred Lender Program. We offer mostly SBA 7(a) variable-rate loans. We generally sell the 75% guaranteed portion of the SBA loans that we originate. Our SBA loans are typically made to small-sized manufacturing, wholesale, retail, hotel/motel and service businesses for working capital needs or business expansions. SBA loans can have any maturity up to 25 years. Typically, non-real estate secured loans mature in less than 10 years. Collateral may also include inventory, accounts receivable and equipment, and includes personal guarantees. Our unguaranteed SBA loans collateralized by real estate are monitored by collateral type and included in our CRE Concentration Guidance as previously discussed.

We originate SBA loans through our branch staff, loan officers and through SBA brokers. For 2016, 25.6% or $22.3 million of SBA loan originations were produced by branch staff and loan officers. The remaining $64.9 million was referred to us through SBA brokers.

As of March 31, 2017 our SBA portfolio totaled $149.8 million of which $80.8 million is guaranteed by the SBA and $68.9 million is unguaranteed, of which $63.8 million is secured by real estate and $5.1 million is unsecured or secured by business assets. We monitor the unguaranteed portfolio by type of real estate collateral. As of March 31, 2017, 54.0% or $34.5 million is secured by hotel/motels; 16.0% or $10.2 million by gas stations; and, 30.0% or $19.1 million in other real estate types. We further analyze the unguaranteed portfolio by location. As of March 31, 2017, 41.6% or $28.4 million is located in California; 6.3% or $4.3 million is located in Nevada; 17.9% or $12.2 million is located in Texas; 13.9% or $9.5 million is located in Washington; and 20.3% or $13.9 million is located in other states.

SBA loans decreased $9.2 million, or 5.8%, to $149.8 million at March 31, 2017 compared to $159.0 million at December 31, 2016. This decrease was primarily due to loan sales of $23.2 million, partially offset by $19.4 million in originations in the first quarter of 2017. Starting in 2017, we intend to sell SBA loans quarterly, whereas previously, we primarily sold SBA loans annually in November of each year. SBA loans increased $50.3 million, or 46.3%, to $159.0 million at December 31, 2016 as compared to $108.7 million at December 31, 2015. The increase resulted primarily from organic loan originations of $87.2 million, partially offset by SBA loan sales of $37.9 million. SBA loans increased $78.0 million, or 254.19%, to $108.7 million at December 31, 2015 as compared to $30.7 million at December 31, 2014. This increase was due to organic originations of $128.0 million, partially offset by SBA loan sales of 42.7 million.

Single-family residential real estate loans. We originate mainly non-qualified, alternative documentation single-family residential mortgage loans through correspondent relationships or through our branch network or retail channel. The loan product is a seven-year hybrid adjustable mortgage with a current start rate of 4.5% which re-prices after seven years to the one-year LIBOR plus 2.75. As of March 31, 2017, the average loan-to-value of the portfolio was 57.6%, the average FICO score was 747 and the average duration of the portfolio was 4.7 years. We also offer qualified single-family residential mortgage loans as a correspondent to a national financial institution.

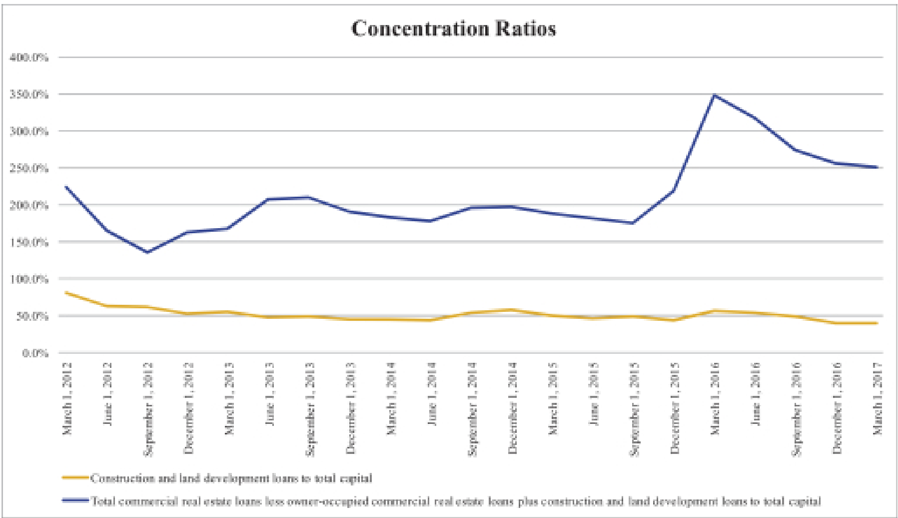
We originate these non-qualified single-family residential mortgage loans both to sell and hold for investment. The loans held for investment are generally originated through our retail branch network to our

customers, many of whom establish a deposit relationships with us. During the first quarter of 2017, we originated $33.2 million of such loans through our retail channel and $24.4 million through our correspondent channel. We sell many of these non-qualified single-family residential mortgage loans to other Asian-American banks. While our loan sales to date have been primarily to one bank, we expect to be expanding our network of banks who will acquire our single-family loan product.

Single-family residential real estate loans, which include $2.3 million of home equity loans, increased $35.5 million, or 22.7%, to $191.9 million as of March 31, 2017 as compared to $156.4 million as of December 31, 2016. In addition, loans held for sale increased $22.3 million or 50.3% to $66.6 as of March 31, 2017 compared to $44.3 million December 31, 2016. The increase in is mainly due to not selling single-family residential mortgage loans in the first quarter of 2017. We expect to continue to make loan sales during the remainder of 2017 in the same volume as 2016. Single-family residential real estate loans, which include $2.4 million of home equity loans, increased $44.3 million, or 39.5%, to $156.4 million at December 31, 2016 as compared to $112.1 million at December 31, 2015. This increase was due to loan originations exceeding loan repayments and sales. Single-family residential real estate loans increased $55.0 million, or 96.2%, to $112.10 million at December 31, 2015 as compared to $57.2 million at December 31, 2014. This increase was due to loan originations exceeding loan repayments and sales.

CRE Concentration

We have policies and procedures in place to monitor compliance with the CRE Concentration Guidance. We have set targets for CRE concentration limits as a percentage of total capital in accordance with interagency guidelines. We have purchased four banks, two of which had significant concentrations in CRE. Once acquired, we take significant steps to immediately reduce CRE concentration. The following graph shows our performance in reducing commercial real estate loan concentrations as in accordance with interagency guidelines:



Loan Quality

We use what we believe is a comprehensive methodology to monitor credit quality and prudently manage credit concentration within our loan portfolio. Our underwriting policies and practices govern the risk profile and credit and geographic concentration for our loan portfolio. We also have what we believe to be a comprehensive methodology to monitor these credit quality standards, including a risk classification system that identifies potential problem loans based on risk characteristics by loan type as well as the early identification of

deterioration at the individual loan level. In addition to our allowance for loan losses, our purchase discounts on acquired loans provide additional protections against credit losses.

Discounts on Purchased Loans. At acquisition we hire a third-party to determine the fair value of loans acquired. In many of the cases fair values were determined by estimating the cash flows expected to result from those loans and discounting them at appropriate market rates. The excess of expected cash flows above the fair value of the majority of loans will be accreted to interest income over the remaining lives of the loans in accordance with FASB Accounting Standards Codification, or ASC, 310-20.

None of the loans we acquired after 2011 had evidence of deterioration of credit quality since origination for which it was probable, at acquisition, that the Company would be unable to collect all contractually required payments receivable. Loans acquired that had evidence of deterioration of credit quality since origination are referred to as PCI loans.

With our acquisitions of FAB and VCBB, we acquired $16.7 million contractual amount due with a fair value of $9.7 million of PCI loans. The outstanding balance and carrying amount of PCI loans as of December 31 2016 and 2015 were $878,000 and $730,000 and $2.4 million and $1.7 million, respectively. For these PCI loans, the Company did not increase the allowance for loan losses during 2016 or 2015 as there were no significant reductions in the expected cash flows.

Analysis of the Allowance for Loan Losses. The following table allocates the allowance for loan losses, or the allowance, by category:

(Dollars in thousands)	As of March 31, 2017		As of December 31, 2016		2015		2014		2013		2012	
	Amount	Percentage (1)	Amount	Percentage (1)	Amount	Percentage (1)	Amount	Percentage (1)	Amount	Percentage (1)	Amount	Percentage (1)
Loans:												
Commercial and industrial	$ 2,219	1.03	$ 2,581	1.27	$ 2,483	1.55	$ 2,287	1.56	$ 2,010	1.75	$ 2,259	2.41
SBA	4,730	3.15	3,345	2.10	1,616	1.49	443	1.44	234	0.96	65	0.98
Construction and land development	1,109	1.23	1,206	1.35	835	1.24	1,226	1.32	1,317	2.09	2,662	4.70
Commercial real estate (2)	4,532	0.92	5,952	1.19	3,672	1.07	4,283	1.15	3,411	1.08	2,136	1.25
Single-family residential mortgages	1,596	0.83	1,078	0.69	1,417	1.26	609	1.07	577	0.98	–	–
Allowance for loan losses	14,186	1.24%	14,162	1.28%	10,023	1.26	8,848	1.26	7,549	1.31	7,122	2.18

(1) Represents the presentage of the allowance to total loans in the respective category. For example, as of March 31, 2017, the percentage of the allowance to commercial and industrial loans was $2.2 million, divided by the total of commercial and industrial loans of $214.5 million, which equals 1.03%.

(2) Includes non-farm and non-residential real estate loans, multi-family residential and single-family residential loans originated for a business purpose.

The allowance and the balance of nonaccretable discounts represent our estimate of probable and reasonably estimable credit losses inherent in loans held for investment as of the respective balance sheet date.

Allowance for loan losses. Our methodology for assessing the appropriateness of the allowance for loan includes a general allowance for performing loans, which are grouped based on similar characteristics, and a specific allowance for individual impaired loans or loans considered by management to be in a high-risk category. General allowances are established based on a number of factors, including historical loss rates, an assessment of portfolio trends and conditions, accrual status and economic conditions.

For commercial and industrial, SBA, commercial real estate, construction and land development and single-family residential mortgage loans held for investment, a specific allowance may be assigned to individual loans based on an impairment analysis. Loans are considered impaired when it is probable that we will be unable to

collect all amounts due according to the contractual terms of the loan agreement. The amount of impairment is based on an analysis of the most probable source of repayment, including the present value of the loan's expected future cash flows, the estimated market value or the fair value of the underlying collateral. Interest income on impaired loans is accrued as earned, unless the loan is placed on nonaccrual status.

Credit-discount on loans purchased through acquisition. Purchased loans are recorded at market value in two categories, credit discount and liquidity discount and premiums. The remaining credit discount at the end of a period is compared to the analysis for loan losses for each acquisition. If the credit discount is greater than the expected loss no additional provision is needed. The following table shows our credit discounts by loan portfolio for purchased loans only as of March 31, 2017 and December 31, 2016, 2015, and 2014. We have recorded additional reserves of $270,000 due to the credit discounts on the LANB, VCBB and FAB acquisitions being less than the analysis for loan losses on those acquisitions as of March 31, 2017.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,		
(Dollars in thousands)	**2017**	**2016**	**2016**	**2015**	**2014**
Commercial and industrial	$ 276	$ 624	$ 346	$ 11	$ 18
SBA	74	220	91	2	5
Construction and land development	28	693	61	–	4
Commercial real estate	3,840	7,253	4,516	979	1,615
Single-family residential mortgages	86	184	110	224	462
Total credit discount on purchased loans	$ 4,304	$ 8,974	$ 5,124	$ 1,216	$ 2,104
Total remaining balance of purchased loans through acquisition	$ 329,530	$ 463,419	$ 350,541	$ 69,267	$ 92,575
Credit-discount to remaining balance of purchased loans	1.31%	1.94%	1.46%	1.75%	1.77%
Allowance for loan losses	$ 14,186	$ 10,798	$ 14,162	$ 10,023	$ 8,848
Total loans (1)	1,139,563	1,165,773	1,110,446	792,362	700,436
Allowance for loan losses plus credit discount to total loans	1.62%	1.70%	1.74%	1.42%	1.56%

(1) Net of purchased loan discounts and deferred cost and fees

Individual loans considered to be uncollectible are charged off against the allowance. Factors used in determining the amount and timing of charge-offs on loans include consideration of the loan type, length of delinquency, sufficiency of collateral value, lien priority and the overall financial condition of the borrower. Collateral value is determined using updated appraisals and/or other market comparable information. Charge-offs are generally taken on loans once the impairment is determined to be other-than-temporary. Recoveries on loans previously charged off are added to the allowance. Net charge-offs to average loans were 0.51%, 0.08%, 0.03% and 0.02% for the three months ended March 31, 2017 and the years ended December 31, 2016, 2015 and 2014, respectively.

The allowance for loan losses was $14.2 million at March 31, 2017 compared to $14.2 million, $10.0 million and $8.8 million at December 31, 2016, 2015 and 2014, respectively. The $24,000 increase at March 31, 2017 compared to December 31, 2016 was due to a recovery of a prior charged-off loan. The $4.2 million increase at December 31, 2016 compared to December 31, 2015, was due primarily to an increase in specific reserves on two SBA guaranteed nonperforming loans discussed under "Results of Operations— Comparison of Results of Operations for the Three Months Ended March 31, 2017 and 2016" on page 70 above.

We analyze the loan portfolio, including delinquencies, concentrations, and risk characteristics, at least quarterly in order to assess the overall level of the allowance and nonaccretable discounts. We also rely on internal and external loan review procedures to further assess individual loans and loan pools, and economic data for overall industry and geographic trends.

In determining the allowance and the related provision for loan losses, we consider three principal elements: (i) valuation allowances based upon probable losses identified during the review of impaired commercial and industrial, commercial real estate, construction and land development loans, (ii) allocations, by loan classes, on loan portfolios based on historical loan loss experience and qualitative factors and (iii) review of the credit discounts in relationship to the valuation allowance calculated for purchased loans. Provisions for loan losses are charged to operations to record changes to the total allowance to a level deemed appropriate by us.

The following table provides an analysis of the allowance for loan losses, provision for loan losses and net charge-offs for the three months ended March 31, 2017 and 2016 and the years ended December 31, 2016, 2015, 2014, 2013 and 2012:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Balance, beginning of period	$ 14,162	$ 10,023	$ 10,023	$ 8,848	$ 7,549	$ 7,122	$ 5,060
Charge-offs:							
Commercial and industrial	–	–	–	–	–	–	–
SBA	–	223	835	422	242	11	
Construction and land development	–	–	–	–	–	345	–
Commercial real estate	–	–	–	–	–	532	–
Single-family residential mortgages	–	–	–	–	–	307	–
Total charge-offs	–	223	835	422	242	1,195	–
Recoveries:							
Commercial and industrial	–	–	–	–	–	–	4
SBA	24	–	–	11	–	10	
Construction and land development	–	–	–	–	–	–	–
Commercial real estate	–	–	–	200	95	–	–
Single-family residential mortgages	–	–	–	–	–	–	–
Total recoveries	24	–	–	211	95	10	4
Net charge-offs	(24)	223	835	211	147	1,185	(4)
Provision for loan losses	–	998	4,974	1,386	1,446	1,613	2,058
Balance, end of period	$ 14,186	$ 10,798	$ 14,162	$ 10,023	$ 8,848	$ 7,549	$ 7,122
Total loans at end of period (1)	$1,139,563	$1,165,773	$1,110,446	$792,362	$700,436	$576,629	$327,316
Average loans (2)	1,134,929	970,904	1,080,848	755,960	660,382	472,701	304,987
Net charge-offs to average loans	– %	0.02%	0.08%	0.03%	0.02%	0.25%	– %
Allowance for loan losses to total loans	1.24	0.93	1.28	1.26	1.26	1.31	2.18
Credit-discount on loans purchased through acquisitions	$ 4,304	$ 8,974	$ 5,124	$ 1,216	$ 2,104	$ 4,158	$ 2,739
Allowance for loan losses plus credit-discount to total loans	1.62%	1.70%	1.74%	1.42%	1.56%	2.03%	3.01%

(1) Net of purchase loan discounts and deferred cost and fees
(2) Excludes loans held for sale

Problem Loans. Loans are considered delinquent when principal or interest payments are past due 30 days or more; delinquent loans may remain on accrual status between 30 days and 89 days past due. Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. Typically, the accrual of interest on loans is discontinued when principal or interest payments are past due 90 days or when, in the opinion of management, there is a reasonable doubt as to collectability in the normal course of business. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Loans are restored to accrual status when loans become well-secured and management believes full collectability of principal and interest is probable.

A loan is considered impaired when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans include loans on nonaccrual status and

performing restructured loans. Income from loans on nonaccrual status is recognized to the extent cash is received and when the loan's principal balance is deemed collectible. Depending on a particular loan's circumstances, we measure impairment of a loan based upon either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral less estimated costs to sell if the loan is collateral dependent. A loan is considered collateral dependent when repayment of the loan is based solely on the liquidation of the collateral. Fair value, where possible, is determined by independent appraisals, typically on an annual basis. Between appraisal periods, the fair value may be adjusted based on specific events, such as if deterioration of quality of the collateral comes to our attention as part of our problem loan monitoring process, or if discussions with the borrower lead us to believe the last appraised value no longer reflects the actual market for the collateral. The impairment amount on a collateral-dependent loan is charged-off to the allowance if deemed not collectible and the impairment amount on a loan that is not collateral-dependent is set up as a specific reserve.

In cases where a borrower experiences financial difficulties and we make certain concessionary modifications to contractual terms, the loan is classified as a troubled debt restructuring, or TDR. These concessions may include a reduction of the interest rate, principal or accrued interest, extension of the maturity date or other actions intended to minimize potential losses. Loans restructured at a rate equal to or greater than that of a new loan with comparable risk at the time the loan is modified may be excluded from restructured loan disclosures in years subsequent to the restructuring if the loans are in compliance with their modified terms. A restructured loan is considered impaired despite its accrual status and a specific reserve is calculated based on the present value of expected cash flows discounted at the loan's effective interest rate or the fair value of the collateral less estimated costs to sell if the loan is collateral dependent.

Real estate we acquire as a result of foreclosure or by deed-in-lieu of foreclosure is classified as OREO until sold, and is carried at the balance of the loan at the time of foreclosure or at estimated fair value less estimated costs to sell, whichever is less.

Table of Contents

The following table sets forth the allocation of our nonperforming assets among our different asset categories as of the dates indicated. Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest, and loans modified under troubled debt restructurings. Nonperforming loans exclude PCI loans. The balances of nonperforming loans reflect the net investment in these assets.

(Dollars in thousands)	As of March 31, 2017	As of December 31, 2016	2015	2014	2013	2012
Troubled debt restructured loans:						
Commercial and industrial	$ –	$ –	$ 80	$ 96	$ 104	$ 44
SBA	–	–	185	–	–	–
Construction and land development	300	303	315	697	1,726	283
Commercial real estate	2,250	2,253	1,168	2,519	2,836	2,057
Single-family residential mortgages	–	–	–	–	–	–
Total troubled debt restructured loans	2,550	2,556	1,748	3,312	4,666	2,384
Non-accrual loans:						
Commercial and industrial	–	–	–	497	311	1,123
SBA	3,559	3,577	4,365	–	–	–
Construction and land development	–	–	–	–	–	1,461
Commercial real estate	–	–	–	–	157	3,400
Single-family residential mortgages	–	–	–	–	–	–
Total non-accrual loans	3,559	3,577	4,365	497	468	5,984
Loans past due 90 days or more and still accruing	–	–	–	250	91	–
Total non-performing loans	6,109	6,133	6,112	4,059	5,225	8,368
Other real estate owned	833	833	293	1,161	1,511	1,425
Nonperforming assets	$ 6,942	$6,966	$6,406	$5,220	$6,736	$9,793
Nonperforming loans to total loans	0.54%	0.55%	0.77%	0.58%	0.91%	3.17%
Nonperforming assets to total assets	0.46	0.50	0.63	0.56	0.93	2.05

The decrease in nonperforming loans at March 31, 2017 was primarily due to $111,000 of payments received on two nonperforming loans during the first quarter of 2017.

We did not recognize any interest income on nonaccrual loans during the periods ended March 31, 2017, December 31, 2016, 2015 and 2014 while the loans were in nonaccrual status. Additional interest income that we would have recognized on these loans had they been current in accordance with their original terms was $38,000, $70,000 and $0.0 during the years ended December 31, 2016, 2015 and 2014, respectively. We recognized interest income on commercial and commercial real estate loans modified under troubled debt restructurings of $70,000, $301,000, $213,000 and $552,000 during the periods ended March 31, 2017, December 31, 2016, 2015 and 2014, respectively.

We utilize an asset risk classification system in compliance with guidelines established by the FDIC as part of our efforts to improve asset quality. In connection with examinations of insured institutions, examiners have the authority to identify problem assets and, if appropriate, classify them. There are three classifications for problem assets: “substandard,” “doubtful,” and “loss.” Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full questionable and there is a high probability of loss based on currently existing facts, conditions and values. An asset classified as loss is not considered collectable and is of such little value that continuance as an asset is not warranted.

We use a risk grading system to categorize and determine the credit risk of our loans. Potential problem loans include loans with a risk grade of 6, which are “special mention,” loans with a risk grade of 7, which are “substandard” loans that are not considered to be impaired and loans with a risk grade of 8, which are “doubtful”

loans generally considered to be impaired. These loans generally require more frequent loan officer contact and receipt of financial data to closely monitor borrower performance. Potential problem loans are managed and monitored regularly through a number of processes, procedures and committees, including oversight by a loan administration committee comprised of executive officers and other members of the Bank's senior management

The following table presents the recorded investment of potential problem loans (excluding PCI loans) by loan category at the dates indicated:

(Dollars in thousands)	Commercial and Industrial Risk Category			SBA Risk Category			Commercial Real Estate Risk Category			Construction and Land Development Risk Category			Single-Family Residential Real Estate Risk Category			
	6	7	8	6	7	8	6	7	8	6	7	8	6	7	8	Total
March 31, 2017	$ –	$4,384	$ –	$1,898	$2,385	$3,559	$ 4,567	$21,871	$ –	$ –	$2,375	$ –	$13,970	$6,466	$ –	$61,474
December 31, 2016	–	9,616	–	1,934	2,409	3,559	18,512	27,279	–	1,932	303	–	–	–	–	65,544
December 31, 2015	999	2,086	–	–	4,915	–	–	4,915	–	–	315	–	–	–	–	13,230
December 31, 2014	3,148	2,124	–	–	5,789	–	816	5,867	–	–	697	–		–	–	18,441
December 31, 2013	4,315	3,416	–	–	–	–	5,767	12,261	–	–	2,066	–	–	1,094	–	28,919
December 31, 2012	8,168	3,325	–	–	–	–	5,094	7,929	–	2,881	3,437	–	–	2,242	–	33,076

Securities. Our investment strategy aims to maximize earnings while maintaining liquidity in securities with minimal credit risk. The types and maturities of securities purchased are primarily based on our current and projected liquidity and interest rate sensitivity positions.

The following table sets forth the book value and percentage of each category of securities at March 31, 2017 and December 31, 2016, 2015 and 2014. The book value for securities classified as available for sale is equal to fair market value and the book value for securities classified as held to maturity is equal to amortized cost.

	March 31, 2017		December 31, 2016		December 31, 2015		December 31, 2014	
(Dollars in thousands)	Book Value	% of Total	Book Value	% of Total	Book Value	% of Total	Book Value	% of Total
Securities, available for sale, at fair value								
U.S. government agency securities	$ 5,203	11.5%	$ 5,317	11.7%	$ –	– %	$ –	– %
Corporate note securities (1)	11,384	25.1	10,320	22.7	5,387	19.9	–	–
Mortgage-backed securities	22,568	49.8	23,640	52.0	15,029	55.5	24,931	78.8
Total securities, available for sale, at fair value	39,155	86.3	39,277	86.3	20,416	75.4	24,931	78.8
Securities, held to maturity, at amortized cost								
Taxable municipal securities	5,299	11.7	5,301	11.7	5,741	21.2	5,751	18.2
Tax-exempt municipal securities	907	2.0	913	2.0	937	3.5	959	3.0
Total securities, held to maturity, at amortized cost	6,206	13.7	6,214	13.7	6,678	24.6	6,710	21.2
Total securities	$45,361	100.0%	$45,491	100.0%	$27,094	100.0%	$31,642	100.0%

(1) Comprised of corporate note securities and financial institution subordinated debentures

The following table sets forth the book value, scheduled maturities and weighted average yields for our securities portfolio at March 31, 2017. The book value for securities classified as available for sale is equal to fair market value and the book value for securities classified as held to maturity is equal to amortized cost.

	As of March 31, 2017		
(Dollars in thousands)	**Book Value**	**% of Total Securities**	**Weighted Average Yield**
Securities, available for sale			
U.S. government agency securities			
Maturing within one year	–	–	–
Maturing in one to five years	$ 1,215	2.7%	2.4%
Maturing in five to ten years	3,987	8.8	2.0
Maturing after ten years	–		
Total U.S. government agency securities	5,202	11.5	2.1
Corporate note securities: (1)			
Maturing within one year	–	–	–
Maturing in one to five years	7,321	16.1	2.5
Maturing in five to ten years	4,063	9.0	5.4
Maturing after ten years	–	–	–
Total corporate note securities	11,384	25.1	3.5
Mortgage-backed securities - government sponsored agencies:			
Maturing within one year	–	–	–
Maturing in one to five years	18,142	40.0	2.5
Maturing in five to ten years	4,427	9.8	2.3
Maturing after ten years	–		–
Total mortgage-backed securities	22,569	49.8	1.9
Total securities, available for sale	39,155	86.3	2.4
Securities, held to maturity			
Taxable municipal securities			
Maturing within one year	1,001	2.2	3.6
Maturing in one to five years	1,957	4.3	4.3
Maturing in five to ten years	2,341	5.2	4.4
Maturing after ten years	–	–	–
Total taxable municipal securities	5,299	11.7	4.2
Tax-exempt municipal securities			
Maturing within one year	–	–	–
Maturing in one to five years	907	2.0	3.0
Maturing in five to ten years	–	–	–
Maturing after ten years	–	–	–
Total-tax exempt municipal securities	907	2.0	3.0
Total securities, held to maturity	6,206	13.7	4.1
Total securities	$45,361	100.0%	2.6

(1) Comprised of corporate note securities and financial institution subordinated debentures

Management evaluates securities for other-than-temporary impairment, or OTTI, on at least a semi-annual basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows; OTTI related to credit loss, which must be recognized in the income statement and; OTTI related to other factors,

which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

The table below presents the credit ratings at March 31, 2017 at fair value for our investment securities classified as available for sale and amortized cost for investment securities classified as held to maturity.

	As of March 31, 2017							
			Average Credit Rating					
(Dollars in thousands)	**Amortized Cost**	**Estimated Fair Value**	**AAA**	**AA+/-**	**A+/-**	**BBB+/-**	**< BBB-**	**Not Rated**
Securities, available for sale:								
U.S. government agency securities	$ 5,324	$ 5,203	$ –	$ 5,203	$ –	$ –	$ –	$ –
Corporate securities	11,340	11,384			3,139	8,245		
Mortgage-backed securities	22,827	22,568	–	22,568	–	–	–	–
Total securities, available for sale	39,491	39,155	–	27,771	3,139	8,245	–	–
Securities held to maturity:								
Taxable municipal securities	5,299	5,618	2,375	3,243	–	–	–	–
Tax-exempt municipal securities	907	925	925	–	–	–	–	–
Total securities, held to maturity	6,206	6,543	3,300	3,243	–	–	–	–
Total investment securities	$ 45,697	$ 45,698	$3,300	$31,014	$3,139	$ 8,245	–	–

Cash and Cash Equivalents. Cash and cash equivalents increased $48.8 million, or 41.1%, to $167.5 million as of March 31, 2017 as compared to $118.7 at December 31, 2016. This increase was primarily due to $101.7 million of cash from financing activities, primarily net increases in deposits of $95.5 million, partially offset by funds used in investment activities of $40.4 million.

Cash and cash equivalents increased $4.8 million, or 0.9%, to $118.7 million as of December 31, 2016 as compared to December 31, 2015. The cash flows used from financing activities of $58.6 million, consisting of a reduction in deposits offset by proceeds from the issuance of long term debt. Cash flows provided by operating activities of $55.1 million is primarily due to proceeds received from sales of loans held for sale exceeding originations of loans held for sale. Cash flows provided from investing activities of $8.2 million is due to net increase in loans of $40.3 million offset by the premium paid for TFC of $35.0 million.

Cash and cash equivalents increased $7.2 million, or 6.7%, to $113.9 million as of December 31, 2015 as compared to December 31, 2014. This increase was due to $29.1 million of cash provided by operating activities, coupled with cash flows from financing activities of $83.5 million, consisting primarily of an increase in deposits, and cash flows used by investment activities of $105.4 million. Cash used by investing activities primarily reflected $103.1 million in loan increases.

Goodwill and Other Intangible Assets. Goodwill was $29.9 million at March 31, 2017 compared to $29.9 million, $4.0 million and $4.0 million at December 31, 2016, 2015 and 2014, respectively. Goodwill represents the excess of the consideration paid over the fair value of the net assets acquired. Our other intangible assets, which consist of core deposit intangibles, were $1.7 million, $1.8 million, $466,000 and $582,000 at March 31, 2017, December 31, 2016, 2015 and 2014, respectively. These assets are amortized primarily on an accelerated basis over their estimated useful lives, generally over a period of three to 10 years.

On February 17, 2016, we completed the TFC acquisition. At closing, the acquired entity primarily consisted of TomatoBank, and $5.2 million of subordinated debentures. TomatoBank provided commercial and retail banking services primarily to Asian-Americans through six branches in the metro Los Angeles area.

We acquired TFC for $86.7 million in cash. The identifiable assets acquired of $470.8 million and liabilities assumed of $410.2 million were recorded at fair value. The identifiable assets acquired included the

establishment of a $1.7 million core deposit intangible, which is being amortized on an accelerated basis over 8 to 10 years. Based upon the acquisition date fair values of the net assets acquired, we recorded $25.9 million of goodwill in our consolidated balance sheet.

On May 17, 2013, we acquired LANB for $31.4 million in cash. LANB provided commercial and retail banking services primarily to Asian-Americans through four branches in the metro Los Angeles area. The assets acquired of $187.6 million and liabilities assumed of $162.5 million were recorded at fair value. Based upon the acquisition date fair values of the net assets acquired, we recorded $3.2 million of goodwill and a $802,000 core deposit intangible was recorded as an intangible asset and is being amortized on an accelerated basis over 10 years.

Liabilities. Total liabilities increased $108.3 million to $1.3 billion at March 31, 2017 primarily due to deposit growth. Total liabilities increased $355.1 million to $1.2 billion at December 31, 2016 as compared to December 31, 2015. This increase primarily due from the acquisition of TomatoBank and the issuance of subordinated notes . At acquisition, TomatoBank had $404.5 million in deposits and $5.2 million in subordinated debentures. We issued $50 million in subordinated notes on March 31, 2016. These increases were offset by normal projected run-off of deposits after an acquisition of $102.2 million of deposits in the TomatoBank acquisition.

Deposits. As a Chinese-American business bank that focuses on successful businesses and their owners, many of our depositors choose to leave large deposits with us. The Bank measures core deposits by reviewing all relationships over $250,000 on a quarterly basis. After discussions with our regulators on the proper way to measure core deposits, we now track all deposit relationships over $250,000 on a quarterly basis and consider a relationship to be core if there are: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at market interest rates; and (vii) longevity of the relationship with us. We consider all deposit relationships under $250,000 as a core relationship except for time deposits originated through an internet service. This differs from the traditional definition of core deposits which is demand and savings deposits plus time deposits less than $250,000. As many of our customers have more than $250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of our deposit base. As of March 31, 2017, the Bank considers $950.0 million or 76.1% of our deposits as core relationships.

As of December 31, 2016, our top ten deposit relationships totaled $246.1 million, of which five are to directors of the Company for a total of $96.0 million or 39.0% of our top ten deposit relationships. As of December 31, 2016, our directors and shareholders with deposits over $250,000 totaled $142.2 million or 16.1% of all relationships over $250,000. The following table summarizes the weighted average life of our deposits:

	As of March 31, 2017
	Weighted average life in years
Deposits:	
Noninterest-bearing demand	4.39
NOW and Money Market	5.05
Savings	6.81
Time, less than $250,000	3.88
Time, $250,000 and over	3.14
Total deposits	4.10

The following table summarizes our average deposit balances and weighted average rates at March 31, 2017 and December 31, 2016, 2015 and 2014:

	As of March 31, 2017		As of December 31,					
			2016		2015		2014	
(Dollars in thousands)	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate
Noninterest-bearing demand	$ 185,757	– %	$ 151,441	– %	$ 114,180	– %	$ 105,368	– %
Interest-bearing:								
Now	19,134	0.24	18,848	0.25	16,134	0.30	17,001	0.24
Savings	34,145	0.45	34,149	0.49	31,882	0.53	41,204	0.57
Money market	247,945	0.72	252,472	0.66	176,751	0.69	137,913	0.58
Time, less than $250,000	324,641	1.05	311,071	1.04	214,098	1.05	167,002	0.92
Time, $250,000 and over	368,269	1.21	354,733	1.19	284,286	1.25	186,553	1.19
Total interest-bearing	994,134		971,272		723,151		549,673	
Total deposits	$1,179,890		$1,122,713		$837,331		$655,041	

The following table sets forth the maturity of time deposits of $250,000 or more as of March 31, 2017:

	As of March 31, 2017 Maturity Within:				
(Dollars in thousands)	Three Months	Three to Six Months	Six to 12 Months	After 12 Months	Total
Time, $250,000 and over	$133,452	$ 108,395	$134,390	$ 7,889	$384,125
Wholesale deposits (1)	5,600	11,456	5,380	–	22,436
Total	$139,052	$ 119,851	$139,770	$ 7,889	$406,561

(1) Time deposits originated through internet rate lines and/or through other deposit originators

We acquired time deposits from the internet and outside deposits originators as needed to supplement liquidity. These time deposits are primarily under $250,000 and we do not consider them core deposits. The total amount of such deposits as of March 31, 2017 was $43.9 million or 3.8% of total deposits. The balances of such deposits as of December 31, 2016, 2015 and 2014 were $28.4 million, $19.7 million and $44.6 million, respectively. The Bank did not have any brokered deposits during any of the time periods presented.

Total deposits increased $95.5 million to $1.2 billion at March 31, 2017 as compared to $1.2 billion at December 31, 2016, as we grew in all deposits categories. Total deposits increased $299.4 million, or 35.1%, to $1.2 billion at December 31, 2016 as compared to $853.4 million at December 31, 2015. This increase primarily resulted from the acquisition of TomatoBank of $404.5 million, which was partially offset by normal run-off projected after the acquisition. As of December 31, 2016, total deposits were comprised of 15.2% noninterest-bearing demand accounts, 25.7% interest-bearing transaction accounts and 59.1% of time deposits. Total deposits increased $86.1 million, or 11.2%, to $853.4 million at December 31, 2015 as compared to $767.4 million at December 31, 2014. This increase primarily resulted from organic growth resulting from increased marketing activity surrounding our reaching $1 billion in assets. As of December 31, 2015, total deposits were comprised of 13.4% noninterest-bearing demand accounts, 28.6% interest-bearing transaction accounts and 58.0% of time deposits.

Short-Term Borrowings. In addition to deposits, we use short-term borrowings, such as federal funds purchased and FHLB advances, as a source of funds to meet the daily liquidity needs of our customers and fund growth in earning assets. Short-term borrowings amounted to $10.0 million at March 31, 2017, all of which consisted of 90-day FHLB advances. We did not have any short-term borrowings as of December 31, 2016, 2015 or 2014. The weighted average interest rate on our short-term borrowings was 0.67%, 0.54%%, 0.23% and 0.18% for the three months ended March 31, 2017 and the years ended December 31, 2016, 2015 and 2014, respectively. The increase in FHLB advances as of March 31, 2017 is primarily resulting from funding a portion of single-family residential mortgage loans during the first quarter of 2017 with such advances.

The following table sets forth information on our short-term FHLB advances during the periods presented:

(Dollars in thousands)	As of and for the Three Months Ended March 31, 2017	As of and for the Year Ended December 31, 2016	2015	2014
Outstanding at period-end	$ 10,000	$ –	$ –	$ –
Average amount outstanding	10,278	6,495	431	3,319
Maximum amount outstanding at any month-end	10,000	20,000	–	7,000
Weighted average interest rate:				
During period	0.67%	0.54%	0.23%	0.18%
End of period	0.69	0.60	0.30	–

Long-Term Debt. Long-term debt consists of subordinated notes we issued in March 2016. The following table provides a summary of subordinated notes at the dates indicated:

(Dollars in thousands)	As of March 31, 2017	As of December 31, 2016	2015	2014
Subordinated Notes				
issued March 31, 2016 - fixed interest rate of 6.50% for the first five years through March 31, 2021 and a variable interest rate equivalent to three-month LIBOR plus 5.16% thereafter, $50,000 maturing March 31, 2026	$ 49,419	$ 49,383	$ –	$ –

On March 31 and April 15, 2016, we issued $50 million of subordinated notes for aggregate proceeds of $49.4 million. We issued subordinated notes with a maturity date of April 1, 2026 at a fixed rate of 6.5% for the first five years and a floating rate based on the three-month LIBOR plus 516 basis points thereafter. Under the terms of our subordinated notes and the related subordinated notes purchase agreements, we are not permitted to declare or pay any dividends on our capital stock if an event of default occurs under the terms of the long term debt.

Subordinated Debentures. The following table provides a summary of our subordinated debentures at the dates indicated:

(Dollars in thousands)	As of March 31, 2017	As of December 31, 2016	2015	2014
Subordinated Debentures				
TFC Statutory Trust I - variable interest rate equal to 3-Month LIBOR plus 1.65%	$ 3,357	$3,334	$ –	$ –

We acquired $5.2 million subordinated debentures as part of the TFC acquisition and recorded it at fair value of $3.3 million. The fair value adjustment is being accreted over the remaining life of the securities. As of March 31, 2017 and December 31, 2016, we had $3.4 million, and $3.3 million, respectively, of subordinated debentures. These debentures mature on March 15, 2037 and have a variable rate of interest equal to the three-month LIBOR plus 1.65%.

Capital Resources and Liquidity Management

Capital Resources. Shareholders’ equity is influenced primarily by earnings, dividends, sales and redemptions of common stock and preferred stock and changes in accumulated other comprehensive income caused primarily by fluctuations in unrealized holding gains or losses, net of taxes, on available for sale investment securities.

Shareholders' equity increased $1.9 million, or 1.0%, to $183.5 million during the first quarter of 2017 as $5.5 million of net income, $198,000 of additional paid in capital and $68,000 million increase in accumulated other comprehensive income exceeded $3.8 million of common dividends declared. The increase in accumulated other comprehensive income primarily resulted from increases in unrealized gains on available for sale securities.

Shareholders' equity increased $17.9 million, or 11.0%, to $181.6 million at December 31, 2016 as compared to December 31, 2015 mainly due to the retention of earnings and the issuance of common stock due to the exercise of stock options, offset in part by dividends declared on our common stock. During 2016, we generated net income of $19.1 million and declared dividends of $2.6 million to our shareholders.

Shareholders' equity increased $11.7 million, or 10.5%, to $163.6 million at December 31, 2015 as compared to December 31, 2014 due to the retention of earnings and the issuance of common stock due to the exercise of stock options, offset in part by dividends declared on our common stock. During 2015, we generated net income of $13.0 million and declared dividends of $3.1 million to our shareholders.

As of March 31, 2016, we down streamed $35 million of the subordinated notes issued by the Company to the Bank as equity. As a result, the Company's investment in subsidiaries of $216.5 million exceeds our consolidated equity by $35 million representing double leverage of approximately 119%.

Liquidity Management. Liquidity refers to the measure of our ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting our operating, capital and strategic cash flow needs, all at a reasonable cost. We continuously monitor our liquidity position to ensure that assets and liabilities are managed in a manner that will meet all short-term and long-term cash requirements. We manage our liquidity position to meet the daily cash flow needs of customers, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our shareholders.

Our liquidity position is supported by management of liquid assets and liabilities and access to alternative sources of funds. Liquid assets include cash, interest-bearing deposits in banks, federal funds sold, available-for-sale securities, term federal funds, purchased receivables and maturing or prepaying balances in our securities and loan portfolios. Liquid liabilities include core deposits, federal funds purchased, securities sold under repurchase agreements and other borrowings. Other sources of liquidity include the sale of loans, the ability to acquire additional national market noncore deposits, the issuance of additional collateralized borrowings such as FHLB advances, the issuance of debt securities, additional borrowings through the Federal Reserve's discount window and the issuance of preferred or common securities. Our short-term and long-term liquidity requirements are primarily to fund on-going operations, including payment of interest on deposits and debt, extensions of credit to borrowers, capital expenditures and shareholder dividends. These liquidity requirements are met primarily through cash flow from operations, redeployment of prepaying and maturing balances in our loan and investment portfolios, debt financing and increases in customer deposits. For additional information regarding our operating, investing and financing cash flows, see the consolidated statements of cash flows provided in our consolidated financial statements.

Integral to our liquidity management is the administration of short-term borrowings. To the extent we are unable to obtain sufficient liquidity through core deposits, we seek to meet our liquidity needs through wholesale funding or other borrowings on either a short- or long-term basis.

As of March 31, 2017 and December 31, 2016 and 2015, we had $47.0 million, $47.0 million and $47.0 million of unsecured federal funds lines, respectively, with no amounts advanced against the lines as of such dates. In addition, lines of credit from the Federal Reserve Discount Window at March 31, 2017 and December 31, 2016 and 2015 were $15.3 million, $15.3 million and $13.2 million, respectively. Federal Reserve Discount Window lines were collateralized by a pool of commercial real estate loans totaling $25.2 million, $25.6 million and $26 million as of March 31, 2017 and December 31, 2016 and 2015, respectively. We did not have any borrowings outstanding with the Federal Reserve at March 31, 2017 and December 31, 2016 or 2015, and our borrowing capacity is limited only by eligible collateral.

At March 31, 2017 we had $10.0 million of outstanding advances from the FHLB. The $10.0 FHLB advance is a three-month advance maturing on April 25, 2017 at an interest rate of 0.64%. We did not have any FHLB advances outstanding as of December 31, 2016 and 2015. Based on the values of loans pledged as collateral, we had $346.0 million, $387.3 million and $178.8 million of additional borrowing capacity with the FHLB as of March 31, 2017 and December 31, 2016 and 2015, respectively. We also maintain relationships in the capital markets with brokers and dealers to issue certificates of deposit.

The Company is a corporation separate and apart from the Bank and, therefore, must provide for its own liquidity. The Company's main source of funding is dividends declared and paid to us by the Bank and RAM. There are statutory, regulatory and debt covenant limitations that affect the ability of the Bank to pay dividends to the Company. Management believes that these limitations will not impact our ability to meet our ongoing short-term cash obligations.

Regulatory Capital Requirements

We are subject to various regulatory capital requirements administered by the federal and state banking regulators. Failure to meet regulatory capital requirements may result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial statements. Under capital adequacy guidelines and the regulatory framework for "prompt corrective action" (described below), we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting policies.

In the wake of the global financial crisis of 2008 and 2009, the role of capital has become fundamentally more important, as banking regulators have concluded that the amount and quality of capital held by banking organizations was insufficient to absorb losses during periods of severely distressed economic conditions. The Dodd-Frank Act and new banking regulations promulgated by the U.S. federal banking regulators to implement Basel III have established strengthened capital standards for banks and bank holding companies and require more capital to be held in the form of common stock. These provisions, which generally became applicable to the Company and the Bank on January 1, 2015, impose meaningfully more stringent regulatory capital requirements than those applicable to the Company and the Bank prior to that date. In addition, the Basel III regulations will implement a concept known as the "capital conservation buffer." In general, banks and bank holding companies will be required to hold a buffer of common equity Tier 1 capital equal to 2.5% of risk-weighted assets over each minimum capital ratio to avoid being subject to limits on capital distributions (e.g., dividends, stock buybacks, etc.) and certain discretionary bonus payments to executive officers. For community banks, the capital conservation buffer requirement commenced on January 1, 2016, with a gradual phase-in. Full compliance with the capital conservation buffer will be required by January 1, 2019.

The table below summarizes the minimum capital requirements applicable to us and the Bank pursuant to Basel III regulations as of the dates reflected and assuming the capital conservation buffer has been fully-phased in. The minimum capital requirements are only regulatory minimums and banking regulators can impose higher requirements on individual institutions. For example, banks and bank holding companies experiencing internal growth or making acquisitions generally will be expected to maintain strong capital positions substantially above the minimum supervisory levels. Higher capital levels may also be required if warranted by the particular circumstances or risk profiles of individual banking organizations. The table below also summarizes the capital requirements applicable to us and the Bank in order to be considered "well-capitalized" from a regulatory perspective, as well as our and the Bank's capital ratios as of March 31, 2017, December 31, 2016 and December 31, 2015. We and the Bank exceeded all regulatory capital requirements under Basel III and were considered to be "well-capitalized" as of the dates reflected in the table below.

	Ratio at March 31, 2017	Ratio at December 31, 2016	Ratio at December 31, 2015	Regulatory Capital Ratio Requirements	Regulatory Capital Ratio Requirements, including fully phased-in Capital Conservation Buffer	Minimum Requirement for "Well-Capitalized" Depository Institution
Tier 1 Leverage Ratio						
Consolidated	11.07%	11.00%	15.30%	4.00%	4.00%	N/A
Bank	13.20	12.80	14.00	4.00	4.00	5.00%
Common Equity Tier 1 Risk-Based Capital Ratio (1)						
Consolidated	12.88	13.30	17.08	4.50	7.00	N/A
Bank	15.70	15.80	20.23	4.50	7.00	6.50
Tier 1 Risk-Based Capital Ratio						
Consolidated	13.15	13.60	20.20	6.00	8.50	N/A
Bank	15.70	15.80	18.51	6.00	8.50	8.00
Total Risk-Based Capital Ratio						
Consolidated	18.58	19.20	21.50	8.00	10.50	N/A
Bank	17.00	17.10	19.73	8.00	10.50	10.00

(1) The common equity tier 1 risk-based ratio, or CET1, is a new ratio created by the Basel III regulations beginning January 1, 2015.

The Basel III regulations also revise the definition of capital and describe the capital components and eligibility criteria for common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital. The most significant changes to the capital criteria are that: (i) the prior concept of unrestricted Tier 1 capital and restricted Tier 1 capital has been replaced with additional Tier 1 capital and a regulatory capital ratio that is based on common equity Tier 1 capital; and (ii) trust preferred securities and cumulative perpetual preferred stock issued after May 19, 2010 no longer qualify as Tier 1 capital. This change is already effective due to the Dodd-Frank Act, although such instruments issued prior to May 19, 2010 continue to qualify as Tier 1 capital (assuming they qualified as such under the prior regulatory capital standards), subject to the 25% of Tier 1 capital limit.

Contractual Obligations

The following table contains supplemental information regarding our total contractual obligations at December 31, 2016

	Payments Due				
(Dollars in thousands)	Within One Year	One to Three Years	Three to Five Years	After Five Years	Total
Deposits without a stated maturity	$ 470,972	$ –	$ –	$ –	$ 470,972
Time deposits	668,846	12,934	11	–	681,791
Long-term debt	–	–	–	50,000	50,000
Subordinated debentures	–	–	–	5,155	5,155
Total contractual obligations	$1,139,818	$ 12,934	$ 11	$ 55,155	$1,207,918

We believe that we will be able to meet our contractual obligations as they come due through the maintenance of adequate cash levels. We expect to maintain adequate cash levels through profitability, loan and securities repayment and maturity activity and continued deposit gathering activities. We have in place various borrowing mechanisms for both short-term and long-term liquidity needs.

Off-Balance Sheet Arrangements

We have limited off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

In the ordinary course of business, the Company enters into financial commitments to meet the financing needs of its customers. These financial commitments include commitments to extend credit, unused lines of credit, commercial and similar letters of credit and standby letters of credit. Those instruments involve to varying degrees, elements of credit and interest rate risk not recognized in the Company's financial statements.

The Company's exposure to loan loss in the event of nonperformance on these financial commitments is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for loans reflected in the financial statements.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. The Company evaluates each client's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company is based on management's credit evaluation of the customer.

Quantitative and Qualitative Disclosures about Market Risk

Market Risk. Market risk represents the risk of loss due to changes in market values of assets and liabilities. We incur market risk in the normal course of business through exposures to market interest rates, equity prices, and credit spreads. We have identified two primary sources of market risk: interest rate risk and price risk.

Interest Rate Risk

Overview. Interest rate risk is the risk to earnings and value arising from changes in market interest rates. Interest rate risk arises from timing differences in the repricings and maturities of interest-earning assets and interest-bearing liabilities (repricing risk), changes in the expected maturities of assets and liabilities arising from embedded options, such as borrowers' ability to prepay residential mortgage loans at any time and depositors' ability to redeem certificates of deposit before maturity (option risk), changes in the shape of the yield curve where interest rates increase or decrease in a nonparallel fashion (yield curve risk), and changes in spread relationships between different yield curves, such as U.S. Treasuries and LIBOR (basis risk).

Our asset liability committee, or ALCO establishes broad policy limits with respect to interest rate risk. ALCO establishes specific operating guidelines within the parameters of the board of directors' policies. In general, we seek to minimize the impact of changing interest rates on net interest income and the economic values of assets and liabilities. Our ALCO meets monthly to monitor the level of interest rate risk sensitivity to ensure compliance with the board of directors' approved risk limits.

Interest rate risk management is an active process that encompasses monitoring loan and deposit flows complemented by investment and funding activities. Effective management of interest rate risk begins with understanding the dynamic characteristics of assets and liabilities and determining the appropriate interest rate risk posture given business forecasts, management objectives, market expectations, and policy constraints.

An asset sensitive position refers to a balance sheet position in which an increase in short-term interest rates is expected to generate higher net interest income, as rates earned on our interest-earning assets would reprice upward more quickly than rates paid on our interest-bearing liabilities, thus expanding our net interest margin. Conversely, a liability sensitive position refers to a balance sheet position in which an increase in short-term interest rates is expected to generate lower net interest income, as rates paid on our interest-bearing liabilities would reprice upward more quickly than rates earned on our interest-earning assets, thus compressing our net interest margin.

Income Simulation and Economic Value Analysis. Interest rate risk measurement is calculated and reported to the Board and ALCO at least quarterly. The information reported includes period-end results and identifies any policy limits exceeded, along with an assessment of the policy limit breach and the action plan and timeline for resolution, mitigation, or assumption of the risk.

We use two approaches to model interest rate risk: Net Interest Income at Risk, or NII at Risk, and Economic Value of Equity, or EVE. Under NII at Risk, net interest income is modeled utilizing various assumptions for assets, liabilities, and derivatives. EVE measures the period end market value of assets minus the market value of liabilities and the change in this value as rates change. EVE is a period end measurement.

	Net Interest Income Sensitivity Immediate Change in Rates		
(Dollars in thousands)	**-100**	**100**	**200**
March 31, 2017:			
Dollar change	$ (14)	$ 605	$ 1,198
Percent change	(1.30)%	8.60%	17.30%
December 31, 2016:			
Dollar change	$ (650)	$ 315	$ 7,813
Percent change	(1.30)%	6.60%	15.60%
December 31, 2015:			
Dollar change	$ (362)	$ 2,927	$ 6,348
Percent change	(1.00)%	8.10%	17.60%
December 31, 2014:			
Dollar change	$ 736	$ 1,664	$ 5,024
Percent change	2.20%	5.00%	15.00%

We report NII at Risk to isolate the change in income related solely to interest earning assets and interest-bearing liabilities. The NII at Risk results included in the table above reflect the analysis used quarterly by management. It models gradual -100, +100 and +200 basis point parallel shifts in market interest rates, implied by the forward yield curve over the next one-year period. Due to the current low level of short-term interest rates, the analysis reflects a declining interest rate scenario of 100 basis points, the point at which many assets and liabilities reach zero percent.

We are within board policy limits for the +/-100 and +200 basis point scenarios. The NII at Risk reported at March 31, 2017, projects that our earnings are expected to be materially sensitive to changes in interest rates over the next year. In recent periods, the amount of fixed rate assets increased resulting in a position shift from slightly asset sensitive to asset sensitive.

	Economic Value of Equity Sensitivity (Shock) Immediate Change in Rates		
(Dollars in thousands)	**-100**	**100**	**200**
March 31, 2017:			
Dollar change	$(22,953)	$ 9,192	$16,089
Percent change	(9.30)%	3.70%	6.50%
December 31, 2016:			
Dollar change	$(23,016)	$13,611	$20,980
Percent change	(9.60)%	5.70%	8.80%
December 31, 2015:			
Dollar change	$(19,455)	$12,985	$26,296
Percent change	(10.60)%	7.10%	14.30%
December 31, 2014:			
Dollar change	$ (9,067)	$ 4,435	$ 6,808
Percent change	(6.10)%	0.03%	4.60%

The EVE results included in the table above reflect the analysis used quarterly by management. It models immediate -100, +100 and +200 basis point parallel shifts in market interest rates. Due to the current low level of short-term interest rates, the analysis reflects a declining interest rate scenario of 100 basis points, the point at which many assets and liabilities reach zero percent.

We are within Board policy limits for the +/-100 and +200 basis point scenarios. The EVE reported at March 31, 2017 projects that as interest rates increase immediately, the economic value of equity position will be expected to increase. When interest rates rise, fixed rate assets generally lose economic value; the longer the duration, the greater the value lost. The opposite is true when interest rates fall.

Price Risk. Price risk represents the risk of loss arising from adverse movements in the prices of financial instruments that are carried at fair value and subject to fair value accounting. We have price risk from our available for sale single-family residential mortgage loans and our investments fixed-rate available for sale securities.

Basis Risk. Basis risk represents the risk of loss arising from asset and liability pricing movements not changing in the same direction. We have basis risk in our single-family residential mortgage loan portfolio and our securities portfolio.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under current circumstances, results of which form the basis for making judgments about the carrying value of certain assets and liabilities that are not readily available from other sources. We evaluate our estimates on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

Accounting policies, as described in detail in the notes to our consolidated financial statements, are an integral part of our financial statements. A thorough understanding of these accounting policies is essential when

reviewing our reported results of operations and our financial position. We believe that the critical accounting policies and estimates discussed below require us to make difficult, subjective or complex judgments about matters that are inherently uncertain. Changes in these estimates, that are likely to occur from period to period, or using different estimates that we could have reasonably used in the current period, would have a material impact on our financial position, results of operations or liquidity.

Loans Held for Investment. Loans held for investment includes loans we originate and retain on the balance sheet and other loans acquired through acquisitions. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any charge-offs or specific valuation accounts and net of any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans. Loan origination fees and certain direct origination costs are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Premiums and discounts on loans purchased are grouped by type and certain common risk characteristics and amortized or accreted as an adjustment of yield over the weighted-average remaining contractual lives of each group of loans, adjusted for prepayments when applicable, using methodologies which approximate the interest method. Loans acquired with evidence of deterioration in credit quality are accounted for as PCI loans. The PCI loans are reflected on the balance sheet based on the amount expected to be collected. In addition, the amount of future cash flows expected to be collected in excess of the fair value of the PCI loans is considered accretable yield and is recognized in interest income on a level-yield basis over the estimated life of the acquired loans.

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days or when, in the opinion of management, there is reasonable doubt as to collectability based on contractual terms of the loan. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Loans Available for Sale. Single-family residential mortgage loans originated or acquired and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings. Loans held for sale consist primarily of first trust deed mortgages on single-family residential properties located in California.

Single-family residential mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right, when applicable. Gains and losses on sales of single-family residential mortgage loans are based on the difference between the selling price and the carrying value of the related loans sold.

We sell SBA with servicing rights retained and we calculate the servicing right asset by calculating the net present value of the servicing income. Gain and losses on sales of SBA loans are allocated between the sold portion and the present value of the retained portion of the loan. The gain on the sold portion is recorded as gain on sale income and the retained portion is accreted to income over the expected life of the loan.

Securities. Securities generally must be classified as held to maturity, available for sale or trading. Held-to-maturity securities are principally debt securities that we have both the positive intent and ability to hold to maturity. Trading securities are held primarily for sale in the near term to generate income. Securities that do not meet the definition of trading or held to maturity are classified as available for sale.

The classification of investment securities is significant since it directly impacts the accounting for unrealized gains and losses on these securities. Unrealized gains and losses on trading securities flow directly through earnings during the periods in which they arise. Trading and available-for-sale securities are measured at fair value each reporting period. Unrealized gains and losses on available-for-sale securities are recorded as a separate component of shareholders' equity (accumulated other comprehensive income or loss) and do not affect earnings until realized or deemed to be OTTI. Investment securities that are classified as held to maturity are recorded at amortized cost, unless deemed to be OTTI.

The fair value of securities is a critical accounting estimate. Changes in the fair value estimates that are likely to occur from period to period, or the use of different estimates that we could have reasonably used in the current period, could have a material impact on our financial position, results of operations or liquidity.

Allowance for Loan Losses. The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when we believe the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. We estimate the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off. Amounts are charged-off when available information confirms that specific loans or portions thereof, are uncollectible. This methodology for determining charge-offs is consistently applied to each segment.

The Company determines a separate allowance for each portfolio segment. The allowance consists of specific and general reserves. Specific reserves relate to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value and the probability of collecting all amounts when due. Measurement of impairment is based on the expected future cash flows of an impaired loan, which are to be discounted at the loan's effective interest rate, or measured by reference to an observable market value, if one exists, or the fair value of the collateral for a collateral-dependent loan. The Company selects the measurement method on a loan-by-loan basis except that collateral-dependent loans for which foreclosure is probable are measured at the fair value of the collateral.

The Company recognizes interest income on impaired loans based on its existing methods of recognizing interest income on nonaccrual loans. Loans, for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered TDRs and classified as impaired with measurement of impairment as described above.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

General reserves cover non-impaired loans and are based on historical loss rates of peer institutions for each portfolio segment, adjusted for the effects of qualitative factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

Goodwill. Goodwill is evaluated for impairment at least annually and on an interim basis if an event or circumstance indicates that it is likely an impairment has occurred. Goodwill is evaluated for impairment at the Company level by using the recent merger transactions and an extrapolating the value of those transactions and comparing the results to our capital position.

Determining the fair value of goodwill is considered a critical accounting estimate because it requires significant management judgment and the use of subjective measurements. Variability in the market and changes in assumptions or subjective measurements used to determine fair value are reasonably possible and may have a material impact on our financial position, liquidity or results of operations.

Deferred Income Taxes. We use the asset and liability method of accounting for income taxes as prescribed by GAAP. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. If current available information raises doubt as to the realization of the deferred tax assets, a valuation allowance is established. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Accounting for deferred income taxes is a critical accounting estimate because we exercise significant judgment in evaluating the amount and timing of recognition of the resulting tax liabilities and assets. Management’s determination of the realization of deferred tax assets is based upon management’s judgment of various future events and uncertainties, including the timing and amount of future income, reversing temporary differences which may offset, and the implementation of various tax plans to maximize realization of the deferred tax asset. These judgments and estimates are inherently subjective and reviewed on a continual basis as regulatory and business factors change. Any reduction in estimated future taxable income may require us to record a valuation allowance against our deferred tax assets. A valuation allowance would result in additional income tax expense in such period, which would negatively affect earnings.

Recently Issued Accounting Pronouncements. We have evaluated new accounting pronouncements that have recently been issued and have determined that there are no new accounting pronouncements that should be described in this section that will impact our operations, financial condition or liquidity in future periods. Refer to Note 2 of our unaudited consolidated financial statements for the three months ended March 31, 2017 and 2016 and to Note 1 of our audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 for a discussion of recently issued accounting pronouncements that have been adopted by us that will require enhanced disclosures in our financial statements in future periods.

BUSINESS

Company Overview

The Bank began operations in 2008 as a California state-chartered commercial bank. The Bank was organized by a group of very experienced bankers, some of whom began their banking careers in Asia and have worked together for a total of 82 years at various banks in California in the 1980s and 1990s. After working for many years in positions of increasing responsibility at such banks, these individuals identified an opportunity resulting from the 2007 credit crisis to capitalize on the general dissatisfaction that many customers had with the nature and level of services that were being provided by existing Asian-American and Chinese-American banks. These bankers observed that first generation Chinese immigrants were not well-served by existing banks.

Our strategic plan focuses on providing commercial banking services to first generation immigrants, concentrating on Chinese immigrants, as well as Koreans and other Asian ethnicities. The Bank's management team has utilized their strong local community ties along with their credibility and relationships with both federal and California bank regulatory agencies to create a bank that we believe emphasizes strong credit quality, a solid balance sheet without the burden of the troubled legacy assets of other banks, and a robust capital base, with the ability to raise additional capital.

Although the Bank serves all ethnicities, our board and management team are comprised of mostly Chinese-Americans. Using the experience and expertise of our officers and employees, we have tailored our loan and deposit products to serve the Chinese-American, Korean-American, and other Asian-American market niches we serve. We focus both on existing businesses and individuals already established in our local market area, as well Asian immigrants who desire to establish their own businesses, purchase a home, or educate their children in the United States. Our size and infrastructure allow us to serve customers that require higher lending limits than normally associated with other smaller, local banking institutions that serve the Asian-American communities in which we operate. Our strategic plan is centered on delivering high-touch, superior customer service, customized solutions, and quick and local decision-making with respect to loan originations and servicing.

The Bank initially offered lending products that included traditional CRE loans, secured C&I loans, and trade finance services for companies doing business in China, Taiwan and other Asian countries. In 2014, we began originating a significant amount of non-conforming SFR mortgage loans, a portion of which we accumulate and sell to other banks. Since 2010, we have also originated SBA loans, with the intent to accumulate and periodically sell the 75% guaranteed portion of such loans.

After forming the Bank and retaining a strong executive management team, we established the Company as our holding company in January 2011. We began to review potential acquisition candidates and, in July 2011, we acquired Las Vegas, Nevada-based FAB, in an all cash transaction. In September 2011, we acquired Oxnard, California-based VCBB, in an all cash transaction. After closing both transactions, our total assets and total deposits increased by an aggregate of $94.2 million and $91.3 million, respectively. In order to further improve our capital and liquidity to further enhance our ability to consummate acquisitions, we conducted a private placement offering of our common stock in 2012, raising over $54 million from investors, many of whom were original shareholders of the Bank.

In May 2013, we acquired LANB, in an all cash transaction, which added $190.7 in total assets and $162.0 million in total deposits. In February 2016, we acquired TFC and its wholly-owned subsidiary, TomatoBank, which added $469.9 million in total assets and $405.3 million in total deposits. In March 2016, we further supplemented our capital by issuing $50.0 million of subordinated notes, which we refer to as long-term debt in our consolidated financial statements.

We intend to continue to pursue growth opportunities, both organically as well as through acquisitions that meet our criteria**.** We will target acquisitions that we believe will be beneficial to our long-term growth strategy

for loans and deposits and immediately accretive to earnings. We believe that this offering and the registration of our shares of common stock offered by this prospectus will enable us to be more competitive for future acquisitions by allowing us to include our common stock as potential merger consideration.

We operate as a minority depository institution, which is defined by the FDIC, as a federally insured depository institution where 51 percent or more of the voting stock is owned by minority individuals. A minority depository institution is eligible to receive from the FDIC and other federal regulatory agencies training, technical assistance and review, and assistance regarding the implementation of proposed new deposit taking and lending programs, as well as with respect to the adoption of applicable policies and procedures governing such programs. In addition, in 2016, we became a CDFI, which is a financial institution that has a primary mission of community development, serves a target market, is a financing entity, provides development services, remains accountable to its community, and is a non-governmental entity. CDFIs are certified by the CDFI Fund at the Treasury, which provide funds to CDFIs through a variety of programs. The Bank has received grants totaling $435,000 from the CDFI Fund. We have established a CDFI advisory board to assist the Bank in finding organizations that provide services to low- to-moderate income people. In our commitment to this designation, the Bank has a policy that requires all directors and management above the level of vice president to contribute at least 24 hours of community service annually to a qualified organization.

The Bank currently operates 13 branches across three separate regions: Los Angeles County, California; Ventura County, California; and Clark County, Nevada. We currently have ten branches in Los Angeles County, located in downtown Los Angeles, San Gabriel, Torrance, Rowland Heights, Monterey Park, Silverlake, Arcadia, Cerritos, Diamond Bar, and west Los Angeles. We have two branches in Ventura County, located in Oxnard and Westlake Village, and one branch in Las Vegas, Nevada.

As of March 31, 2017, the Company had total consolidated assets of $1.5 billion, total consolidated loans of $1.1 billion, total consolidated deposits of $1.2 billion and total consolidated shareholders' equity of $183.5 million.

Our Strategic Plan

In connection with the organization of the Bank, we adopted a strategic plan that we update periodically to reflect the Bank's growth and recent developments. The Bank's current strategic plan contains the following key elements:

- Maintain regulatory capital levels well in excess of fully phased-in Basel III requirements;
- Provide commercial banking services and products primarily to businesses and their owners operating within Chinese-American communities;
- Maintain a board of directors comprised of local business leaders who work closely with community leaders;
- Attract and retain an experienced management team with demonstrated industry knowledge and lending expertise;
- Focus on a target market consisting of businesses that:
    - are located in southern California, the San Francisco Bay area, or Nevada, with future geographic expansion currently focused on New York City and Houston;
    - provide or receive goods or services to or from Asian countries, primarily China (including Hong Kong and Macau) and Taiwan;
    - have annual sales between $5 million and $50 million and between approximately 50 to 500 employees;
    - have loan needs of $1 million to $7 million; and

  - prioritize using bankers with strong market knowledge who are dedicated to serving the local markets in which we operate.
- Provide four main lending products:
  - CRE lending consisting of commercial real estate loans and C&D loans;
  - C&I lending that emphasizes trade finance, operating lines of credit, and working capital loans secured by inventory, accounts receivables, fixed assets and real estate;
  - Since 2014, SFR lending primarily to Asian Americans willing to provide higher down payment amounts and pay higher fees and interest rates in return for reduced documentation requirements. The Bank originates these loans through its correspondent banking relationships, primarily for sale, and through its branch network, primarily to be retained for the Bank's balance sheet. In all cases, the Bank retains the loan servicing rights and obligations; and
  - Since 2010, through our SBA Preferred Lender status, SBA loans consisting primarily of 7(a) loans to Asian Americans that are accumulated on the Bank's balance sheet with the SBA guaranteed portion sold in the secondary market generally on a quarterly basis.

Our Competitive Strengths

We believe that our competitive strengths set us apart from many similarly-sized community banks, and that the following attributes are key to our success:

Experienced Board with Significant Investment in the Company. Our eleven non-executive directors are all successful business owners or senior executives with long-standing ties to the communities or businesses within the communities in which we operate. The collective professional background of our directors contributes to our organization-wide entrepreneurial culture and provides us with valuable insights into the business and banking needs of our customer base. Prior to the completion of this offering, our eleven non-executive directors collectively have a 24.1% ownership interest in the Company and when aggregated with the holdings of their extended families and their affiliated entities, they collectively have a 66.8% ownership interest in the Company. After the completion of this offering, our eleven non-executive directors collectively are expected to have approximately a 19.1% ownership interest in the Company and when aggregated with the holdings of their extended families and their affiliated entities, they collectively are expected to have a 53.2% ownership interest in the Company. See "Principal and Selling Shareholders" on page 160 and "Principal Family Shareholders" on page 163.

Proven and Cohesive Management Team. We are led by a seven-person executive management team, consisting of executive vice presidents, or EVPs, with an average of 31 years of bank management experience covering the relevant disciplines of finance, lending, credit, risk, strategy, and branch operations. These EVPs have been in their roles with the Company and the Bank for an average of seven years and, substantially, all have known and worked with our CEO prior to joining the Bank. Collectively, they have been responsible for executing our strategic plan and driving our growth. Our executive management team includes:

- Alan Thian, our president and CEO who has 35 years of banking experience;
- David Morris, our EVP and chief financial officer who has 31 years of banking experience and 7 years of working with our CEO;
- Jeffrey Yeh, our EVP and chief credit officer, who has 28 years of banking experience and 15 years of working with our CEO;
- Vincent Liu, our EVP and chief risk officer, who has 30 years of banking experience and 22 years of working with our CEO;
- Simon Pang, our EVP and chief strategy officer/regions coordinator, who has 35 years of banking experience and 18 years of working with our CEO;

- Larsen Lee, our EVP and director of residential mortgage lending, who has 30 years of banking experience and 3 years of working with our CEO; and
- Tsu Te Huang, our EVP and branch administrator, who has 33 years of banking experience and 17 years of working with our CEO.

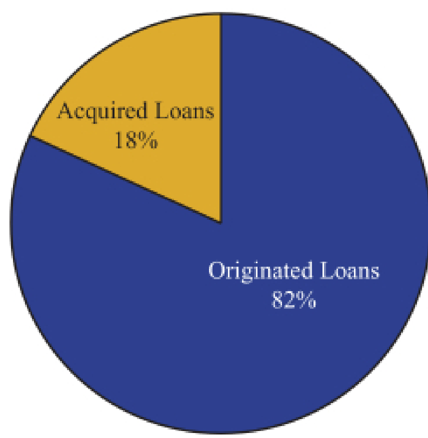
A summary of each executive team member's background is set forth under "Management" on page 140.

The Bank is also fortunate to have a depth of senior vice presidents, or SVPs, vice presidents, or VPs, and managers at all levels of the organization, each of whom has substantial experience. We have six SVPs who cumulatively have 134 years of experience, with an average of about 20 years each, in the key positions of SBA lending, BSA, compliance, financial reporting, controller, and senior credit officer. These SVPs average about 4 years of experience at the Bank. In addition, we have six first vice presidents, or FVPs, who cumulatively have 148 years of experience, with an average of about 25 years of experience per employee.

Growth Strategy in Attractive Markets. We have developed a community banking strategy that focuses on providing responsive and personalized service to commercial businesses and their owners in markets with attractive growth potential. We intend to continue to grow our business, increase profitability and maximize shareholder value through a combination of organic growth, acquisitions and de novo branch openings as summarized below:

- *Organic Growth.* Since formation, our growth has primarily resulted from organic growth by originating loans and securing deposits within the communities of our local markets. While we originally focused on trade finance, CRE and C&I loans, we added SFR lending in 2014 and retooled our SBA lending in 2014, which have significantly contributed to our growth. The chart below illustrates that during the period from January 1, 2011 through March 31, 2017, we cumulatively originated $2.5 billion of loans while we acquired $555.4 million in loans through acquisition activity. This equates to organic (or originated) loans accounting for 82% of the total loan growth during the period, with acquired loans accounting for the remaining 18%.

(Dollars in thousands)	Cumulative	Three Months Ended March 31, 2017	Year Ended December 31, 2016	2015	2014	2013	2012	2011
Total loans originated	$ 2,502,952	$ 152,980	$478,964	$503,802	$430,027	$420,705	$267,698	$248,775
Total loans acquired	555,352	–	387,676	–	–	114,639	–	53,037



- *Growth through Acquisitions.* Having successfully completed four whole-bank acquisitions since 2010, we believe we have developed an experienced acquisition team capable of identifying and executing transactions that build shareholder value through a disciplined approach. Each of our bank acquisitions was immediately accretive to earnings. We believe we have demonstrated that we can structure acquisitions on favorable terms while limiting our risk from acquired loans. We also believe we have demonstrated an ability to close acquisitions quickly and to successfully integrate acquired banks into our existing operating platform, enabling us to deliver anticipated benefits from synergies and promptly leverage an acquired bank's market presence. We strive to integrate the cultures of acquired institutions to create a cohesive and consistent message both internally and externally. As a result, we believe that we have developed a reputation as an acquirer of choice in our target markets and surrounding areas. Accordingly, we believe we are well-prepared to capitalize on favorable acquisition opportunities that may arise in the future, and will consider acquisition opportunities in our current market if the acquisition is accretive and adds to our branch network footprint. In addition, we believe that our lending and deposit origination philosophy is transferrable to other regions of the country and, to that end, we have specifically identified the San Francisco Bay area, New York City and Houston as primary markets where we will seek expansion opportunities outside of our current market area, because each of these regions have large Asian-American communities. Secondary markets that we may consider include San Diego and Riverside Counties in southern California, as well as Chicago and Phoenix.
- *De Novo Branch Expansion.* While our acquisition strategy is mainly focused on entering new markets, our de novo branching is focused on expansion into other Chinese-American populated areas in the general markets we currently serve. Many of our customers, particularly our retail branch clients, have one or more locations in other Asian-American communities. We believe that these customers will generate additional deposits if we had branches in those areas. Our current target areas for de novo expansion are Irvine, California; Henderson, Nevada; and Summerlin, Nevada.

Building upon our signification growth since our inception, we have developed an infrastructure and credit culture that we believe will support future growth and expansion efforts while maintaining outstanding asset quality. Specifically, from December 31, 2010 to March 31, 2017, we have:

- increased total assets from $300.5 million to $1.5 billion;
- increased net loans from $203.3 million to $1.1 billion;
- increased total deposits from $236.4 million to $1.2 billion;

- increased our earnings from a net loss of $3.7 million in 2010 to net income of $19.1 million for the year ended December 31, 2016, and net income of $5.5 million for the three months ended March 31, 2017; and
- expanded our footprint from four full-service locations to 13 full-service locations in what we believe are three of the most vibrant growth markets in the nation.

Conservative Risk Profile. We maintain a conservative credit culture with strict underwriting standards. We have experienced only $2.7 million of credit losses on the $2.5 billion of loans that we have originated since the Bank was founded in 2008. Of our $555.4 million of acquired loans, $329.5 million remained outstanding as of March 31, 2017 (net of payoffs), which represented 28.9% of our total loan portfolio as of March 31, 2017. These acquired loans were marked to fair value at acquisition and we have built a dedicated special credits group focused on successfully managing and exiting problem loans to achieve the highest possible return. At March 31, 2017, we had $6.9 million of nonperforming assets, or 0.46% of total assets, $3.6 million of which related to two SBA guaranteed loans. At March 31, 2017, we maintained an allowance for loan losses of $14.2 million, reflecting 1.24% of total loans, and had $4.1 million of total credit discounts on acquired loans, reflecting 1.24% of the remaining balance of such loans as of March 31, 2017. In addition, we maintain a conservative amount of capital and liquidity: our regulatory capital ratios as of March 31, 2017 were 11.1% of Tier 1 leverage capital to average assets, 12.9% of common equity Tier 1 capital, 13.2% of Tier 1 risk-based capital and 18.6% of total risk-based capital are all well above required fully phased-in regulatory thresholds of 4.0%, 7.0%, 8.5% and 10.5%, respectively.

Asset Sensitive Balance Sheet. We have positioned our balance sheet to benefit significantly from a rising interest rate environment. A majority of our CRE and C&I loans are tied to floating interest rates and have floors below which the interest rate will not fall for the life of the loan. With the recent rise in interest rates since the November 2016 election, approximately three-fourths of our loans are variable-rate loans (with an interest rate in excess of the relevant floors) which will reprice upwards as interest rates increase. This means that a continuing upward movement in interest rates will more immediately be reflected in increased yields for our loan portfolio. Our net interest income at risk reported at March 31, 2017 projects that our earnings are expected to be materially sensitive to changes in interest rates over the next year. Our economic value of equity reported at March 31, 2017 projects that as interest rates increase immediately, the economic value of equity position will be expected to increase. While a rise in rates could negatively impact our SFR mortgage loan originations, we believe our target market of Asian Americans are more focused on our non-qualified mortgages product and are less price sensitive to rising rates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Risk" on page 104 for more discussion about our interest rate exposure.

Strong Regulatory Relations and Sophisticated Risk Management Functions. We have made it a priority to maintain excellent relations with the DBO, the FDIC, the Federal Reserve and the Federal Reserve Bank. We have consistently exceeded our applicable regulatory capital requirements and, through our long-term relationships with our core group of investors, we believe we have the ability to raise additional capital as such needs may develop. In addition, we are a minority-owned bank and, as such, we use the FDIC minority depository technical assistance program with each new product we implement. We believe one of our major competitive advantages is our utilization, through this program, of FDIC experts to review policies and procedures, and provide training when developing new products or implementing new regulations. Risk management is a vital part of our strategic plan, and we have implemented a variety of tools and policies to help us navigate the challenges of rapid growth. In anticipation of continued balance sheet and franchise growth, we have sought to maintain a risk management program suitable for an organization larger than ours, including in the areas of regulatory compliance, cybersecurity and internal audit, and to hire talented risk management professionals with experience building risk management programs at much larger financial institutions.

Management Participation in Industry Leadership Positions. Our management team has strong ties and relationships within the Asian-American communities where we operate, as well as at high levels of government

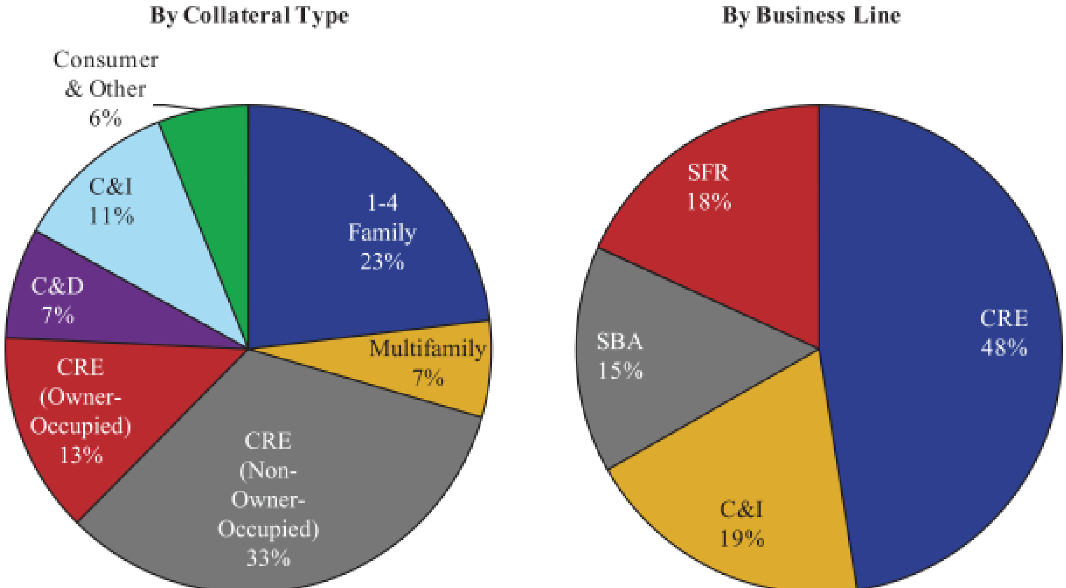
in China and Taiwan. In addition, our management team maintains a variety of industry leadership positions, which have enhanced the Bank's reputation and name recognition, and facilitated strong loan and deposit growth. These opportunities provide our management team with knowledge of key regulatory and market developments that may impact the evolving business environment in which we operate. The Bank has also received numerous awards that include receiving the Outstanding Overseas Taiwanese SME Award in 2013, and our president, Mr. Thian, having been appointed twice to the FDIC's Community Banking Commission and currently serving on the CFPB's, Community Banking Commission.

Proven Financial Performance. We achieved our first year of profitability in 2011. Our profitability since then is detailed in the chart below.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands)	**2017**	**2016**	**2016**	**2015**	**2014**	**2013**	**2012**
Net income	$ 5,493	$ 2,840	$ 19,079	$ 12,973	$ 10,428	$7,004	$4,046
Return on average assets	1.55%	0.93%	1.41%	1.29%	1.29%	1.06%	0.70%
Return on average shareholders' equity	12.13	6.86	11.08	8.23	7.15	5.64	4.45

While maintaining a focus on earnings growth, we have diversified our revenue stream by adding SFR and SBA loans to our product offerings. Our net income growth is attributable to our increasing interest income, as well as our increasing noninterest income that has resulted from selling and servicing SFR and SBA loans. We believe our diversified loan mix and significant noninterest income establishes additional platforms for growth, and can help provide earnings stability through various economic and interest rate cycles. In particular, since 2014, we have significantly grown SFR and SBA loan originations and sales. This has contributed to our growth in noninterest income from $2.3 million, or 33.0% of pre-tax income for the year ended December 31, 2012, to $9.0 million, or 27.5% of pre-tax income for the year ended December 31, 2016, and $2.4 million, or 27.3% for the three months ended March 31, 2017.

Diversified Loan Portfolio. Our loan portfolio currently consists of four loan types: CRE, C&I, SFR and SBA, with diversified product offerings within each type. The charts below illustrate our loan portfolio composition as of March 31, 2017, separately by type of collateral support and relevant business line. As described below under "—Our Principal Business", the type of collateral supporting a loan is not necessarily indicative of the business line from which the loan was generated.



Because of our business strategy and the breadth of the economy within our current origination markets, which are primarily Los Angeles, Orange, Ventura Counties in California, and Clark County in Nevada, our loan portfolio is widely diversified across industry lines and not concentrated in any one particular business sector. We expect this diversification to continue as a result of our current practices and strategies. With the exception of SFR mortgage loans, a significant portion of which are sold in the secondary market, our demand for consumer credit is minimal. As of December 31, 2016, our CRE concentration ratio (as defined by the federal bank regulators) was 256.5% and as of March 31, 2017 was 251.4%. This is below the CRE Concentration Guidance, which suggests that concentrations in excess of 300% may warrant additional regulatory scrutiny. We believe that our diversified loan portfolio has proven our ability to mitigate CRE concentration risk, and will help us stay within the indicated guidelines for CRE concentration.

High-Touch Customer Service Focus with Relationship Banking. We strive to differentiate ourselves from our competition by providing the best "relationship-based" services to small- and medium-sized businesses and their owners in our target markets. We believe we accomplish this by providing our customers with a superior level of high-touch and responsive service delivered by experienced bankers in a manner that maximizes our clients' efficiency. We consistently emphasize to our employees the importance of delivering outstanding customer service and seeking opportunities to strengthen relationships with both customers and the communities we serve. A primary mission of the Bank is to meet the financial services needs of underserved customers in our markets, and we strive to make a difference by giving back to these communities.

Scalable Operating Platform. We have made substantial investments in our infrastructure and technology in order to create a scalable platform for future organic and inorganic growth. We have integrated the systems of the four banks that we have acquired since 2010, which includes nine total branch offices, while maintaining a relatively low efficiency ratio of 45.3% and 44.3% for the year ended December 31, 2016 and the three months March 31, 2017, respectively, and while growing our balance sheet and footprint. Management believes that our efficiency ratio is low compared to our non-Asian-American peer group because of the nature of our customer base, specifically the number of our customers that maintain large deposit balances with the Bank. However, management believes that our efficiency ratio is higher than some of our Asian-American peers because of our SFR loan and servicing department and our SBA loans and servicing department, which require comparatively

more personnel and infrastructure to operate effectively. Notwithstanding, we believe that as a result of our prior investments in our infrastructure, technology and personnel, we have the operating leverage to support our future growth without causing our noninterest expenses to incrementally increase by a corresponding amount.

Market Area

We are headquartered in Los Angeles County, California. We currently have ten branches in Los Angeles County located in downtown Los Angeles, San Gabriel, Torrance, Rowland Heights, Monterey Park, Silverlake, Arcadia, Cerritos, Diamond Bar, west Los Angeles, and one loan production office in the city of Industry. We operate primarily in the Los Angeles-Long Beach-Anaheim, California MSA. With over 13 million residents, it is the largest MSA in California, the second largest MSA in the United States, and one of the most significant business markets in the world. It is estimated that the greater Los Angeles area has a gross domestic product of approximately $1 trillion, which would rank it as the 16th largest economy in the world. The economic base of the area is heavily dependent on small- and medium-sized businesses, providing us with a market rich in potential customers. According to the U.S. Census Bureau, Asian Americans account for 15.1% of the over 10.1 million residents in Los Angeles County as of July 1, 2016.

We operate two branches in Ventura County, California, in Westlake Village and Oxnard. Westlake Village is considered part of the Los Angeles-Long Beach-Anaheim, California MSA and has similar market characteristics. Oxnard has similar market characteristics of Ventura County, which is home to a broad array of industries, including agriculture, professional business services, technology and tourism. Its proximity to one of the world's leading wine-growing regions and its 43 miles of coastline attracts a large number of visitors. Ventura County is not only a port of call for travelers, but also a shipping hub for automobiles and agricultural goods. Port Hueneme serves as a distribution hub for automobile manufacturers and is a collection point for many agricultural goods that are shipped throughout the United States. According to the U.S. Census Bureau, Asian Americans account for 6.7% of the 850,536 residents in Ventura County as of July 1, 2016.

We also operate one branch in the Las Vegas-Paradise, Nevada MSA. This MSA is located in the southern part of the state of Nevada, and includes the cities of Las Vegas, Henderson, North Las Vegas, and Boulder City. A central part of the MSA is the Las Vegas Valley, a 600 square mile basin that includes the 'MSA's largest city, Las Vegas. With a 2016 gross domestic product of approximately $118 billion, this MSA contains the largest concentration of people in the state (approximately 2.2 million), and is a significant tourist destination, drawing over 43 million international and domestic visitors in 2016. According to the U.S. Census Bureau, Asian Americans account for 10.1% of the over 2.1 million residents in Clark County as of July 1, 2016.

MSAs	RBB Location	Total Population	Asian American Population Actual	Asian American Population % of Total	Number of Chinese-American Banks	Number of Chinese-American Branches
New York-Newark-Jersey City, NY-NJ-PA	*	20,338,187	2,283,791	11.2%	7	44
Los Angeles-Long Beach-Anaheim, CA	Yes	13,502,916	2,145,175	15.9%	17	138
San Francisco-Oakland-Hayward, CA	*	4,737,729	1,227,422	25.9%	4	43
Chicago-Naperville-Elgin, IL-IN-WI		9,563,680	639,078	6.7%	3	15
Houston-The Woodlands-Sugar Land, TX	*	6,866,117	531,106	7.7%	2	16
Urban Honolulu, HI		1,009,834	414,117	41.0%	1	11
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD		6,096,952	364,862	6.0%	1	2
Las Vegas-Henderson-Paradise, NV	Yes	2,173,843	218,389	10.0%	0	3

Source: SNL Financial, 2010 Census

The above table represents select MSAs with both a high concentration of Asian Americans relative to the total population and a high number of Chinese-American banks and branches, ranked by total Asian-American population. The gold highlighting represents MSAs where the Bank currently operates a branch location, while the blue shading with an asterisk indicates MSAs that the Company has identified as strategic areas for expansion moving forward given the density of Asian Americans relative to the total population. We believe that the areas targeted for growth represent substantial opportunities to grow our franchise.

[Table of Contents](#)

Our Competition

We view the Chinese-American banking market as comprised of 34 banks divided into three segments: large publicly-traded banks (3 banks), locally-owned banks (29 banks), and banks that are subsidiaries of Taiwanese or Chinese banks (2 banks). Of the 29 locally-owned banks, 15 are based in California. We are currently the fourth-largest bank among this group of 34 banks.

The table and map below provide more details on the current Chinese-American banks.

Company	City, State	Branches[1]	Total Assets ($M)	Total Loans ($M)	Total Deposits ($M)
Publicly Traded Chinese-American Banks					
East West Bancorp, Inc.	Pasadena, CA	120	$34,796.9	$25,551.2	$29,926.1
Cathay General Bancorp	Los Angeles, CA	68	14,520.8	11,203.8	11,674.7
Preferred Bank	Los Angeles, CA	12	3,223.5	2,581.9	2,764.3
Foreign Owned Chinese-American Banks					
EverTrust Bank	Pasadena, CA	7	$853.9	$585.1	$656.9
First Commercial Bank (USA)	Alhambra, CA	7	498.2	448.9	385.3
Locally Owned Chinese-American Banks					
RBB Bancorp	**Los Angeles, CA**	**13**	**$1,396.8**	**$1,199.3**	**$1,152.8**
First Choice Bank	Cerritos, CA	5	863.5	704.3	756.6
First General Bank	Rowland Heights, CA	4	840.6	768.6	740.4
First American International Bank	Brooklyn, NY	8	816.0	678.9	573.3
Golden Bank, National Association	Houston, TX	6	719.1	543.0	578.4
Hawaii National Bank	Honolulu, HI	14	668.5	420.7	609.2
Bank of the Orient	San Francisco, CA	8	568.3	472.6	476.2
International Bank of Chicago	Chicago, IL	7	531.2	365.8	456.5
Amerasia Bank	Flushing, NY	6	515.2	474.4	457.0
American Plus Bank, N.A.	Arcadia, CA	3	454.7	404.9	368.2
New OMNI Bank, National Association	Alhambra, CA	3	435.7	329.0	327.1
Southwestern National Bank	Houston, TX	5	359.8	190.7	299.2
Universal Bank	West Covina, CA	5	352.2	277.5	285.8
Mega Bank	San Gabriel, CA	6	329.9	253.3	289.5
Pacific Alliance Bank	Rosemead, CA	2	273.9	194.4	240.3
Abacus Federal Savings Bank	New York, NY	6	252.8	197.2	208.5
American Continental Bank	City of Industry, CA	4	213.3	143.8	179.4
Eastbank, National Association	New York, NY	2	184.7	106.6	149.1
Pacific Global Bank	Chicago, IL	3	176.6	137.8	156.2
Asian Bank	Philadelphia, PA	1	170.4	124.3	133.1
Metropolitan Bank	Oakland, CA	4	146.9	115.8	123.9
Global Bank	New York, NY	1	146.7	118.0	116.7
Gateway Bank, F.S.B.	Oakland, CA	1	139.5	78.3	125.4
Chinatown Federal Savings Bank	New York, NY	3	133.5	80.9	103.4
United Pacific Bank	City of Industry, CA	2	122.4	93.0	86.3
California Pacific Bank	San Francisco, CA	2	98.0	59.2	67.4
United Orient Bank	New York, NY	2	95.8	84.6	79.1
American Metro Bank	Chicago, IL	2	63.4	51.0	45.7
Asian Pacific National Bank	San Gabriel, CA	2	56.1	23.1	46.7
California International Bank, N.A.	Rosemead, CA	2	53.6	40.4	35.6

1 Branches are pro forma for pending acquisitions.

In addition to these Chinese-American banks, we also compete with other banks in the region, particularly with Korean-American banks in our SFR and SBA lending areas. Although we were founded by and market primarily to Chinese Americans, we are broadening our marketing efforts to include all categories of Asian Americans. In certain geographic markets where we currently operate, there is overlap between Chinese-American, Korean-American and other Asian-American banks for loan and deposit business. We aim to grow both organically and potentially through acquisitions in these markets.

Lending Activities

Our lending strategy is to maintain a broadly diversified loan portfolio based on the type of customer (i.e., businesses versus individuals), type of loan product (e.g., owner occupied commercial real estate, commercial loans, etc.), geographic location and industries in which our business customers are engaged (e.g., manufacturing, retail, hospitality, etc.). We principally focus our lending activities on loans that we originate from borrowers located in our market areas. We seek to be the premier provider of lending products and services in our market areas and serve the credit needs of high-quality business and individual borrowers in the communities that we serve.

We have an extensive loan approval process in which we require not only financial and other information from our borrowers, but our loan and executive officers have an extensive knowledge of the local market area and of the borrower's past transactions. After receiving an extensive application and loan documentation and conducting an extensive review, our loan officers meet on a very frequent basis concerning the loan request. After reaching a consensus decision to approve, the loan officer will then submit the loan to the Chief Executive Officer for approval, and if the loan request is above the Chief Executive Officer's lending limit, it will be referred to the Board of Directors for decision.

We have four principal lending areas:

Commercial and Industrial Loans. We have significant expertise in small to middle market commercial and industrial lending. Our success is the result of our product and market expertise, and our focus on delivering high-quality, customized and quick turnaround service for our clients due to our focus on maintaining an appropriate balance between prudent, disciplined underwriting, on the one hand, and flexibility in our decision making and responsiveness to our clients, on the other hand, which has allowed us to grow our commercial and industrial loan portfolio since December 31, 2010, while maintaining strong asset quality .. As of March 31, 2017, we had outstanding commercial and industrial loans of $214.5 million, or 18.8% of our total loan portfolio. We did not have any non-performing commercial and industrial loans as of March 31, 2017 or December 31, 2016.

We provide a mix of variable and fixed rate commercial and industrial loans. The loans are typically made to small- and medium-sized manufacturing, wholesale, retail and service businesses for working capital needs, business expansions and for international trade financing. Commercial and industrial loans include lines of credit with a maturity of one year or less, commercial and industrial term loans with maturities of five years or less, shared national credits with maturities of five years or less, mortgage warehouse lines with a maturity of one year or less, bank subordinated debentures with a maturity of 10 years, callable in five years, purchased receivables with a maturity of two months or less, and international trade discounts a maturity of three months or less.

We originate commercial and industrial lines of credit, term loans, mortgage warehouse lines and international trade discounts which totaled $151.2 million as of March 31, 2017 and $150.9 million at December 31, 2016. The interest rate on these loans are generally Wall Street Journal Prime or Prime rate based.

We purchase shared national credits for the purpose of using our excess capital. These loans consist of large syndicated loans to companies with stable credit ratings. We limit these type of loans to 10% of our total loans. These loans are floating rate loans based on LIBOR. The shared national credit portfolio totaled $36.5 million as of March 31, 2017 and $28.6 million as of December 31, 2016.

We originate purchase receivables as a cash management tool. These loans are to large companies with investment grade bond and commercial paper ratings and the purchased receivables are managed through our investment policy. We limit purchased receivables to 45% of our security portfolio and 45% of our Tier 1 capital. The purchased receivable portfolio totaled $24.2 million at March 31, 2017 and $22.4 million at December 31, 2016. We started this program in 2015 with a total balance of $16.0 million at December 2015.

We purchase subordinated debentures of other community banks in limited amounts not to exceed $1.0 million by individual issuer and not more than $10.0 million in total. Most of these loans have a fixed rate for five years then float to LIBOR. The subordinated debentures portfolio totaled $2.5 million at March 31, 2017 and $2.0 million at December 31, 2016. We also purchase subordinated debentures in our securities portfolio. We decide whether to treat the debenture as a loan or a security based on the liquidity of the asset. We determine liquidity by the size of the offering and by whether the security can be held in electronic form. The total community bank subordinated debenture portfolio amounted to $6.5 million at March 31, 2017 and $5.0 million at December 31, 2016, with $2.5 million and $2.0 million classified as loans as of such respective dates. We started this program after we issued our long-term debt in March 2016 to offset a portion of the interest rate risk on the $50.0 million of long-term debt that we issued.

Our trade finance unit supplies financial needs to many of our core customers include trade financing needs for many of our commercial and industrial loan customers. The unit provides, international letters of credit, SWIFT, export advice, trade finance discounts and foreign exchange. Our trade finance area has a correspondent relationship with many of the largest banks in China, Taiwan, Vietnam, Hong Kong and Singapore.

The majority of our commercial and industrial loans are secured by business assets or by real estate; however, the underwriting is often dependent on the operating cash flows of the business involved. Repayment of these loans is often more sensitive than other types of loans to adverse conditions in the general economy, which in turn increases repayment risk.

Commercial Real Estate Loans. We offer real estate loans for owner occupied and non-owner occupied commercial property, including loans secured by single-family residences for a business purposes, multi-family residential property and construction and land development loans. Our management team has an extensive knowledge of the markets where we operate and our borrowers and takes a conservative approach to commercial real estate lending, focusing on what we believe to be high quality credits with low loan-to-value ratios income-producing properties with strong cash flow characteristics, and strong collateral profiles. The interest rate for the majority of these loans are Prime based and have a maturity of five years or less except for the single-family residential loans originated for a business purpose which may have a maturity of one year. At March 31, 2017, approximately 17.9% of the commercial real estate loan portfolio consisted of fixed rate loans. Our loan-to-value policy limits are 75% for commercial real estate loans. The real estate securing our existing commercial real estate loans includes a wide variety of property types, such as owner occupied offices, warehouses and production facilities, office buildings, hotels, mixed-use residential and commercial, retail centers, multi-family properties and assisted living facilities.

The total commercial real estate portfolio totaled $374.1 million at March 31, 2017 and $379.6 million at December 31, 2016, of which $133.0 million and $135.1 million, respectively, were secured by owner occupied properties. The multi-family residential loan portfolio totaled $70.9 million as of March 31, 2017 and $70.6 million as of December 31, 2016. The single-family residential loan portfolio originated for a business purpose totaled $48.4 million as of March 31, 2017 and $51.6 million as of December 31, 2016. We did not have any non-performing commercial real estate loans as of March 31, 2017 or December 31, 2016.

Like commercial and industrial loans, one primary repayment risk for commercial real estate loans is the interruption or discontinuance of operating cash flows from the properties or businesses involved, which may be influenced by economic events, changes in governmental regulations or other events not under the control of the borrower. Additionally, adverse developments affecting commercial real estate values in our market areas could

increase the credit risk associated with these loans, impair the value of property pledged as collateral for these loans, and affect our ability to sell the collateral upon foreclosure without a loss or additional losses.

Construction and land development loans. Our construction and land development loans are comprised of residential construction, commercial construction and land acquisition and development construction. Interest reserves are generally established on real estate construction loans. These loans are typically Prime based and have maturities of less than 18 months. Our loan-to-value policy limits are 75% for construction and land development loans. As of March 31, 2017, our real estate construction loan portfolio was divided among the foregoing categories as follows: $47.6 million, or 52.9%, residential construction; $28.1 million, or 31.3%, commercial construction; and $14.2 million, or 15.8%, land acquisition and development.

The risks inherent in construction lending may affect adversely our results of operations. Such risks include, among other things, the possibility that contractors may fail to complete, or complete on a timely basis, construction of the relevant properties; substantial cost overruns in excess of original estimates and financing; market deterioration during construction; and lack of permanent take-out financing. Loans secured by such properties also involve additional risk because they have no operating history. In these loans, loan funds are advanced upon the security of the project under construction (which is of uncertain value prior to completion of construction) and the estimated operating cash flow to be generated by the completed project. Such properties may not be sold or leased so as to generate the cash flow anticipated by the borrower.

SBA Loans. We are designated a Preferred Lender under the SBA Preferred Lender Program. We offer mostly SBA 7(a) variable-rate loans. We originate all loans to hold for investment and move loans to available for sale as management decides which loans to sell. We generally sell the 75% guaranteed portion of the SBA loans that we originate. Our SBA loans are typically made to small-sized manufacturing, wholesale, retail, hotel/motel and service businesses for working capital needs or business expansions. SBA loans can have any maturity up to 25 years. Typically, non-real estate secure loans mature in less than 10 years. Collateral may also include inventory, accounts receivable and equipment, and includes personal guarantees. Our unguaranteed loans collateralized by real estate are monitored by collateral type and included in our CRE Concentration Guidance as previously discussed. From time to time, we will also originate SBA 504 loans.

We originate SBA loans through our branch staff, loan officers and through SBA brokers. For 2016, 25.6% or $22.3 million of SBA loan originations were produced by branch staff and loan officers. The remaining $64.9 million was referred to us through SBA brokers

As of March 31, 2017, our SBA portfolio totaled $149.8 million of which $80.8 million is guaranteed by the SBA and $68.9 million is unguaranteed, of which $63.8 million is secured by real estate and $5.1 million is unsecured or secured by business assets. We monitor the unguaranteed portfolio by type of real estate collateral. As of March 31, 2017, 54.0% or $34.5 million of SBA loans are secured by hotel/motels; 16.0% or $10.2 million by gas stations; and, 30.0% or $19.1 million in other real estate types. We further analyze the unguaranteed portfolio by location. As of March 31, 2017, 41.6% or $28.4 million is located in California; 6.3% or $4.3 million is located in Nevada; 17.9% or $12.2 million is located in Texas; 13.9% or $9.5 million is located in Washington; and 20.3% or $13.9 million is located in other states.

SFR Loans. We originate mainly non-qualified, alternative documentation single-family residential mortgage loans through correspondent relationships or through our branch network or retail channel to accommodate the needs of the Asian-American market. Our loan product is a seven-year hybrid adjustable mortgage with a current start rate of 4.5% which re-prices after seven years to the one-year LIBOR plus 2.75%. We take a comprehensive and conservative approach to mortgage underwriting, as the average loan-to-value of the portfolio was 57.6%, the average FICO score was 747 and the average duration of the portfolio was 4.7 years as of March 31, 2017. We also offer qualified mortgage program as a correspondent to major banking financial institutions. As of March 31, 2017, we had $191.9 million of single-family residential real estate loans, representing 16.8% of our total loan portfolio, and we didn’t have any non-performing single-family residential real estate loans as of March 31, 2017 or December 31, 2016.

We originate these non-qualified single-family residential mortgage loans both to sell and hold for investment. The loans held for investment are generally originated through our retail branch network to our customers, many of whom establish a deposit relationship with us. During the first quarter of 2017, we originated $33.2 million of such loans through our retail channel and $24.4 million through our correspondent channel.

We sell many of these non-qualified single-family residential mortgage loans to other Asian-American banks. While our loan sales to date have been primarily to one bank, we expect to be expanding our network of banks who will acquire our single-family loan product. The loans are sold with no representation or warranties and with a replacement feature for the first 90-days if the loan pays off early. As a condition of the sale, the buyer must have the loans audited for underwriting and compliance standards. During 2016, we originated $280.4 million of residential mortgage loans and sold $180.3 million to other banks in our market. For the quarter ended March 31, 2017, we originated $71.1 million of single-family residential mortgage loans, but we did not sell any loans in the first quarter, although we intend to sell single-family residential mortgage loans during the remaining quarters of 2017. Single-family residential real estate loans, also includes balloon and home equity loans acquired in the LANB merger. We no longer originate these types of loans. However, we do offer our single-family residential mortgage loan product to our customers with reduced fees when the balloon loan matures. As of March 31, 2017, we had a total of $11.1 million of balloon notes and $2.3 million of home equity loans. Total single-family residential mortgages increased $36.0 million, or 32.1%, to $156.4 million as of March 31, 2017 as compared to December 31, 2016.

In addition, our SFR mortgage lending unit originates mortgage warehouse lines to our correspondents. These loans are managed in our commercial and industrial lending unit and totaled $5.9 million as of March 31, 2017.

Our single-family residential real estate portfolio is secured by real estate, the value of which may fluctuate significantly over a short period of time as a result of market conditions in the area in which the real estate is located. Adverse developments affecting real estate values in our market areas could therefore increase the credit risk associated with these loans, impair the value of property pledged as collateral on loans, and affect our ability to sell the collateral upon foreclosure without a loss or additional losses. Loans held for sale consist primarily of first trust deed mortgages on single-family residential properties located in California. Single-family residential mortgage loans held for sale are generally sold with the servicing rights retained.

Securities

We manage our securities portfolio and cash to maintain adequate liquidity and to ensure the safety and preservation of invested principal, with a secondary focus on yield and returns. Specific goals of our investment portfolio are as follows:

- provide a ready source of balance sheet liquidity, ensuring adequate availability of funds to meet fluctuations in loan demand, deposit balances and other changes in balance sheet volumes and composition;
- serve as a means for diversification of our assets with respect to credit quality, maturity and other attributes; and
- serve as a tool for modifying our interest rate risk profile pursuant to our established policies.

Our investment portfolio is comprised primarily of U.S. government agency securities, corporate note securities, mortgage-backed securities backed by government-sponsored entities and taxable and tax exempt municipal securities.

Our investment policy is reviewed annually by our board of directors. Overall investment goals are established by our board, CEO, CFO and members of our ALCO. Our board of directors has delegated the responsibility of monitoring our investment activities to our ALCO. Day-to-day activities pertaining to the

securities portfolio are conducted under the supervision of our CEO and CFO. We actively monitor our investments on an ongoing basis to identify any material changes in the securities. We also review our securities for potential other-than-temporary impairment at least quarterly.

Deposits

The quality of our deposit franchise and access to stable funding are key components to our success. We offer traditional depository products, including checking, savings, money market and certificates of deposits, to individuals, businesses, municipalities and other entities through our branch network throughout our market areas. Deposits at the Bank are insured by the FDIC up to statutory limits.

As a Chinese-American business bank that focuses on successful businesses and their owners, many of our depositors choose to leave large deposits with us. After discussions with our regulators on the proper way to measure core deposits, we now track all deposit relationships over $250,000 on a quarterly basis and consider a relationship to be core if there are: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at market interest rates; and (vii) longevity of the relationship with us. We consider all deposit relationships under $250,000 as a core relationship except for time deposits originated through an internet service. This differs from the traditional definition of core deposits which is demand and savings deposits plus time deposits less than $250,000. As many of our customers have more than $250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of our deposit base. As of March 31, 2017, 76.1% or $950.0 million of our relationships are considered core relationships.

As of December 31, 2016, our top ten relationships totaled $246.1 million of which five are to directors of the Company for a total of $96.0 million or 39.0% of the $246.1 million. As of December 31, 2016, our director and shareholder with deposits over $250,000 totaled $142.2 million or 16.1% of all relationships over $250,000. Many of our management team members, including in many cases branch managers, have worked together for up to 30 years, and our deposits relationships have been cultivated over that time period. Many of our depositors have relationships with executive officers and our board of directors. Our ability to gather deposits, particularly core deposits, is an important aspect of our business franchise and we believe core deposits are a significant driver of franchise value as a cost efficient and stable source of funding to support our growth. As of March 31, 2017, we had $1.2 billion of total deposits with a total deposit cost of 0.95% (76.1% core deposits as defined above) for the first quarter of 2017.

Liquidity

Our deposit base consists primarily of business accounts and deposits from the principals of such businesses. As a result, we have many depositors with balances over $250,000. We manage liquidity based upon factors that include the amount of core deposit relationships as a percentage of total deposits, the level of diversification of our funding sources, the allocation and amount of our deposits among deposit types, the short-term funding sources used to fund assets, the amount of non-deposit funding used to fund assets such as fed funds and account receivables, the availability of unused funding sources, off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the amount of cash and liquid securities we hold, and the re-pricing characteristics and maturities of our assets when compared to the re-pricing characteristics of our liabilities and other factors.

Other Subsidiaries

TFC Statutory Trust. In connection with our 2016 acquisition of TomatoBank and its holding company, TFC, the Company acquired the Trust, a statutory business trust that was established by TFC in 2006 as a wholly-owned subsidiary. The Trust issued trust preferred securities representing undivided preferred beneficial interests in the assets of the Trust. The proceeds of these trust preferred securities were invested in certain securities issued by us, with similar terms to the relevant series of securities issued by the Trust, which we refer

to as subordinated debentures. The Company guarantees on a limited basis the payments of distributions on the capital securities of the Trust and payments on redemption of the capital securities of the Trust. The Company is the owner of all the beneficial interests represented by the common securities of the Trust.

RBB Asset Management Company. In 2012, as a result of our acquisitions of FAB and VCBB**,** we established RBB Asset Management Company, or RAM, as a wholly-owned subsidiary of the Company. In March 2013, RAM purchased approximately $6.5 million in loans and $2.1 million in OREO from the Bank that had been acquired in the FAB and VCBB acquisitions. The Bank received a one-time gain on sale on those assets of approximately $1.4 million, which was partially offset by a loss of approximately $1.0 million. As of March 31, 2017, there was approximately a $494,000 gain still to be recognized on the loans that were sold to RAM in 2013. We may continue to utilize RAM to purchase certain assets from the Bank acquired in acquisitions that we may make in the future.

Employees

As of March 31, 2017, we had approximately 177 employees. As part of the customer-centric culture initiative of our strategic plan, we provide extensive training to our employees in an effort to ensure that our customers receive superior customer service. None of our employees are represented by any collective bargaining unit or are parties to a collective bargaining agreement. We believe that our relations with our employees are good.

Properties

Our headquarters office is located at 660 South Figueroa Street, Suite 1888, Los Angeles, California 90017. Our headquarters is in downtown Los Angeles at “Metro Center” and houses our risk management unit, including compliance and BSA groups, and our multi-family residential mortgage group. The lease expires in June 2018. Our administrative center is located in at 123 East Valley Blvd., San Gabriel, California and houses our commercial real estate and commercial and industrial lending groups, trade finance, credit administration and administrative groups. The lease expires at the end of 2018. Our operation center is located at 7025 Orangethorpe Avenue, Buena Park, California 90621 and was acquired in the acquisition of LANB. It has approximately 7,000 square feet and houses operations, IT and finance groups. At the end of our leases at our headquarters and administrative center we plan to consolidate those functions in one location in the San Gabriel Valley.

We believe that the leases to which we are subject are generally on terms consistent with prevailing market terms. None of the leases are with our directors, officers, beneficial owners of more than 5% of our voting securities or any affiliates of the foregoing.

Legal Proceedings

In the normal course of business, we are named or threatened to be named as a defendant in various lawsuits. Management, following consultation with legal counsel, does not expect the ultimate disposition of any or a combination of these matters to have a material adverse effect on our business. However, given the nature, scope and complexity of the extensive legal and regulatory landscape applicable to our business (including laws and regulations governing consumer protection, fair lending, fair labor, privacy, information security and anti-money laundering and anti-terrorism laws), we, like all banking organizations, are subject to heightened legal and regulatory compliance and litigation risk.

Corporate Information

Our principal executive offices are located at 660 S. Figueroa St., Suite 1888, Los Angeles, California 90017, and our telephone number at that address is (213) 627-9888. Our website address is *www.royalbusinessbankusa.com.* The information contained on our website is not a part of, or incorporated by reference into, this prospectus.

SUPERVISION AND REGULATION

General

Financial institutions, their holding companies and their affiliates are extensively regulated under U.S. federal and state law. As a result, the growth and earnings performance of the Company and its subsidiaries may be affected not only by management decisions and general economic conditions, but also by the requirements of federal and state statutes and by the regulations and policies of various bank regulatory agencies, including the DBO, the Federal Reserve, the FDIC, and the CFPB. Furthermore, tax laws administered by the Internal Revenue Service and state taxing authorities, accounting rules developed by the FASB, securities laws administered by the SEC and state securities authorities, anti-money laundering laws enforced by the U.S. Department of the Treasury, or Treasury, and mortgage related rules, including with respect to loan securitization and servicing by the U.S. Department of Housing and Urban Development, or HUD, and agencies such as Fannie Mae and Freddie Mac, have an impact on the Company's business. The effect of these statutes, regulations, regulatory policies and rules are significant to the financial condition and results of operations of the Company and its subsidiaries, including the Bank, and the nature and extent of future legislative, regulatory or other changes affecting financial institutions are impossible to predict with any certainty.

Federal and state banking laws impose a comprehensive system of supervision, regulation and enforcement on the operations of financial institutions, their holding companies and affiliates intended primarily for the protection of the FDIC-insured deposits and depositors of banks, rather than their shareholders. These federal and state laws, and the related regulations of the bank regulatory agencies, affect, among other things, the scope of business, the kinds and amounts of investments banks may make, reserve requirements, capital levels relative to operations, the nature and amount of collateral for loans, the establishment of branches, the ability to merge, consolidate and acquire, dealings with insiders and affiliates and the payment of dividends.

This supervisory and regulatory framework subjects banks and bank holding companies to regular examination by their respective regulatory agencies, which results in examination reports and ratings that, while not publicly available, can affect the conduct and growth of their businesses. These examinations consider not only compliance with applicable laws and regulations, but also capital levels, asset quality and risk, management ability and performance, earnings, liquidity, and various other factors. The regulatory agencies generally have broad discretion to impose restrictions and limitations on the operations of a regulated entity where the agencies determine, among other things, that such operations are unsafe or unsound, fail to comply with applicable law or are otherwise inconsistent with laws and regulations or with the supervisory policies of these agencies.

The following is a summary of the material elements of the supervisory and regulatory framework applicable to the Company and its subsidiaries, including the Bank. It does not describe all of the statutes, regulations and regulatory policies that apply, nor does it restate all of the requirements of those that are described. The descriptions are qualified in their entirety by reference to the particular statutory and regulatory provision.

Financial Regulatory Reform

The Dodd-Frank Act, which was signed into law in July 2010, implemented sweeping reform across the U.S. financial regulatory framework, including, among other changes:

(i) creating a Financial Stability Oversight Council tasked with identifying and monitoring systemic risks in the financial system;

(ii) creating the CFPB, which is responsible for implementing, examining and enforcing compliance with federal consumer financial protection laws;

(iii) requiring the FDIC to make its capital requirements for insured depository institutions countercyclical, so that capital requirements increase in times of economic expansion and decrease in times of economic contraction;

(iv) imposing more stringent capital requirements on bank holding companies and subjecting certain activities, including interstate mergers and acquisitions, to heightened capital conditions;

(v) with respect to mortgage lending:

(a) significantly expanding requirements applicable to loans secured by 1-4 family residential real property;

(b) imposing strict rules on mortgage servicing, and

(c) required the originator of a securitized loan, or the sponsor of a securitization, to retain at least 5% of the credit risk of securitized exposures unless the underlying exposures are qualified residential mortgages or meet certain underwriting standards;

(vi) changing the assessment base for federal deposit insurance from the amount of the insured deposits held by the depository institution to the depository institution's average total consolidated assets less tangible equity, eliminating the ceiling on the size of the FDIC's Deposit Insurance Fund and increasing the floor of the size of the FDIC's Deposit Insurance Fund;

(vii) eliminating all remaining restrictions on interstate banking by authorizing state banks to establish de novo banking offices in any state that would permit a bank chartered in that state to open an banking office at that location;

(viii) repealing the federal prohibitions on the payment of interest on demand deposits, thereby permitting depository institutions to pay interest on business transaction and other accounts; and

(ix) in the so-called "Volcker Rule," subject to numerous exceptions, prohibiting depository institutions and affiliates from certain investments in, and sponsorship of, hedge funds and private equity funds and from engaging in proprietary trading.

On February 3, 2017, President Trump signed an executive order calling for his administration to review existing U.S. financial laws and regulations, including the Dodd-Frank Act, in order to determine their consistency with a set of "core principles" of financial policy. The core financial principles identified in the executive order include the following: empowering Americans to make independent financial decisions and informed choices in the marketplace, save for retirement, and build individual wealth; preventing taxpayer-funded bailouts; fostering economic growth and vibrant financial markets through more rigorous regulatory impact analysis that addresses systemic risk and market failures, such as moral hazard and information asymmetry; enabling American companies to be competitive with foreign firms in domestic and foreign markets; advancing American interests in international financial regulatory negotiations and meetings; and restoring public accountability within Federal financial regulatory agencies and "rationalizing" the Federal financial regulatory framework.

Although the order does not specifically identify any existing laws or regulations that the administration considers to be inconsistent with the core principles, areas that the mandated agency report may ultimately identify for reform include the Volcker Rule; any "fiduciary" standard applicable to investment advisers and broker-dealers; and the powers, structure and funding arrangements of the Financial Stability Oversight Council, the Office of Financial Research, the prudential bank regulators, the SEC, U.S. Commodity Futures Trading Commission, and CFPB. While some changes can be implemented by the regulatory agencies themselves, implementing much of the anticipated agenda of changes would require legislation from Congress.

Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on us. Although the reforms primarily target systemically important financial service providers, the Dodd-Frank Act's influence has and is expected to continue to filter down in varying degrees to smaller institutions over time. We will continue to evaluate the effect of the Dodd-Frank Act; however, in many respects, the ultimate impact of the Dodd-Frank Act will not be fully known for years, and no current assurance may be given that the Dodd-Frank Act, or any other new

legislative changes, will not have a negative impact on the results of operations and financial condition of the Company and the Bank.

Regulatory Capital Requirements

The federal banking agencies have risk-based capital adequacy guidelines intended to provide a measure of capital adequacy that reflects the degree of risk associated with a banking organization’s operations, both for transactions reported on the balance sheet as assets and for transactions, such as letters of credit and recourse arrangements, that are recorded as off-balance sheet items. In 2013, the Federal Reserve, FDIC, and Office of the Comptroller of the Currency issued final rules (the “Basel III Capital Rules”) establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee’s December 2010 framework, commonly referred to as Basel III, for strengthening international capital standards, as well as implementing certain provisions of the Dodd-Frank Act.

The minimum capital standards effective and applicable to us prior to us becoming subject to the Basel III Capital Rules on January 1, 2015 were:

- a leverage requirement, consisting of a minimum ratio of Tier 1 Capital to total adjusted book assets of at least 4%, and
- risk-based capital requirements consisting of a minimum ratio of Total Capital to total risk-weighted assets of 8% and a minimum ratio of Tier 1 Capital to total risk-weighted assets of 4%.

For the periods prior to January 1, 2015, Tier 1 Capital consisted primarily of common stock, noncumulative perpetual preferred stock and related surplus less intangible assets (other than certain loan servicing rights and purchased credit card relationships). Total Capital consisted primarily of Tier 1 Capital plus Tier 2 Capital, which included other non-permanent capital items, such as certain other debt and equity instruments that did not qualify as Tier 1 Capital, and a portion of the Bank’s allowance for loan losses. Further, risk-weighted assets for the purpose of the risk-weighted ratio calculations were balance sheet assets and off-balance sheet exposures to which required risk weightings of 0% to 100% were applied.

Prior to us becoming subject to the Basel III Capital Rules on January 1, 2015, in order to be “well-capitalized” a banking organization must have maintained:

- a leverage ratio of Tier 1 Capital to total assets of 5% or greater,
- a ratio of Tier 1 Capital to total risk-weighted assets of 6% or greater, and
- a ratio of Total Capital to total risk-weighted assets of 10% or greater.

The Basel III Capital Rules became effective for the Company and the Bank on January 1, 2015 (subject to phase-in periods for some of their components). The Basel III Capital Rules: (i) introduce a new capital measure called Common Equity Tier I, or CET1, and a related regulatory capital ratio of CET1 to risk-weighted assets; (ii) specify that Tier I capital consists of CET1 and “Additional Tier I capital” instruments, which are instruments treated as Tier I instruments under the prior capital rules that meet certain revised requirements; (iii) mandate that most deductions or adjustments to regulatory capital measures be made to CET1 and not to the other components of capital; and (iv) expand the scope of the deductions from and adjustments to capital, as compared to existing regulations. Under the Basel III Capital Rules, for most banking organizations, the most common form of Additional Tier I capital is noncumulative perpetual preferred stock and the most common form of Tier II capital is subordinated notes and a portion of the allowance for loan and lease losses, in each case, subject to the Basel III Capital Rules’ specific requirements.

Under the Basel III Capital Rules, the following are the initial minimum capital ratios applicable to the Company and the Bank as of January 1, 2015:

- 4.0% Tier I leverage ratio;

- 4.5% CET1 to risk-weighted assets;
- 6.0% Tier I capital (that is, CET1 plus Additional Tier I capital) to risk-weighted assets; and
- 8.0% total capital (that is, Tier I capital plus Tier II capital) to risk-weighted assets.

The Basel III Capital Rules also introduced "capital conservation buffer," composed entirely of CET1, on top of these minimum risk-weighted asset ratios. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. The implementation of the capital conservation buffer began on January 1, 2016 at 0.625% and will be phased in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019). In 2016, banking organizations including the Company and the Bank were required to maintain a CET1 capital ratio of at least 5.125%, a Tier I capital ratio of at least 6.625%, and a total capital ratio of at least 8.625% to avoid limitations on capital distributions and certain discretionary incentive compensation payments. When fully phased-in on January 1, 2019, the Company and the Bank must maintain the following minimum capital ratios:

- 4.0% Tier I leverage ratio;
- 4.5% CET1 to risk-weighted assets, plus the capital conservation buffer, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7%;
- 6.0% Tier I capital to risk-weighted assets, plus the capital conservation buffer, effectively resulting in a minimum Tier I capital ratio of at least 8.5%; and
- 8.0% total capital to risk-weighted assets, plus the capital conservation buffer, effectively resulting in a minimum total capital ratio of at least 10.5%.

The Basel III Capital Rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that (i) mortgage servicing rights, (ii) deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks, and (iii) significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such items, in the aggregate, exceed 15% of CET1. Implementation of the deductions and other adjustments to CET1 began on January 1, 2015 and would be phased-in over a four-year period (beginning at 40% on January 1, 2015 and an additional 20% per year thereafter). Under the Basel III Capital Rules, the effects of certain accumulated other comprehensive income or loss items are not excluded for the purposes of determining regulatory capital ratios; however, non-advanced approaches banking organizations (i.e., banking organizations with less than $250 billion in total consolidated assets or with less than $10 billion of on-balance sheet foreign exposures), including the Company and the Bank, may make a one-time permanent election to exclude these items. The Company and the Bank made this election in the first quarter of 2015's call reports in order to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of its available-for-sale investment securities portfolio.

The Basel III Capital Rules prescribe a new standardized approach for risk weightings that expands the risk weighting categories from the previous four Basel I-derived categories (0%, 20%, 50% and 100%) to a larger and more risk-sensitive number of categories, generally ranging from 0% for U.S. Government and agency securities, to 600% for certain equity exposures, depending on the nature of the assets. The new capital rules generally result in higher risk weights for a variety of asset classes, including certain CRE mortgages. Additional aspects of the Basel III Capital Rules that are relevant to the Company and the Bank include:

- consistent with the Basel I risk-based capital rules, assigning exposures secured by single-family residential properties to either a 50% risk weight for first-lien mortgages that meet prudent underwriting standards or a 100% risk weight category for all other mortgages;

- providing for a 20% credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable (set at 0% under the Basel I risk-based capital rules);
- assigning a 150% risk weight to all exposures that are nonaccrual or 90 days or more past due (set at 100% under the Basel I risk-based capital rules), except for those secured by single-family residential properties, which will be assigned a 100% risk weight, consistent with the Basel I risk-based capital rules;
- applying a 150% risk weight instead of a 100% risk weight for certain high volatility CRE acquisition, development and construction loans; and
- applying a 250% risk weight to the portion of mortgage servicing rights and deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks that are not deducted from CET1 capital (set at 100% under the Basel I risk-based capital rules).

As of March 31, 2017, the Company’s and the Bank’s capital ratios exceeded the minimum capital adequacy guideline percentage requirements of the federal banking agencies for “well capitalized” institutions under the Basel III capital rules on a fully phased-in basis.

With respect to the Bank, the Basel III Capital Rules also revise the PCA regulations pursuant to Section 38 of the Federal Deposit Insurance Act, as discussed below under “PCA.”

PCA

The Federal Deposit Insurance Act, as amended, or FDIA, requires federal banking agencies to take PCA in respect of depository institutions that do not meet minimum capital requirements. The FDIA includes the following five capital tiers: “well capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized,” and “critically undercapitalized.” A depository institution’s capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors, as established by regulation. The Basel III Capital Rules, revised the PCA requirements effective January 1, 2015. Under the revised PCA provisions of the FDIA, an insured depository institution generally will be classified in the following categories based on the capital measures indicated:

PCA Category	Total Risk-Based Capital Ratio	Tier I Risk-Based Capital Ratio	CET1 Risk-Based Ratio	Tier I Leverage Ratio
Well capitalized	10%	8%	6.5%	5%
Adequately capitalized	8%	6%	4.5%	4%
Undercapitalized	< 8%	< 6%	< 4.5%	< 4%
Significantly undercapitalized	< 6%	< 4%	< 3.0%	< 3%
Critically undercapitalized		Tangible Equity/Total Assets £ 2%		

An institution may be downgraded to, or deemed to be in, a capital category that is lower than indicated by its capital ratios, if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. A bank’s capital category is determined solely for the purpose of applying PCA regulations and the capital category may not constitute an accurate representation of the bank’s overall financial condition or prospects for other purposes.

The FDIA generally prohibits a depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company, if the depository institution would thereafter be “undercapitalized.” “Undercapitalized” institutions are subject to growth limitations and are required to submit capital restoration plans. If a depository institution fails to submit an acceptable plan, it is treated as if it is “significantly undercapitalized.” “Significantly undercapitalized” depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become “adequately capitalized,” requirements to reduce total assets, and cessation of receipt of deposits from

correspondent banks. "Critically undercapitalized" institutions are subject to the appointment of a receiver or conservator.

The capital classification of a bank holding company and a bank affects the frequency of regulatory examinations, the bank holding company's and the bank's ability to engage in certain activities and the deposit insurance premium paid by the bank. As of March 31, 2017, we met the requirements to be "well-capitalized" based upon the aforementioned ratios for purposes of the prompt corrective action regulations, as currently in effect.

The Company

General. The Company, as the sole shareholder of the Bank, is a bank holding company. As a bank holding company, the Company is registered with, and is subject to regulation by, the Federal Reserve under the Bank Holding Company Act of 1956, as amended, or the BHCA. In accordance with Federal Reserve policy, and as now codified by the Dodd-Frank Act, the Company is legally obligated to act as a source of financial strength to the Bank and to commit resources to support the Bank in circumstances where the Company might not otherwise do so. Under the BHCA, the Company is subject to periodic examination by the Federal Reserve. The Company is required to file with the Federal Reserve periodic reports of the Company's operations and such additional information regarding the Company and its subsidiaries as the Federal Reserve may require.

Acquisitions, Activities and Change in Control. The primary purpose of a bank holding company is to control and manage banks. The BHCA generally requires the prior approval by the Federal Reserve for any merger involving a bank holding company or any acquisition of control by a bank holding company of another bank or bank holding company. Subject to certain conditions (including deposit concentration limits established by the BHCA and the Dodd-Frank Act), the Federal Reserve may allow a bank holding company to acquire banks located in any state of the United States. In approving interstate acquisitions, the Federal Reserve is required to give effect to applicable state law limitations on the aggregate amount of deposits that may be held by the acquiring bank holding company and its insured depository institution affiliates in the state in which the target bank is located (provided that those limits do not discriminate against out-of-state depository institutions or their holding companies) and state laws that require that the target bank have been in existence for a minimum period of time (not to exceed five years) before being acquired by an out-of-state bank holding company. Furthermore, in accordance with the Dodd-Frank Act, bank holding companies must be well-capitalized and well-managed in order to effect interstate mergers or acquisitions. For a discussion of the capital requirements, see "—Regulatory Capital Requirements" above.

The BHCA generally prohibits the Company from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company that is not a bank and from engaging in any business other than that of banking, managing and controlling banks or furnishing services to banks and their subsidiaries. This general prohibition is subject to a number of exceptions. The principal exception allows bank holding companies to engage in, and to own shares of companies engaged in, certain businesses found by the Federal Reserve prior to November 11, 1999 to be "so closely related to banking ... as to be a proper incident thereto." This authority would permit the Company to engage in a variety of banking-related businesses, including the ownership and operation of a savings association, or any entity engaged in consumer finance, equipment leasing, the operation of a computer service bureau (including software development) and mortgage banking and brokerage. The BHCA generally does not place territorial restrictions on the domestic activities of nonbank subsidiaries of bank holding companies.

Additionally, bank holding companies that meet certain eligibility requirements prescribed by the BHCA and elect to operate as financial holding companies may engage in, or own shares in companies engaged in, a wider range of nonbanking activities, including securities and insurance underwriting and sales, merchant banking and any other activity that the Federal Reserve, in consultation with the Secretary of the Treasury, determines by regulation or order is financial in nature or incidental to any such financial activity or that the

Federal Reserve determines by order to be complementary to any such financial activity and does not pose a substantial risk to the safety or soundness of depository institutions or the financial system generally. The Company has not elected to be a financial holding company.

If the Company should elect to become a financial holding company, in order to maintain the Company's status as a financial holding company, the Company and the Bank must be well-capitalized, well-managed, and have a least a satisfactory Community Reinvestment Act, or CRA, rating. If the Company should elect to become a financial holding company and the Federal Reserve subsequently determines that the Company, a financial holding company, is not well-capitalized or well-managed, the Company would have a period of time during which to achieve compliance, but during the period of noncompliance, the Federal Reserve may place any limitations on the Company it believes to be appropriate. Furthermore, if the Company should elect to become a financial holding company and the Federal Reserve subsequently determines that the Bank, as a financial holding company subsidiary, has not received a satisfactory CRA rating, the Company would not be able to commence any new financial activities or acquire a company that engages in such activities.

Federal law also prohibits any person or company from acquiring "control" of an FDIC-insured depository institution or its holding company without prior notice to the appropriate federal bank regulator. "Control" is conclusively presumed to exist upon the acquisition of 25% or more of the outstanding voting securities of a bank or bank holding company, but may arise under certain circumstances between 5% and 24.99% ownership.

Under the California Financial Code, any proposed acquisition of "control" of the Bank by any person (including a company) must be approved by the Commissioner of the DBO. The California Financial Code defines "control" as the power, directly or indirectly, to direct the Bank's management or policies or to vote 25% or more of any class of the Bank's outstanding voting securities. Additionally, a rebuttable presumption of control arises when any person (including a company) seeks to acquire, directly or indirectly, 10% or more of any class of the Bank's outstanding voting securities.

Capital Requirements. Bank holding companies are required to maintain capital in accordance with Federal Reserve capital adequacy requirements, as affected by the Dodd-Frank Act and Basel III. For a discussion of capital requirements, see "—Regulatory Capital Requirements" above.

Dividend Payments. The Company's ability to pay dividends to its shareholders may be affected by both general corporate law considerations and the policies of the Federal Reserve applicable to bank holding companies. As a California corporation, the Company is subject to the limitations of California law, which allows a corporation to distribute cash or property to shareholders, including a dividend or repurchase or redemption of shares, if the corporation meets either a retained earnings test or a "balance sheet" test. Under the retained earnings test, the Company may make a distribution from retained earnings to the extent that its retained earnings exceed the sum of (a) the amount of the distribution plus (b) the amount, if any, of dividends in arrears on shares with preferential dividend rights. The Company may also make a distribution if, immediately after the distribution, the value of its assets equals or exceeds the sum of (a) its total liabilities plus (b) the liquidation preference of any shares which have a preference upon dissolution over the rights of shareholders receiving the distribution. Indebtedness is not considered a liability if the terms of such indebtedness provide that payment of principal and interest thereon are to be made only if, and to the extent that, a distribution to shareholders could be made under the balance sheet test. A California corporation may specify in its articles of incorporation that distributions under the retained earnings test or balance sheet test can be made without regard to the preferential rights amount. The Company's articles of incorporation do not address distributions under either the retained earnings test or the balance sheet test.

As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should eliminate, defer or significantly reduce dividends to shareholders if: (i) the Company's net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) the prospective rate of earnings retention is inconsistent with the

Company's capital needs and overall current and prospective financial condition; or (iii) the Company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. The Federal Reserve also possesses enforcement powers over bank holding companies and their nonbank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. In addition, under the Basel III Rule, institutions that seek to pay dividends must maintain 2.5% in Common Equity Tier 1 attributable to the capital conservation buffer, which is to be phased in over a three year period that began on January 1, 2016. See "—Regulatory Capital Requirements" above.

The Bank

General. The Bank is a California-chartered bank, but is not a member of the Federal Reserve System (a "non-member bank"). The deposit accounts of the Bank are insured by the FDIC's Deposit Insurance Fund ("DIF") to the maximum extent provided under federal law and FDIC regulations. As a California-chartered FDIC-insured non-member bank, the Bank is subject to the examination, supervision, reporting and enforcement requirements of the DBO, the chartering authority for California banks, and as a non-member bank, the FDIC.

Deposit Insurance. As an FDIC-insured institution, the Bank is required to pay deposit insurance premium assessments to the FDIC. The FDIC has adopted a risk-based assessment system whereby FDIC-insured depository institutions pay insurance premiums at rates based on their risk classification. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to the regulators. For deposit insurance assessment purposes, an insured depository institution is placed in one of four risk categories each quarter. An institution's assessment is determined by multiplying its assessment rate by its assessment base. The total base assessment rates range from 2.5 basis points to 45 basis points. While in the past an insured depository institution's assessment base was determined by its deposit base, amendments to the Federal Deposit Insurance Act revised the assessment base so that it is calculated using average consolidated total assets minus average tangible equity.

Additionally, the Dodd-Frank Act altered the minimum designated reserve ratio of the DIF, increasing the minimum from 1.15% to 1.35% of the estimated amount of total insured deposits, and eliminating the requirement that the FDIC pay dividends to depository institutions when the reserve ratio exceeds certain thresholds. The FDIC has until September 3, 2020 to meet the 1.35% reserve ratio target. At least semi-annually, the FDIC updates its loss and income projections for the DIF and, if needed, may increase or decrease the assessment rates, following notice and comment on proposed rulemaking. As a result, the Bank's FDIC deposit insurance premiums could increase. During the year ended December 31, 2016, the Bank paid $534,000 in aggregate FDIC deposit insurance premiums.

FICO Assessments. In addition to paying basic deposit insurance assessments, insured depository institutions must pay Financing Corporation, or FICO, assessments. FICO is a mixed-ownership governmental corporation chartered by the former Federal Home Loan Bank Board pursuant to the Competitive Equality Banking Act of 1987 to function as a financing vehicle for the recapitalization of the former Federal Savings and Loan Insurance Corporation. FICO issued 30-year noncallable bonds of approximately $8.1 billion that mature in 2017 through 2019. FICO's authority to issue bonds ended on December 12, 1991. Since 1996, federal legislation has required that all FDIC-insured depository institutions pay assessments to cover interest payments on FICO's outstanding obligations. The FICO assessment rate is adjusted quarterly and for the fourth quarter of 2015 was approximately 0.600 basis points (60 cents per $100 of assessable deposits). During the year ended December 31, 2016, the Bank paid $67,000 in aggregate FICO assessments.

Supervisory Assessments. California-chartered banks are required to pay supervisory assessments to the DBO to fund its operations. The amount of the assessment paid by a California bank to the DBO is calculated on the basis of the institution's total assets, including consolidated subsidiaries, as reported to the DBO. During the year ended December 31, 2016, the Bank paid supervisory assessments to the DBO totaling $127,000.

Capital Requirements. Banks are generally required to maintain capital levels in excess of other businesses. For a discussion of capital requirements, see "—Regulatory Capital Requirements" above.

Dividend Payments. The primary source of funds for the Company is dividends from the Bank. Under the California Financial Code, the Bank is permitted to pay a dividend in the following circumstances: (i) without the consent of either the DBO or the Bank's shareholders, in an amount not exceeding the lesser of (a) the retained earnings of the Bank; or (b) the net income of the Bank for its last three fiscal years, less the amount of any distributions made during the prior period; (ii) with the prior approval of the DBO, in an amount not exceeding the greatest of: (a) the retained earnings of the Bank; (b) the net income of the Bank for its last fiscal year; or (c) the net income for the Bank for its current fiscal year; and (iii) with the prior approval of the DBO and the Bank's shareholders in connection with a reduction of its contributed capital. In addition, under the Basel III Rule, institutions that seek to pay dividends must maintain 2.5% in Common Equity Tier 1 attributable to the capital conservation buffer, which is to be phased in over a three-year period that began on January 1, 2016. See "—Regulatory Capital Requirements" above.

The payment of dividends by any financial institution is affected by the requirement to maintain adequate capital pursuant to applicable capital adequacy guidelines and regulations, and a financial institution generally is prohibited from paying any dividends if, following payment thereof, the institution would be undercapitalized. As described above, the Bank exceeded its minimum capital requirements under applicable regulatory guidelines as of March 31, 2017.

Transactions with Affiliates and Insiders. The Bank is subject to certain restrictions imposed by federal law on "covered transactions" between the Bank and its "affiliates." The Company is an affiliate of the Bank for purposes of these restrictions, and covered transactions subject to the restrictions include extensions of credit to the Company, investments in the stock or other securities of the Company and the acceptance of the stock or other securities of the Company as collateral for loans made by the Bank. The Dodd-Frank Act enhances the requirements for certain transactions with affiliates, including an expansion of the definition of "covered transactions" and an increase in the amount of time for which collateral requirements regarding covered transactions must be maintained.

Certain limitations and reporting requirements are also placed on extensions of credit by the Bank to its directors and officers, to directors and officers of the Company and its subsidiaries, to principal shareholders of the Company and to "related interests" of such directors, officers and principal shareholders. In addition, federal law and regulations may affect the terms upon which any person who is a director or officer of the Company or the Bank, or a principal shareholder of the Company, may obtain credit from banks with which the Bank maintains a correspondent relationship.

Safety and Soundness Standards/Risk Management. The federal banking agencies have adopted guidelines that establish operational and managerial standards to promote the safety and soundness of federally insured depository institutions. The guidelines set forth standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings.

In general, the safety and soundness guidelines prescribe the goals to be achieved in each area, and each institution is responsible for establishing its own procedures to achieve those goals. If an institution fails to comply with any of the standards set forth in the guidelines, the financial institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. If a financial institution fails to submit an acceptable compliance plan, or fails in any material respect to implement a compliance plan that has been accepted by its primary federal regulator, the regulator is required to issue an order directing the institution to cure the deficiency. Until the deficiency cited in the regulator's order is cured, the regulator may restrict the financial institution's rate of growth, require the financial institution to increase its capital, restrict the rates the institution pays on deposits or require the institution to take any action the regulator deems appropriate

under the circumstances. Noncompliance with the standards established by the safety and soundness guidelines may also constitute grounds for other enforcement action by the federal bank regulatory agencies, including cease and desist orders and civil money penalty assessments.

During the past decade, the bank regulatory agencies have increasingly emphasized the importance of sound risk management processes and strong internal controls when evaluating the activities of the financial institutions they supervise. Properly managing risks has been identified as critical to the conduct of safe and sound banking activities and has become even more important as new technologies, product innovation, and the size and speed of financial transactions have changed the nature of banking markets. The agencies have identified a spectrum of risks facing a banking institution including, but not limited to, credit, market, liquidity, operational, legal, and reputational risk. In particular, recent regulatory pronouncements have focused on operational risk, which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. New products and services, third-party risk management and cybersecurity are critical sources of operational risk that financial institutions are expected to address in the current environment. The Bank is expected to have active board and senior management oversight; adequate policies, procedures, and limits; adequate risk measurement, monitoring, and management information systems; and comprehensive internal controls.

Branching Authority. California banks, such as the Bank, may, under California law, establish a banking office so long as the bank's board of directors approves the banking office and the DBO is notified of the establishment of the banking office. Deposit-taking banking offices must be approved by the FDIC, which considers a number of factors, including financial history, capital adequacy, earnings prospects, character of management, needs of the community and consistency with corporate power. The Dodd-Frank Act permits insured state banks to engage in de novo interstate branching if the laws of the state where the new banking office is to be established would permit the establishment of the banking office if it were chartered by such state. Finally, we may also establish banking offices in other states by merging with banks or by purchasing banking offices of other banks in other states, subject to certain restrictions.

Community Reinvestment Act Requirements. The CRA requires the Bank to have a continuing and affirmative obligation in a safe and sound manner to help meet the credit needs of its entire community, including low- and moderate-income neighborhoods. Federal regulators regularly assess the Bank's record of meeting the credit needs of its communities. Applications for additional acquisitions would be affected by the evaluation of the Bank's effectiveness in meeting its CRA requirements. The Bank received a "satisfactory" rating on its most recent CRA examination, which was conducted on February 2017.

Anti-Money Laundering and Office of Foreign Assets Control Regulation. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the Patriot Act, is designed to deny terrorists and criminals the ability to obtain access to the U.S. financial system and has significant implications for depository institutions, brokers, dealers and other businesses involved in the transfer of money. The Patriot Act mandates financial services companies to have policies and procedures with respect to measures designed to address any or all of the following matters: (i) customer identification programs; (ii) money laundering; (iii) terrorist financing; (iv) identifying and reporting suspicious activities and currency transactions; (v) currency crimes; and (vi) cooperation between financial institutions and law enforcement authorities. Banking regulators also examine banks for compliance with the economic sanctions regulations administered by the Office of Foreign Assets Control, or OFAC. Failure of a financial institution to maintain and implement adequate anti-money laundering and OFAC programs, or to comply with all of the relevant laws or regulations, could have serious legal and reputational consequences for the institution.

Concentrations in Commercial Real Estate. Concentration risk exists when financial institutions deploy too many assets to any one industry or segment. Concentration stemming from commercial real estate is one area of regulatory concern. The CRE Concentration Guidance, provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real

estate loan concentrations that may warrant greater supervisory scrutiny: (i) commercial real estate loans exceeding 300% of capital and increasing 50% or more in the preceding three years; or (ii) construction and land development loans exceeding 100% of capital. The CRE Concentration Guidance does not limit banks' levels of commercial real estate lending activities, but rather guides institutions in developing risk management practices and levels of capital that are commensurate with the level and nature of their commercial real estate concentrations. Based on the Bank's loan portfolio, the Bank does not exceed these guidelines.

Consumer Financial Services

Banks and other financial institutions are subject to numerous laws and regulations intended to protect consumers in their transactions with banks. These laws include, among others, laws regarding unfair and deceptive acts and practices and usury laws, as well as the following consumer protection statutes: Truth in Lending Act, Truth in Savings Act, Electronic Fund Transfer Act, Expedited Funds Availability Act, Equal Credit Opportunity Act, Fair and Accurate Credit Transactions Act, Fair Housing Act, Fair Credit Reporting Act, Fair Debt Collection Act, GLB Act, Home Mortgage Disclosure Act, Right to Financial Privacy Act and Real Estate Settlement Procedures Act.

Many states and local jurisdictions have consumer protection laws analogous, and in addition, to those listed above. These federal, state and local laws regulate the manner in which financial institutions deal with customers when taking deposits, making loans or conducting other types of transactions. Failure to comply with these laws and regulations could give rise to regulatory sanctions, customer rescission rights, action by state and local attorneys general and civil or criminal liability.

The structure of federal consumer protection regulation applicable to all providers of consumer financial products and services changed significantly on July 21, 2011, when the CFPB commenced operations to supervise and enforce consumer protection laws. The CFPB has broad rulemaking authority for a wide range of consumer protection laws that apply to all providers of consumer products and services, including the Bank, as well as the authority to prohibit "unfair, deceptive or abusive" acts and practices. The CFPB has examination and enforcement authority over providers with more than $10 billion in assets. Banks and savings institutions with $10 billion or less in assets, like the Bank, will continue to be examined by their applicable bank regulators.

Mortgage and Mortgage-Related Products, Generally. Because abuses in connection with residential mortgages were a significant factor contributing to the financial crisis, many new rules issued by the CFPB and required by the Dodd-Frank Act address mortgage and mortgage-related products, their underwriting, origination, servicing and sales. The Dodd-Frank Act significantly expanded underwriting requirements applicable to loans secured by 1-4 family residential real property and augmented federal law combating predatory lending practices. In addition to numerous disclosure requirements, the Dodd-Frank Act imposed new standards for mortgage loan originations on all lenders, including banks and savings associations, in an effort to strongly encourage lenders to verify a borrower's ability to repay, while also establishing a presumption of compliance for certain "qualified mortgages." The Dodd-Frank Act generally required lenders or securitizers to retain an economic interest in the credit risk relating to loans that the lender sells, and other asset-backed securities that the securitizer issues, if the loans do not comply with the ability-to-repay standards described below. The risk retention requirement generally is 5%, but could be increased or decreased by regulation. The Bank does not currently expect the CFPB's rules to have a significant impact on its operations, except for higher compliance costs.

Ability-to-Repay Requirement and Qualified Mortgage Rule. On January 10, 2013, the CFPB issued a final rule implementing the Dodd-Frank Act's ability-to-repay requirements. Under the final rule, lenders, in assessing a borrower's ability to repay a mortgage-related obligation, must consider eight underwriting factors: (i) current or reasonably expected income or assets; (ii) current employment status; (iii) monthly payment on the subject transaction; (iv) monthly payment on any simultaneous loan; (v) monthly payment for all mortgage-related obligations; (vi) current debt obligations, alimony, and child support; (vii) monthly debt-to-income ratio or residual income; and (viii) credit history. The final rule also includes guidance regarding the application of, and methodology for evaluating, these factors.

Further, the final rule clarified that qualified mortgages do not include “no-doc” loans and loans with negative amortization, interest-only payments, balloon payments, terms in excess of 30 years, or points and fees paid by the borrower that exceed 3% of the loan amount, subject to certain exceptions. In addition, for qualified mortgages, the rule mandated that the monthly payment be calculated on the highest payment that will occur in the first five years of the loan, and required that the borrower’s total debt-to-income ratio generally may not be more than 43%. The final rule also provided that certain mortgages that satisfy the general product feature requirements for qualified mortgages and that also satisfy the underwriting requirements of Fannie Mae and Freddie Mac (while they operate under federal conservatorship or receivership), HUD, the Department of Veterans Affairs, the Department of Agriculture or the Rural Housing Service are also considered to be qualified mortgages. This second category of qualified mortgages will phase out as the aforementioned federal agencies issue their own rules regarding qualified mortgages, the conservatorship of Fannie Mae and Freddie Mac ends, and, in any event, after seven years.

As set forth in the Dodd-Frank Act, subprime (or higher-priced) mortgage loans are subject to the ability-to-repay requirement, and the final rule provided for a rebuttable presumption of lender compliance for those loans. The final rule also applied the ability-to-repay requirement to prime loans, while also providing a conclusive presumption of compliance (*i.e.*, a safe harbor) for prime loans that are also qualified mortgages. Additionally, the final rule generally prohibits prepayment penalties (subject to certain exceptions) and sets forth a 3-year record retention period with respect to documenting and demonstrating the ability-to-repay requirement and other provisions.

Mortgage Loan Originator Compensation. As a part of the overhaul of mortgage origination practices, mortgage loan originators’ compensation has been limited such that they may no longer receive compensation based on a mortgage transaction’s terms or conditions other than the amount of credit extended under the mortgage loan. Further, the total points and fees that a bank and/or a broker may charge on conforming and jumbo loans has been limited to 3.0% of the total loan amount. Mortgage loan originators may receive compensation from a consumer or from a lender, but not both. These rules contain requirements designed to prohibit mortgage loan originators from “steering” consumers to loans that provide mortgage loan originators with greater compensation. In addition, the rules contain other requirements concerning recordkeeping.

Residential Mortgage Servicing. Pursuant to the Dodd-Frank Act, the CFPB has implemented certain provisions of the Dodd-Frank Act relating to mortgage servicing through rulemaking. The servicing rules require servicers to meet certain benchmarks for loan servicing and customer service in general. Servicers must provide periodic billing statements and certain required notices and acknowledgments, promptly credit borrowers’ accounts for payments received and promptly investigate complaints by borrowers. Servicers also are required to take additional steps before purchasing insurance to protect the lender’s interest in the property. The servicing rules call for additional notice, review and timing requirements with respect to delinquent borrowers, including early intervention, ongoing access to servicer personnel and specific loss mitigation and foreclosure procedures. The rules provide for an exemption from most of these requirements for “small servicers”, which are defined as loan servicers that service 5,000 or fewer mortgage loans and service only mortgage loans that they or an affiliate originated or own.

Incentive Compensation Guidance

The federal bank regulatory agencies have issued comprehensive guidance intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of those organizations by encouraging excessive risk-taking. The incentive compensation guidance sets expectations for banking organizations concerning their incentive compensation arrangements and related risk-management, control and governance processes. The incentive compensation guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon three primary principles: (1) balanced risk-taking incentives; (2) compatibility with effective controls and risk management; and (3) strong corporate governance. Any deficiencies in compensation practices that are

identified may be incorporated into the organization’s supervisory ratings, which can affect its ability to make acquisitions or take other actions. In addition, under the incentive compensation guidance, a banking organization’s federal supervisor may initiate enforcement action if the organization’s incentive compensation arrangements pose a risk to the safety and soundness of the organization. Further, Basel III limits discretionary bonus payments to bank executives if the institution’s regulatory capital ratios fail to exceed certain thresholds starting January 1, 2016. The scope and content of the U.S. banking regulators’ policies on executive compensation are continuing to develop and are likely to continue evolving in the near future.

Enforcement Powers of Federal and State Banking Agencies

The federal bank regulatory agencies have broad enforcement powers, including the power to terminate deposit insurance, impose substantial fines and other civil and criminal penalties, and appoint a conservator or receiver for financial institutions. Failure to comply with applicable laws and regulations could subject us and our officers and directors to administrative sanctions and potentially substantial civil money penalties. In addition to the grounds discussed above under “—Prompt Corrective Actions,” the appropriate federal bank regulatory agency may appoint the FDIC as conservator or receiver for a banking institution (or the FDIC may appoint itself, under certain circumstances) if any one or more of a number of circumstances exist, including, without limitation, the fact that the banking institution is undercapitalized and has no reasonable prospect of becoming adequately capitalized, fails to become adequately capitalized when required to do so, fails to submit a timely and acceptable capital restoration plan or materially fails to implement an accepted capital restoration plan. The DBO also has broad enforcement powers over us, including the power to impose orders, remove officers and directors, impose fines and appoint supervisors and conservators.

Financial Privacy

The federal bank regulatory agencies have adopted rules that limit the ability of banks and other financial institutions to disclose non-public information about consumers to non-affiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a non-affiliated third party. These regulations affect how consumer information is transmitted through financial services companies and conveyed to outside vendors. In addition, consumers may also prevent disclosure of certain information among affiliated companies that is assembled or used to determine eligibility for a product or service, such as that shown on consumer credit reports and asset and income information from applications. Consumers also have the option to direct banks and other financial institutions not to share information about transactions and experiences with affiliated companies for the purpose of marketing products or services.

Additional Constraints on the Company and the Bank

Monetary Policy. The monetary policy of the Federal Reserve has a significant effect on the operating results of financial or bank holding companies and their subsidiaries. Among the tools available to the Federal Reserve to affect the money supply are open market transactions in U.S. government securities, changes in the discount rate on member bank borrowings and changes in reserve requirements against member bank deposits. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid on deposits.

The Volcker Rule. In addition to other implications of the Dodd-Frank Act discussed above, the Dodd-Frank Act amended the BHCA to require the federal regulatory agencies to adopt rules that prohibit banking entities and their affiliates from engaging in proprietary trading and investing in and sponsoring certain unregistered investment companies (defined as hedge funds and private equity funds). This statutory provision is commonly called the “Volcker Rule.” On December 10, 2013, the federal regulatory agencies issued final rules to implement the prohibitions required by the Volcker Rule. Thereafter, in reaction to industry concern over the adverse impact to community banks of the treatment of certain collateralized debt instruments in the final rule,

the federal regulatory agencies approved an interim final rule to permit financial institutions to retain interests in collateralized debt obligations backed primarily by trust preferred securities, or TruPS CDOs, from the investment prohibitions contained in the final rule. Under the interim final rule, the regulatory agencies permitted the retention of an interest in or sponsorship of covered funds by banking entities if the following qualifications were met: (i) the TruPS CDO was established, and the interest was issued, before May 19, 2010; (ii) the banking entity reasonably believes that the offering proceeds received by the TruPS CDO were invested primarily in qualifying TruPS collateral; and (iii) the banking entity's interest in the TruPS CDO was acquired on or before December 10, 2013.

Although the Volcker Rule has significant implications for many large financial institutions, the Company does not currently anticipate that it will have a material effect on the operations of the Company or the Bank. The Company may incur costs if it is required to adopt additional policies and systems to ensure compliance with certain provisions of the Volcker Rule, but any such costs are not expected to be material.

MANAGEMENT

Board of Directors

The following table sets forth certain information about our directors, including their names, ages and year in which they began serving as a director of the Company (or the Bank prior to the Company's formation in 2011).

Name	Age	Position	Director Since
Yee Phong (Alan) Thian	64	Chairman of the Board	2008
Peter M. Chang	45	Director	2008
Wendell Chen	40	Director	2010
Pei-Chin Huang	61	Director	2008
James W. Kao	71	Director	2015
Ruey Chyr Kao	76	Director	2008
Chie-Min Christopher Koo	59	Director	2008
Christopher Lin	76	Director	2010
Feng Lin	35	Director	2011
Ko-Yen Lin	73	Director	2008
Paul Lin	37	Director	2012
Fui Ming Thian	66	Director	2010

Pursuant to our articles and bylaws, our board of directors is authorized to have not less than seven members nor more than 13 members, and is currently comprised of 12 members. Each of our directors serves for a one year term. The number of directors may be changed only by resolution of our board within the range set forth in our articles. As discussed in greater detail below, our board of directors has affirmatively determined that nine of our 12 current directors qualify as independent directors based upon the rules of the NASDAQ Stock Market and the SEC. There are no arrangements or understandings between any of the directors and any other person pursuant to which he or she was selected as a director.

The business experience of each of the current directors is set forth below. Other than as described below, no current director has any family relationship, as defined in Item 401 of Regulation S-K, with any other director or with any of our executive officers.

Yee Phong (Alan) Thian. Mr. Thian has served as the Chairman, President and Chief Executive Officer of the Company and the Bank since the Bank began operations in 2008. Mr. Thian was appointed twice to the FDIC community bank advisory committee and is presently on the CFPB community bank advisory committee. Mr. Thian previously served as the president and chief executive officer of First Continental Bank from July 2000 until its acquisition by United Commercial Bank in July 2003. Following the acquisition, Mr. Thian served as the executive vice president and regional director of United Commercial Bank until April 2007. From June 1997 to October 1997, Mr. Thian served as the president and chief executive officer of American International Bank and continued to serve as a director of the bank until January 2000. Mr. Thian began his banking career at General Bank where he served as a director from June 1982 to June 1997 and in various officer positions. He is the brother of Fui Ming Thian, who is also a director of the Company and the Bank. Mr. Thian holds a B.A. from Nan Yang University and an M.B.A. from University of Southern California. Our board considered Mr. Thian's experience as the chief executive of successful Chinese-American banks, his knowledge of and experience with real estate investment and development, his experience advising other companies in conducting business in small to midsized communities that are similar to those in our primary market areas, his experience as an advisory board member for the FDIC and the CFPB and his knowledge of the business community in the Chinese-American market area in determining that he should be a member of our board.

Peter M. Chang. Mr. Chang has served as a board member since the founding of the Bank in 2008. Mr. Chang is the president of Yao Yang Enterprises LLC, which purchases and exports waste paper. As such he works with recycling, shipping and exporting companies in the United States and provides raw materials to paper

manufacturing companies in Southeast Asia China and Taiwan. Mr. Chang holds a B.S. in Economics from the University of California at Los Angeles. Our board considered Mr. Chang's experience in international trade financing and his long-standing relationships within the Chinese-American business community in determining that he should be a member of our board.

Wendell Chen. Mr. Chen has served as a member of the board since November 2010. Mr. Chen has been the chief executive officer of US Development LLC, a real estate development firm, since 2015. From 2006 to 2015, Mr. Chen served as the chief executive officer and managing partner of Vanetti, Inc., a start-up firm that successfully designed, manufactured, and delivered branded and private labeled men's suits to specialty shops and major chain stores in the United States. Mr. Chen holds a B.A. from California State University Pomona. Our board considered Mr. Chen's experience as an executive of a small business that does international trade and his relationships within the Chinese American business community in determining that he should be a member of our board.

Pei-Chin (Peggy) Huang. Ms. Huang has served as a board member since the founding of the Bank in 2008. Ms. Huang is the co-founder and president of Trendware International Inc., a Torrance-based manufacturer of computer networking equipment, where she is responsible for financial management and strategic planning. Ms. Huang holds a M.A. degree from Arizona State University. Our board considered Ms. Huang's experience as an executive of an international business and her ability to understand complicated financial statements and contracts in determining that she should be a member of our board.

James W. Kao, Ph.D. Dr. Kao has served as a board member since 2012. Dr. Kao had a long and distinguished career at Philip Morris, USA in the research and development department. Since his retirement, Dr. Kao has been a successful investor in many companies. Dr. Kao holds a B.A. from National Taiwan University, an M.B.A. from Virginia Commonwealth University and his Ph.D. from Miami University. He is the brother of Dr. Ruey-Chyr Kao, MD, who is also a member of our board. Our board considered Dr. Kao's experiences as an investor and his educational background in determining that he should be a member of our board.

Ruey-Chyr Kao, MD. Dr. Kao has served as a board member since the founding of the Bank in 2008. Dr. Kao retired in 2002 after 30 years as an obstetrician-gynecologist with a private practice in Monterey Park, Alhambra and San Gabriel. For the past fifteen years, he has been a real estate developer and investor with ownership of six hotels. He received his medical degree from Kaohsiung Medical College and is a Fellow of the American College of Obstetricians and Gynecologists. Dr. Kao is the brother of James Kao, Ph.D., who is also a member of our board. Our board considered Dr. Kao's real estate background and his relationships in the Chinese-American community in determining that he should be a member of our board.

Chie Min (Christopher) Koo, CPA. Mr. Koo has served as a board member since the founding of the Bank in 2008. Mr. Koo is the president and founder of Christopher Koo Accountancy, an accounting and tax service in the City of Industry. Mr. Koo holds a Master's in Business Administration and a B.S. in Hotel and Restaurant Management from U.S. International University in San Diego, California. Our board considered Mr. Koo's experience as a CPA and his relationships in the Chinese-American community in determining that he should be a board member.

Chuang-I (Christopher) Lin, Ph.D. Dr. Lin has served as a board member since 2010. Dr. Lin is president and chairman of three separate specialty real estate firms: Forte Resources, Inc., which specializes in senior and affordable housing management and development, Sonnycal Development Company, which specializes in real estate development in market-rate residential houses and industrial warehouses, and Linkage Financial Group Inc., which specializes in real estate development in China. Dr. Lin previously served as a director of General Bank from 1981 to 2003. Dr. Lin holds a B.S. from Cheng Kung University, a M.S. from National Tsing Hua University and a Ph.D. from Duquesne University. Our board considered Dr. Lin's real estate background, specifically in affordable housing, and his prior experience as a bank director in determining that he should be a board member.

Feng Lin. Mr. Lin has served as a board member since 2011. Mr. Lin is president and chief financial officer of Arche Investments, LLC, a real estate development firm specializing in developing condominiums and work-live detached condominium projects in Southern California. In addition, he is regional director of Harmony Bioscience Inc., a personal healthcare product company. Mr. Lin holds a B.S. in Economics from the University of California, Irvine. Our board considered Mr. Lin's real estate background in determining that he should be a board member.

Ko-Yen Lin. Mr. Lin has served as a board member since the founding of the Bank in 2008. Mr. Lin is a real estate investor and manager of motels, office buildings, shopping centers and mobile home parks. Mr. Lin previously served as a Commissioner of Overseas Affairs for the Government of Taiwan. Mr. Lin also previously served as a director of General Bank from 1986 to 2003 and United National Bank from 1982 to 1985. From 2003 to 2007, Mr. Lin served as a senior advisory board member of Cathay Bank. Our board considered Mr. Lin's real estate background and his prior experience as a bank director in determining that he should be a board member.

Paul Lin. Mr. Lin has served as a board member since 2012. Mr. Lin is the founder and chief executive officer of Drill Spot, LLC, an ecommerce company specializing in industrial and hardware supplies for contractors. Drill Spot has generated over $100 million since its inception in 2005. Due to the success of his startup, in 2010 Mr. Lin was named one of Inc. Magazine's Top 10 Asian Entrepreneurs. Mr. Lin attended the University of Colorado in Boulder and studied Information Systems. In his spare time, Mr. Lin designs technology products and currently has three issued design patents. Our board considered Mr. Lin's experience as the founder of a small business and his strong technology and security background in determining that he should be a member of our board.

Fui Ming (Catherine) Thian. Ms. Thian has served as a board member since 2010. Ms. Thian has been in the real estate management business for over 30 years and is responsible for operating and accounting for multiple apartment complexes and mobile home parks. Ms. Thian holds a B.S. in Commerce from Nanyang University. She is the sister of our Chairman, Mr. Thian. Our board considered Ms. Thian's experience in real estate management and preparing financial statements in determining that she should be a board member.

Executive Officers

The following table sets forth certain information regarding our executive officers, including their names, ages and positions:

Name	Age	Position
Yee Phong (Alan) Thian	64	President and Chief Executive Officer of the Company and Bank
David R. Morris	57	Executive Vice President and Chief Financial Officer of the Company and Bank
Simon Pang	61	Executive Vice President and Chief Strategy Officer for the Company and the Bank
I-Ming (Vincent) Liu	61	Executive Vice President and Chief Risk Officer for the Company and the Bank
Jeffrey Yeh	55	Executive Vice President and Chief Credit Officer of the Company and Bank
Tsu Te Huang	66	Executive Vice President and Branch Administrator for the Bank
Larsen Lee	56	Executive Vice President and director of Mortgage Lending

The business experience of each of our executive officers, other than Mr. Thian, is set forth below. Except for Mr. Thian, no executive officer has any family relationship, as defined in Item 401 of Regulation S-K, with any other executive officer or any of our current directors. There are no arrangements or understandings between any of the officers and any other person pursuant to which he or she was selected as an officer.

David R. Morris. Mr. Morris was appointed Executive Vice President and Chief Financial Officer of the Bank in February 2010 and of the Company in June 2010. Mr. Morris is responsible for the Bank's finance, treasury, information technology and operations functions. He serves on our board's Asset/Liability Committee, Information Technology and Security Committee and Community Reinvestment Act Committee. Prior to joining the Company, Mr. Morris was with MetroPacific Bank serving as its president and chief executive officer from August 2007 to June 2009, and as executive vice president and chief financial officer/chief operations officer from October 2006 to July 2007. From June 2003 to September 2006, Mr. Morris was executive vice president

and chief financial officer/chief operations officer for San Diego Community Bank. Mr. Morris was vice president and controller of Community National Bank from 1999 to 2003. At City National Bank (formerly North American Trust Company), Mr. Morris served as vice president and manager of participant accounting in 1999; executive vice president, chief financial officer, risk management officer and director from 1997 to 1998, and executive vice president, chief operations officer and chief financial officer from 1991 to 1996. Mr. Morris started his career with First Interstate Bank, Ltd. followed with being controller for Banker's Trust Company of California, a subsidiary of Banker's Trust Company. Mr. Morris holds a B.S. from University of Maryland and an M.B.A. from University of Southern California.

Simon Pang. Mr. Pang has served as an executive officer since the founding of the Bank in 2008. Mr. Pang joined our Bank as an Executive Vice President and Head of Commercial Lending and was promoted to Chief Strategy Officer in May 2012. Prior to joining the Bank in 2008, Mr. Pang spent eight years with United Commercial Bank as senior vice president and commercial and international banking manager. From 1997 to 2000, Mr. Pang was first vice president and team leader for Imperial Bank and from 1994 to 1997 he was vice president and trade finance manager at Tokai Bank of California. Prior to 1994, Mr. Pang was employed by Lippo Bank and Guaranty Bank as a senior loan officer. From 1981 through 1989, Mr. Pang worked in Asia as an international loan officer at Bank of America's Singapore branch; as a corporate banking loan officer with Standard Chartered Bank; and as a manager at Singapore United Overseas Bank's Xiamen branch. Mr. Pang holds a B.S. from California State University, Fresno.

I-Ming (Vincent) Liu. Mr. Liu has been an executive officer of the Bank since it began operations in 2008. He started at the Bank as Executive Vice President and Branch Administrator and was promoted to Chief Operations Officer of the Company and the Bank in February 2011, and to Chief Risk Officer of the Company and the Bank in January 2013. Prior to joining the Bank, Mr. Liu spent over four years with United Commercial Bank as senior vice president and head of Southern California branch network. Prior to joining United Commercial Bank, Mr. Liu spent over 18 years with General Bank as a regional manager. Mr. Liu holds a B.A. from Feng-Chia University.

Jeffrey Yeh. Mr. Yeh has been an executive officer of the Bank since it began operations in 2008. He started at the Bank as a Vice President and Portfolio Administration Manager and was promoted to Senior Vice President and acting Chief Credit Officer in January 2013, and to Executive Vice President and Chief Credit Officer of the Company and the Bank in January 2014. Prior to joining the Bank, Mr. Yeh was a finance director and business control manager for Universal Science Industrial Co., Ltd. from 2001 through 2003, director and general manager of Overseas Chinese Finance, Ltd. from 1999 through 2001, and lending and investment manager for Bank of Overseas Chinese from 1995 through 1999. Mr. Yeh began his banking career at General Bank where he held various positions from 1989 through 1995. Mr. Yeh holds a B.A. from Soochow University and an M.B.A. from University of Missouri.

Tsu Te Huang. Mr. Huang joined our Bank in 2009 as a Senior Vice President and Branch Regional Manager and was promoted to Branch Administrator in 2012 and to Executive Vice President in 2016. Mr. Huang previously served as a senior vice president and branch assistant regional manager for United Commercial Bank, Southern California from 2003 to 2009, and as senior vice president and branch regional manager for First Continental Bank from 2000 to 2003. Mr. Huang served as vice president and branch manager for First Continental Bank from 1994 to 2000. Mr. Huang holds a B.A. from Chinese Culture University.

Larsen Lee. Mr. Lee joined the Bank in April 2014 to start our residential mortgage unit. He started as a Senior Vice President and Director of Mortgage Lending and in January 2016 he was promoted to Executive Vice President. Mr. Lee has accumulated 28 years of mortgage experience from retail operations to correspondent lending. He has expertise in all phases of the mortgage industry and has worked for large national banks such as Washington Mutual from 1995 to 2007 (account executive) and Bank of America from 2007 to 2010 (account executive). Mr. Lee created a wholesale department for Pacific City Bank from 2010 to 2014. Mr. Lee hold a B.S. from the University of Hawaii.

Corporate Governance Principles and Board Matters

Corporate Governance Guidelines. We are committed to having sound corporate governance principles, which are essential to running our business efficiently and maintaining our integrity in the marketplace. Our board of directors has adopted Corporate Governance Guidelines, which will become effective upon completion of this offering, that set forth the framework within which our board of directors, assisted by the committees of our board of directors, directs the affairs of our organization. The Corporate Governance Guidelines address, among other things, the composition and functions of our board of directors, director independence, compensation of directors, management succession and review, committees of our board of directors and selection of new directors. Upon completion of this offering, our Corporate Governance Guidelines will be available on our website at *www.royalbusinessbankusa.com* under the "Investor Relations" tab.

Director Qualifications. We believe that our directors should have the highest professional and personal ethics and values. They should have broad experience at the policy-making level in business, government or banking. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on boards of other companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all shareholders. When considering potential director candidates, our board of directors also considers the candidate's character, judgment, diversity, skill-sets, specific business background and global or international experience in the context of our needs and those of the board of directors.

Director Independence. We intend to list our common stock on The NASDAQ Global Select Market and, as a result, we will be required to comply with the rules of the NASDAQ Stock Market with respect to the independence of directors who serve on our board of directors and its committees. Under the rules of the NASDAQ Stock Market, independent directors must comprise a majority of our board of directors within a specified period of time following this offering. The rules of the NASDAQ Stock Market, as well as those of the SEC, also impose several other requirements with respect to the independence of our directors.

Our board of directors has evaluated the independence of its members based upon the rules of the NASDAQ Stock Market and the SEC. Applying these standards, our board of directors has affirmatively determined that, with the exception of Ms. Fui Ming Thian and Messrs. Yee Phong (Alan) Thian and Ko-Yen Lin, each of our current directors is an independent director, as defined under the applicable rules. The board determined that Mr. Thian does not qualify as an independent director because he is an executive officer of the Company. The board determined that Ms. Thian does not qualify as an independent director because of her family relationship with Mr. Thian. Mr. Lin does not qualify as an independent director as a result of certain business relationships that Mr. Lin has with Mr. Thian separate from the Company and the Bank.

Board Leadership Structure. The boards of directors of the Company and the Bank are comprised of the same individuals. Historically, our Company's board of directors had four regular meetings, and our Bank's board of directors had twelve regular meetings per year. Following the completion of this offering, both boards will have twelve regular meetings per year. All such meetings are led by our Chairman of the Board, Mr. Yee Phong (Alan) Thian, who is also our President and Chief Executive Officer. As noted above, Mr. Thian has served in these positions since the Bank began operations in 2008. Mr. Thian's primary duties are to lead our board of directors in establishing our overall vision and strategic plan and to lead our management in carrying out that plan. Our board of directors does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board. Our board of directors endorses the view that one of its primary functions is to protect shareholders' interests by providing independent oversight of management, including the Chief Executive Officer. However, the board of directors does not believe that mandating a particular structure, such as designating an independent lead director or having a separate Chairman of the Board and Chief Executive Officer, is necessary to achieve effective oversight. As a result, our board of directors has not designated an independent lead director nor has it designated a separate Chairman of the Board and Chief Executive Officer.

Nine of the board's twelve directors have been determined by our board of directors to be independent under the listing standards of the NASDAQ Stock Market. All directors, including the Chairman of the Board, are bound by fiduciary obligations imposed by law, to serve the best interests of the shareholders. Accordingly, separating the offices of Chairman of the Board and Chief Executive Officer would not serve to materially enhance or diminish the fiduciary duties of any director.

To further strengthen the oversight of the full board of directors, following completion of the offering, our independent directors expect to hold executive sessions at which only independent directors are present. The executive sessions will be scheduled in connection with regularly scheduled board meetings at least twice a year. The executive sessions will be presided over by an independent director selected by our board of directors. Peter Chang has been selected by our board of directors to initially serve in this role.

Code of Business Conduct and Ethics. Our board of directors has adopted a Code of Business Conduct and Ethics, to become effective upon the closing of this offering, that applies to all of our directors and employees. The code provides fundamental ethical principles to which these individuals are expected to adhere to and will operate as a tool to help our directors, officers and employees understand the high ethical standards required for employment by, or association with, our Company. Our Code of Business Conduct and Ethics, upon the completion of this offering, will be available on our website at *www.royalbusinessbankusa.com* under the "Investor Relations" tab. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website, as well as any other means required by NASDAQ Stock Market rules.

Compensation Committee Interlocks and Insider Participation. Upon completion of this offering, none of the members of our Compensation, Nominating and Corporate Governance Committee will be or will have been one of our officers or employees. In addition, none of our executive officers serves or has served as a member of the compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation, Nominating and Corporate Governance Committee.

Risk management and oversight. Our board of directors oversees our risk management process, which is a company-wide approach to risk management that is carried out by our management. Our full board of directors determines the appropriate risk for us generally, assesses the specific risks faced by us, and reviews the steps taken by management to manage those risks. While our full board of directors maintains the ultimate oversight responsibility for the risk management process, its committees oversee risk within their particular area of concern. In particular, our Compensation, Nominating and Corporate Governance Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements, and the incentives created by the compensation awards it administers. Our Audit Committee is responsible for overseeing the management of risks associated with related party transactions. Our Directors Loan Committee is primarily responsible for credit and other risks arising in connection with our lending activities, which includes overseeing management committees that also address these risks. Our Asset/Liability Committee monitors our interest rate risk, with the goal of structuring our asset-liability composition to maximize net interest income while minimizing the adverse impact of changes in interest rates on net interest income and capital. Our board of directors monitors capital adequacy in relation to risk. Pursuant to our board of directors' instruction, management regularly reports on applicable risks to the relevant committee or the full board, as appropriate, with additional review or reporting on risks conducted as needed or as requested by our board of directors and its committees.

Committees of the Board

Our board of directors has established standing committees in connection with the discharge of its responsibilities. These committees include the Audit Committee, the Compensation, Nominating and Corporate Governance Committee, the Asset/Liability Committee, the Community Reinvestment Act Committee, the Director's Loan Committee, and the Information Technology and Security Committee.

Our board of directors also may establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our articles and bylaws.

Audit Committee. Our audit committee currently consists of Chie-Min Christopher Koo (Chairman), Wendell Chen, Pei-Chin (Peggy) Huang, Feng Lin and Paul Lin. Our board of directors has evaluated the independence of the members of our audit committee and has affirmatively determined that: (i) each of the members of our audit committee meets the definition of "independent director" under NASDAQ Stock Market rules; (ii) each of the members satisfies the additional independence standards under NASDAQ Stock Market rules and applicable SEC rules for audit committee service; and (iii) each of the members has the ability to read and understand fundamental financial statements. In addition, our board of directors has determined that Mr. Chie-Min Christopher Koo is financially sophisticated under the NASDAQ Stock Market rules and satisfies the requirements established by the SEC for qualification as an "audit committee financial expert."

Our audit committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The current charter of the audit committee will be available on our website at *www.royal businessbankusa.com* under the "Investor Relations" tab upon completion of this offering. As described in its charter, our audit committee has responsibility for, among other things:

- selecting and reviewing the performance of our independent auditors and approving, in advance, all engagements and fee arrangements;
- reviewing the independence of our independent auditors;
- reviewing actions by management on recommendations of the independent auditors and internal auditors;
- meeting with management, the internal auditors and the independent auditors to review the effectiveness of our system of internal control and internal audit procedures;
- reviewing our earnings releases and reports filed with the SEC;
- reviewing reports of bank regulatory agencies and monitoring management's compliance with recommendations contained in those reports;
- reviewing and approving or ratifying related party transactions; and
- handling such other matters that are specifically delegated to the Audit Committee by our board of directors from time to time.

Compensation, Nominating and Corporate Governance Committee. Our Compensation, Nominating and Corporate Governance Committee currently consists of Ruey Chyr Kao (Chairman), Peter Chang, Chuang-I (Christopher) Lin, Feng Lin and Ko-Yen Lin. Our board of directors has evaluated the independence of the members of our Compensation, Nominating and Corporate Governance Committee and has affirmatively determined that Messrs. Kao, Chang, C. Lin and F. Lin are "independent" under NASDAQ Stock Market rules and also satisfy the additional independence standards under NASDAQ Stock Market rules for compensation committee service. As noted above under "—Director Independence," our board of directors has determined that Mr. Ko-Yen Lin does not qualify as an independent director under NASDAQ Stock Market rules. We are relying on the phase-in schedule under NASDAQ Stock Market rules for companies listing on NASDAQ in connection with their initial public offering, which requires: (i) one member satisfy the independence requirements at the time of listing; (ii) a majority of the members satisfy the independence requirements within 90 days of listing; and (iii) all members satisfy the independence requirements within one year of listing.

Our Compensation, Nominating and Corporate Governance Committee has adopted a written charter, which sets forth the committee's duties and responsibilities. The current charter of the Compensation, Nominating and Corporate Governance Committee will be available on our website at *www.royalbusinessbankusa.com* under the "Investor Relations" tab upon completion of this offering.

The Compensation, Nominating and Corporate Governance Committee is responsible for discharging our board of directors' responsibilities relating to (i) the compensation, both direct and indirect, to be paid to our directors, executive officers and other employees, and (ii) the corporate governance of our organization. Among other things, the Compensation, Nominating and Corporate Governance Committee has responsibility for:

- reviewing, monitoring and approving our overall compensation structure, policies and programs (including benefit plans) and assessing whether the compensation structure establishes appropriate incentives for our executive officers and other employees and meets our corporate objectives;
- determining the annual compensation of our Chief Executive Officer;
- determining the annual compensation of our board of directors;
- overseeing the administration of our equity plans and other incentive compensation plans and programs and preparing recommendations and periodic reports to our board of directors relating to these matters;
- preparing the Compensation Committee Report required by SEC rules to be included in our annual report;
- recommending persons to be selected by our board of directors as nominees for election as directors or to fill any vacancies on our board of directors;
- monitoring the functioning of our standing committees and recommending any changes, including the creation or elimination of any committee;
- developing, reviewing and monitoring compliance with our corporate governance guidelines;
- reviewing annually the composition of our board of directors as a whole and making recommendations; and
- handling such other matters that are specifically delegated to the compensation, nominating and corporate governance committee by our board of directors from time to time.

Directors Loan Committee, or DLC. Our DLC currently consists of nine non-executive directors, Chie-Ming (Christopher) Koo, Chuang I (Christopher) Lin, Feng Lin, James Kao, Ruey Chyr Kao, Ko-Yen Lin, Pei-Chin (Peggy) Huang, Peter Chang and Wendell Chen, one executive director, Yee Phong (Alan) Thian, and one non-director, Jeffrey Yeh, our Chief Credit Officer, who is a non-voting member. The DLC is responsible for overseeing the Bank's credit and lending strategies and objectives as well as approving loans over the credit authority of executive officers.

Community Reinvestment Act Committee or CRA. Our CRA Committee currently consists of five non-executive directors, Fui Ming (Catherine) Thian, Feng Lin, Peter Chang, Ko-Yen Lin and Wendell Chen, one executive-director, Yee Phong (Alan) Thian, and five non-directors, Tsu Te Huang, our Branch Administrator, Vincent Liu, our Chief Risk Officer, David Morris, our Chief Financial Officer, Simon Pang, our Chief Strategy Officer, and Jeffrey Yeh, our Chief Credit Officer. The CRA Committee is responsible for monitoring the Bank's CRA compliance.

Information Technology and Security Committee or IT. Our IT Committee currently consists of four non-executive directors, Chuang-I (Christopher) Lin, Paul Lin, Peter Chang and Wendell Chen, one executive-director, Yee Phong (Alan) Thian, and five non-directors, Tsu Te Huang, our Branch Administrator, Vincent Liu, our Chief Risk Officer, David Morris, our Chief Financial Officer, Simon Pang, our Chief Strategy Officer, and Jeffrey Yeh, our Chief Credit Officer. The IT Committee is responsible for reviewing IT infrastructure, security, business continuity planning and vendor management.

Asset/Liability Committee or ALCO. Our ALCO currently consists of six non-executive directors, Fui Ming (Catherine) Thian, Feng Lin, Peter Chang, Ko-Yen Lin, Paul Lin and Wendell Chen, one executive-director, Yee Phong (Alan) Thian, and six non-directors, Tsu Te Huang, our Branch Administrator, Larsen Lee,

our Director of Mortgage Lending, Vincent Liu, our Chief Risk Officer, David Morris, our Chief Financial Officer, Simon Pang, our Chief Strategy Officer, and Jeffrey Yeh, our Chief Credit Officer. The ALCO has responsibility for, among other things, monitoring the maturities and overall mix of the Company's and the Bank's interest rate sensitive assets and liabilities.

EXECUTIVE COMPENSATION

Our named executive officers for 2016, which consist of our principal executive officer and the Company's two other most highly compensated executive officers, are:

- Yee Phong (Alan) Thian, President and Chief Executive Officer;
- Larsen Lee, Executive Vice President and Director of Residential Mortgage Lending; and
- Simon Pang, Executive Vice President and Chief Strategy Officer.

Although we are not required to do so, we have also elected to provide information about the compensation of David R. Morris, Executive Vice President and Chief Financial Officer, who is our principal financial officer. In this prospectus, Mr. Thian, Mr. Lee, Mr. Pang and Mr. Morris are collectively referred to as our "named executive officers."

Summary Compensation Table

The following table sets forth information regarding the compensation paid, awarded to, or earned for our fiscal years ended December 31, 2016 and 2015 for each of our named executive officers.

Name	Year	Salary	Bonus	Option Awards (1)	All Other Compensation (2)	Total
Alan Thian	2016	$ 498,300	$ 510,000	$ 182,500	$ 109,806	$ 1,300,606
Chief Executive Officer and President	2015	446,250	400,000	170,800	55,782	1,072,832
David Morris	2016	202,839	40,000	–	17,153	259,992
Executive Vice President and Chief Financial Officer	2015	176,714	35,000	–	5,604	217,318
Larsen Lee	2016	263,000	40,000	–	8,804	311,804
Executive Vice President and Director of Mortgage Lending	2015	240,000	30,000	–	–	270,000
Simon Pang	2016	203,000	35,000	–	26,727	264,727
Executive Vice President and Chief Strategy Officer	2015	180,000	25,000	–	18,664	223,664

(1) The amounts set forth in the "Option Awards" column reflect the aggregate grant date fair value of option awards for the years ended December 31, 2016 and 2015 calculated in accordance with FASB ASC Topic 718. The fair market value of shares was determined by the board of directors. The assumptions used in calculating the option award amounts are set forth in Note 14 to our consolidated financial statements as of December 31, 2016 and 2015 and for each of the years in the three-year period ended December 31, 2016.

(2) "All Other Compensation" for the named executive officers during fiscal 2016 is summarized below.

Name	Perquisites (i)	Company 401(k) Match (ii)	Board Director Fee (iii)	BOLI Income (iv)	Total "All Other Compensation"
Alan Thian	$ 24,720	$ 9,000	$ 69,000	$ 7,087	$ 109,806
David Morris	8,750	6,809	–	1,594	17,153
Larsen Lee	–	8,804	–	–	8,804
Simon Pang	19,066	5,410	–	2,251	26,727

(i) Amount reflects use of a Company-owned vehicle.
(ii) Amount reflects Company matching contribution under the 401(k) Plan.
(iii) Amount reflects Mr. Alan Thian Board director fees.
(iv) Amount reflects BOLI reportable income.

General

We compensate our named executive officers through a combination of base salary, annual bonuses, equity awards, and other benefits including perquisites. Our Compensation, Nominating and Corporate Governance Committee believes the executive compensation packages that we provide to our executives, including the named executive officers, should include both cash and equity compensation that reward performance as measured

against established corporate goals. Each element of compensation is designed to achieve a specific purpose and to contribute to a total package that is competitive with similar packages provided by other institutions that compete for the services of individuals like our named executive officers.

Base Salary

The Compensation, Nominating and Corporate Governance Committee reviews and approves base salaries of our named executive officers and sets the compensation of our Chief Executive Officer. In setting the base salary of each named executive officer, the committee relied on market data provided by our internal human resources department and survey data from industry resources. The Compensation, Nominating and Corporate Governance Committee also retains independent consultants as it deems appropriate. Salary levels are typically considered annually as part of our performance review process and upon a promotion or other change in job responsibility.

Bonus

All staff are eligible for a bonus and the named executive officers who have employment agreements may receive bonuses subject to the board's sole discretion. The Bank pays bonuses of 6% of its pre-tax income; approximately 2.5% of pre-tax earnings are typically paid to the President and Chief Executive Officer, approximately 1.25% of pre-tax earnings are distributed amongst the Executive Vice Presidents and the remaining 2.25% of pre-tax earnings are distributed to the remaining staff. Annual bonuses are approved by the Compensation, Nominating and Corporate Governance Committee subject to the terms of the Company's executive bonus policy.

Equity Awards

The equity awards reflected in the table above all relate to stock option awards issued pursuant to our 2010 Stock Option Plan, or 2010 Plan, which, as described more fully below, allows the Compensation, Nominating and Corporate Governance Committee to establish the terms and conditions of the awards, subject to the plan terms.

Benefits and Other Perquisites

The named executive officers are eligible to participate in the same benefit plans designed for all of our full-time employees, including health, dental, vision, disability and basic group life insurance coverage. We also provide our employees, including our named executive officers, with various retirement benefits. Our retirement plans are designed to assist our employees in planning for retirement and securing appropriate levels of income during retirement. The purpose of our retirement plans is to attract and retain quality employees, including executives, by offering benefit plans similar to those typically offered by our competitors.

Royal Business Bank 401(k) Profit Sharing Plan. The Royal Business Bank 401(k) Profit Sharing Plan, or the 401(k) Plan, is designed to provide retirement benefits to all eligible full-time and part-time employees of the Bank and its subsidiaries. The 401(k) Plan provides employees with the opportunity to save for retirement on a tax-favored basis. Named executive officers, all of whom were eligible during 2016, may elect to participate in the 401(k) Plan on the same basis as all other employees. Employees may defer 1% to 100% of their compensation to the 401(k) Plan up to the applicable IRS limit. We currently match employee contributions on the first 6% of employee compensation (50 cents for each $1). The Company match is contributed in the form of cash and is invested according to the employee's current investment allocation. No discretionary profit sharing contribution was made to the 401(k) Plan for 2016 or 2015.

Bank Owned Life Insurance or BOLI Policies. In 2012, the Bank purchased single premium BOLI Policies for certain officers and directors of the Bank to provide additional life insurance benefits to the directors and

officers and to use the income from the BOLI Policies to offset benefit expenses. Further, the Bank benefits from any future death benefits paid out under these BOLI Policies. The Bank entered into split dollar arrangements with all executive and senior officers and directors that were under the age of 70 to pay their beneficiaries a death benefit. The amount of the split dollar arrangement for executive officers was equal to five times the executive's annual salary in 2012, three times the senior officer's annual salary and $250,000 per director. In January 2017, the Bank purchased additional BOLI Policies to increase the benefit to the executive and senior officers to December 31, 2016 salary levels and to add new officers that have joined the Bank since 2012. The directors also received an additional $150,000 in benefit. If the officer or director retires or is terminated, the split dollar arrangement terminates except in the case of change in control of the Company. The quantitative elements of the split dollar arrangement for our named executive officers are provided in the Summary Compensation Table on page 149.

Health and Welfare Benefits. Our named executive officers are eligible to participate in our standard health and welfare benefits program, which offers medical, dental, vision, life, accident, and disability coverage to all of our eligible employees. We do not provide the named executive officers with any health and welfare benefits that are not generally available to our other employees, except for Mr. Thian and Mr. Morris who are entitled to an annual medical examination.

Perquisites. We provide our named executive officers with certain perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The Compensation, Nominating and Corporate Governance Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers. Based on this periodic review, perquisites are awarded or adjusted on an individual basis. The perquisites received by our named executive officers in 2016 included the use of a Bank-owned or leased automobile.

Employment Agreements

We have entered into employment agreements with Messrs. Thian, Morris and Pang, which generally describe the position and duties of each of the named executive officers, provide for a specified term of employment, describe base salary, bonus opportunity and other benefits and perquisites to which each executive officer is entitled, if any, set forth the duties and obligations of each party in the event of a termination of employment prior to expiration of the employment term and provide us with a measure of protection by obligating the named executive officers to abide by the terms of restrictive covenants during the terms of their employment and thereafter for a specified period of time.

Mr. Thian. Our employment agreement with Mr. Thian, dated as of April 12, 2017, provides for a term of five years, with an automatic renewal for successive one-year periods unless either party provides written notice of nonrenewal three months prior to the extension date. The agreement provides for an annual salary of $696,000, discretionary bonus, reimbursement of automobile expenses, expense reimbursement and medical insurance coverage, salary continuation and other benefit plans. If Mr. Thian is terminated without cause or if he terminates his employment for good reason, as defined in the agreement, Mr. Thian would receive a severance payment in the amount of twelve (12) months of his then current salary plus the continuation of his medical, dental and other insurance coverage and an auto allowance for the lesser of twelve months or until he has found new employment. Following a change in control, if Mr. Thian's employment is terminated, by us or our successor, without cause, or if Mr. Thian's employment is materially adversely altered, then Mr. Thian will be entitled to receive from us or our successor severance in an amount equal to twelve (12) months of Mr. Thian's then annual salary, plus the continuation of his medical, dental and other insurance coverage and an auto allowance for the lesser of twelve months or until he has found new employment. In connection with the consummation of this offering, Mr. Thian's employment agreement also provides for an annual award of restricted stock for each year of the employment agreement's five year term. The number of shares of common stock to be awarded will be pursuant to a formula based upon the number of shares sold by the Company in this offering and the Company's resulting stock price. For additional information regarding this annual restricted stock award, see "—Equity Grants to Management in this Offering" on page 155.

Mr. Morris. Our employment agreement with Mr. Morris, dated as of April 12, 2017, provides for a term of three years, with an automatic renewal for successive one-year periods unless either party provides written notice of nonrenewal three months prior to the extension date. The agreement provides for an annual salary of $240,000, stock options, discretionary bonus, reimbursement of automobile expenses, expense reimbursement and medical insurance coverage, salary continuation and other benefit plans. If Mr. Morris is terminated without cause, Mr. Morris would receive a severance payment in the amount of twelve (12) months of his then current salary. Following a change of control, if Mr. Morris' employment is terminated by us or our successor, without cause, or Mr. Morris' employment is materially adversely altered, Mr. Morris would receive a severance payment in the amount of six months of his then current salary.

Mr. Pang. Our employment agreement with Mr. Pang, dated as of April 12, 2017, provides for a term of three years, with an automatic renewal for successive one-year periods unless either party provides written notice of nonrenewal three months prior to the extension date. The agreement currently provides for an annual salary of $240,000, stock options, discretionary bonus, reimbursement of automobile expenses, expense reimbursement and medical insurance coverage, salary continuation and other benefit plans. If Mr. Pang is terminated without cause, Mr. Pang would receive a severance payment in the amount of twelve months of his then current salary. Following a change of control, if Mr. Pang's employment is terminated, by us or our successor, without cause, or Mr. Pang's employment is materially adversely altered, Mr. Pang would receive a severance payment in the amount of six months of his then current salary.

RBB Bancorp 2017 Omnibus Stock Incentive Plan.

General. The 2017 Omnibus Stock Incentive Plan, or OSIP, was adopted by our board of directors on January 18, 2017 and will be submitted for approval by our shareholders at our annual meeting on May 23, 2017. The OSIP was designed to ensure continued availability of equity awards that will assist the Company in attracting and retaining competent managerial personnel and rewarding key employees, directors and other service providers for high levels of performance. Pursuant to the OSIP, the board of directors is allowed to grant awards to eligible persons in the form of qualified and non-qualified stock options, restricted stock, restricted stock units, stock appreciation rights and other incentive awards. Up to 3,848,341 shares of common stock are available for issuance under the OSIP. As of March 31, 2017, there were 1,353,207 shares available for issuance under the OSIP. Awards vest, become exercisable and contain such other terms and conditions as determined by the board of directors and set forth in individual agreements with the employees receiving the awards. The OSIP enables the board of directors to set specific performance criteria that must be met before an award vests. The OSIP allows for acceleration of vesting and exercise privileges of grants if a participant's termination of employment is due to a change in control, death or total disability. If a participant's job is terminated for cause, then all unvested awards expire at the date of termination.

Eligibility. All employees and directors of, and consultants of, the Company and its subsidiaries are eligible to become participants in the OSIP, except that non-employees may not be granted incentive stock options. The board of directors will determine the specific individuals who will be granted awards under the OSIP and the type and amount of any such awards.

Options. The board of directors may grant incentive stock options and non-qualified stock options to purchase stock at an exercise price determined under the award. Each stock option must be granted pursuant to an award agreement setting forth the terms and conditions of the individual award. Awards of stock options may expire no later than 10 years from the date of grant.

The exercise price of an option generally may not be less than the fair market value of Company common stock on the date the option is granted. The exercise price of an option may not be decreased after the date of grant nor may an option be surrendered to the Company as consideration for the grant of a replacement option with a lower exercise price, except as approved by the Company's shareholders, or as adjusted for corporate transactions described above.

Options awarded under the OSIP will be exercisable in accordance with the terms established by the board of directors. Any incentive stock option granted under OSIP that does not qualify as an incentive stock option will be deemed to be a non-qualified stock option and the board of directors may unilaterally modify any incentive stock option to disqualify it as an incentive stock option. The full purchase price of each share of stock purchased upon the exercise of any option must be paid at the time of exercise of an option. Except as otherwise determined by the board of directors, the purchase price of an option may be paid in cash, by personal, certified or cashiers' check, in shares of Company common stock (valued at fair market value as of the day of exercise), by restricted shares, by a cashless exercise providing for deferred payment of the purchase price or by other property deemed acceptable or a combination thereof.

Stock Appreciation Rights. Stock appreciation rights entitle the participant to receive cash and/or stock equal in value to, or based on the value of, the amount by which the fair market value of a specified number of shares on the exercise date exceeds a base price established by the board of directors. The base price for a stock appreciation right generally may not be less than the fair market value of the stock on the date the stock appreciation right is granted. Stock appreciation rights will be exercisable in accordance with the terms established by the board of directors.

Stock Awards. A stock award is a grant of shares of Company common stock or a right to receive shares of Company common stock (or an equivalent amount of cash or a combination of both) in the future. Such awards may include, but are not limited to, bonus shares, stock units, performance shares, performance units, restricted stock, deferred shares or restricted stock units or any other equity-based award as determined by the board of directors.

The specific conditions, including the performance measures, performance objectives or period of service requirements that may apply to stock awards are set by the board of directors in its discretion.

Forfeiture. Unless specifically provided to the contrary in an award agreement, upon notification of termination of employment for cause, in the case of employees, and termination of service for cause, in the case of non-employee directors or other service providers, any outstanding award held by such employee, non-employee director or service provider will terminate immediately, the award will be forfeited and the participant will have no further rights thereunder.

Section 162(m) of the Internal Revenue Code. Under Section 162(m) of the Internal Revenue Code, or Revenue Code, the deduction for a publicly held corporation for otherwise deductible compensation to a "covered employee" (the chief executive officer and the next three most highly compensated executive officers (other than the chief financial officer)) is limited to $1 million per year. However, in the case of a corporation that becomes a publicly held corporation in connection with an initial public offering, the $1 million per year deduction limit does not apply during a limited "transition period" to any remuneration paid pursuant to a compensation plan that existed during the period in which the corporation was not publicly held, if the prospectus accompanying the initial public offering disclosed information concerning those plans that satisfied all applicable securities laws then in effect.

The Company intends to rely on the transition relief described in the immediately preceding paragraph in connection with awards under the OSIP until the earliest of the four following events: (i) the expiration of the OSIP; (ii) the material modification of the OSIP; (iii) the issuance of all stock and other compensation that has been allocated under the OSIP; or (iv) the first meeting of the Company's shareholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the initial public offering of the Company's common stock occurs.

Change in Control. Unless otherwise provided in an award agreement, upon the occurrence of a change in control of the Company (as defined in the OSIP or the individual award agreements), all outstanding stock options and stock appreciation rights held by a participant will become fully exercisable and all stock awards or

cash incentive awards held by a participant will become fully earned and vested. In the event an award constitutes “deferred compensation” for purposes of Section 409A of the Revenue Code, and the settlement or distribution of benefits under such award are triggered by a change in control, such settlement or distribution will be subject to the change in control also constituting a “change in control event” under Section 409A of the Revenue Code.

Amendment and Termination. The OSIP will remain in effect as long as any awards under it are outstanding; provided, however, that no awards may be granted after the 10-year anniversary of the date upon which it is approved by the stockholders of the Company. The Company generally reserves the right to amend or terminate the OSIP at any time, except that the OSIP may not be amended without the approval of the Company’s shareholders to permit:

- a material increase in the benefits available to participants under the OSIP;
- an increase of the 3,848,341 shares of stock that may be issued under the OSIP, the 3,070,923 shares that may be issued as incentive stock options, or a maximum calendar year award of 125,000 shares; or
- a material modification of the requirements for participation;

provided, however, that the OSIP may be amended at any time to conform to any present or future law, including but not limited to amendments to the OSIP or outstanding awards in order to comply with, or to avoid the application of, Section 409A of the Revenue Code, and related regulations promulgated thereunder.

U.S. Federal Income Tax Treatment. Under present U.S. federal income tax laws, awards granted under the OSIP generally should have the following tax consequences:

Non-Qualified Stock Options. The grant of a non-qualified option generally will not result in taxable income to the participant. The participant generally will realize ordinary income at the time of exercise in an amount equal to the excess of the fair market value of the shares acquired over the exercise price for those shares and the Company will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

Incentive Stock Options. The grant of an incentive stock option generally will not result in taxable income to the participant. The exercise of an incentive stock option generally will not result in taxable income to the participant provided that the participant was (without a break in service) an employee of the Company or a subsidiary during the period beginning on the date of the grant of the option and ending on the date three months prior to the date of exercise (one year prior to the date of exercise if the participant is “disabled,” as that term is defined in the Revenue Code).

The excess of the fair market value of the shares at the time of the exercise of an incentive stock option over the exercise price generally will be an adjustment that is included in the calculation of the participant’s alternative minimum taxable income for the tax year in which the incentive stock option is exercised. For purposes of determining the participant’s alternative minimum tax liability for the year of disposition of the shares acquired pursuant to the incentive stock option exercise, the participant will have a basis in those shares equal to the fair market value of the shares at the time of exercise.

If the participant does not sell or otherwise dispose of the shares within two years from the date of the grant of the incentive stock option or within one year after the transfer of such stock to the participant, then, upon disposition of such shares, any amount realized in excess of the exercise price generally will be taxed to the participant as capital gain. A capital loss will be recognized to the extent that the amount realized is less than the exercise price.

If the foregoing holding period requirements are not met, the participant generally will realize ordinary income at the time of the disposition of the shares, in an amount equal to the lesser of (i) the excess of the fair

market value of the shares on the date of exercise over the exercise price, or (ii) the excess, if any, of the amount realized upon disposition of the shares over the exercise price and the Company generally will be entitled to a corresponding deduction. If the amount realized exceeds the value of the shares on the date of exercise, any additional amount generally will be capital gain. If the amount realized is less than the exercise price, the participant generally will recognize no income, and a capital loss will be recognized equal to the excess of the exercise price over the amount realized upon the disposition of the shares.

Stock Appreciation Rights. The grant of a stock appreciation right generally will not result in taxable income to the participant. Upon exercise of a stock appreciation right, the fair market value of shares received generally will be taxable to the participant as ordinary income and the Company will be entitled to a corresponding deduction. Gains and losses realized by the participant upon disposition of any such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

Stock Awards. A participant who has been granted a stock award generally will not realize taxable income at the time of grant, provided that the stock subject to the award is not delivered at the time of grant, or if the stock is delivered, it is subject to restrictions that constitute a “substantial risk of forfeiture” for U.S. federal income tax purposes and the participant has not filed a Revenue Code Section 83(b) election to be taxed at the time of grant. Upon the later of delivery or vesting of shares subject to an award (or the filing of a Revenue Code Section 83(b) election), the participant generally will realize ordinary income in an amount equal to the then fair market value of those shares and the Company will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of delivery or vesting (or the filing of a Revenue Code Section 83(b) election). Dividends paid to the participant during the restriction period, if so provided, generally will also be compensation income to the participant and the Company will be entitled to a corresponding deduction. In the case of stock awards settled in cash, the participant generally will realize taxable income at the time the cash is distributed and the Company will be entitled to a corresponding deduction.

Cash Incentive Awards. A participant generally will realize taxable income at the time the cash incentive award is distributed and the Company will be entitled to a corresponding deduction.

Withholding of Taxes. All distributions under the OSIP are subject to withholding of all applicable taxes and the board of directors may condition the delivery of any shares or other benefits under the OSIP on satisfaction of the applicable withholding obligations. Except as otherwise provided by the board of directors, such withholding obligations generally may be satisfied through cash payment by the participant, through the surrender of shares of Company stock that the participant already owns or through the surrender of shares of Company stock to which the participant is otherwise entitled under the OSIP.

Equity Grants to Management in this Offering

In connection with the consummation of this offering, we will grant Mr. Thian an annual equity award on the anniversary of the completion of this offering for each year of his employment agreement’s five year term. These equity awards will be made pursuant to the OSIP and will be in the form of restricted shares of common stock. The restricted shares of common stock will vest over a three-year period from the grant date, unless forfeited. The number of shares of common stock to be awarded will be pursuant to a formula based upon 5% of the number of shares sold by the Company in this offering, multiplied by the average closing price per share of our common stock, as reported on the NASDAQ Stock Market, for the 120 trading days ending on and including the anniversary of the completion of this offering, or the annual average share price, minus the higher of the offering price per share or the annual average share price, divided by the annual average share price. For example, if the Company sells 2,100,000 shares of common stock in this offering for $25.00 per share and the average annual share price is $30.00, then Mr. Thian will receive an award of 17,500 restricted shares on the first anniversary of this offering.

Table of Contents

RBB Bancorp 2010 Stock Option Plan

Under the 2010 Plan, the Company was permitted to grant awards to eligible persons in the form of qualified and non-qualified stock options. The Company reserved up to 30% of the issued and outstanding shares of common stock as of the date the Company adopted the 2010 Plan or 3,494,478 shares, for issuance under the 2010 Plan. After approval of the OSIP at our annual meeting on May 23, 2017, no additional grants will be made under the 2010 Plan. The 2010 Plan will terminate and the number of shares of our common stock that remain available for award grants under the 2010 Plan immediately prior to our annual meeting will become available for award grants under the OSIP. Awards that were granted under the 2010 Plan will remain exercisable pursuant to the terms and conditions set forth in individual award agreements, but such awards will be assumed and administered under the OSIP. The 2010 Plan award agreements allow for acceleration of exercise privileges of grants upon occurrence of a change in control of the Company. If a participant's job is terminated for cause, then all unvested awards expire at the date of termination.

Outstanding Equity Awards at Fiscal Year End

The following table provides information for each of our named executive officers regarding outstanding stock options held by the officers as of December 31, 2016. Market values are presented as of the end of 2016 (based on the assumed per share fair market value of our common stock of $20.76 on December 31, 2016) for outstanding stock awards, which include 2016 grants and prior-year grants.

Outstanding Equity Awards at Fiscal Year End

	Option Awards			
	Number of Securities Underlying Unexercised Options (1)			
Name	Exercisable (#)	Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date
Alan Thian	392,773	–	9.29	11/04/18
	10,763	–	9.29	11/18/18
	10,763	–	9.29	01/02/19
	10,763	–	9.29	05/18/21
	10,763	–	11.15	05/16/22
	242,156	–	11.15	05/15/23
	6,833	3,417	13.54	05/21/24
	3,333	6,667	17.08	05/20/25
	–	10,000	18.25	05/17/26
David Morris	32,288	–	9.29	02/01/20
	9,686	–	9.29	01/01/22
	53,813	–	11.15	01/01/23
Larsen Lee	6,458	3,229	13.21	03/17/24
	–	15,000	18.25	01/01/26
Simon Pang	104,905	–	9.29	11/04/18
	5,381	–	9.29	11/18/18
	121,078	–	11.15	01/01/23

(1) All awards in this column that remain subject to vesting, vest in 33.33% increments on the first, second and third anniversary of the date of grant. These equity awards are accelerated and vest in full upon a change in control of the Company.

Table of Contents

Director Compensation

The following table sets forth compensation paid or awarded to, or earned by, each of our directors during 2016.

Name	Fees Earned or Paid in Cash	Option Awards(1)	All Other Compensation(2)	Total
Peter Chang	$ 79,800	$ 56,747	–	$136,547
Wendell Chen	84,300	56,747	$ 145	141,193
Pei-Chin (Peggy) Huang	70,700	56,747	476	127,923
James W. Kao	77,400	34,111	–	111,511
Ruey Chyr Kao	75,100	56,747	–	131,847
Chie-Min Christopher Koo	75,300	56,747	516	132,564
Christopher Lin	79,600	56,747	–	136,347
Feng (Richard) Lin	78,300	56,747	104	135,151
Ko-Yen Lin	78,600	56,747	2,814	138,161
Paul Lin	81,600	56,747	108	138,455
Fui Ming (Catherine) Thian	78,000	56,747	1,518	136,265
Yee Phong (Alan) Thian	69,000	56,747	7,087	132,834

(1) The amounts set forth in the “Option Awards” column reflect the aggregate grant date fair value of option awards for the year ended December 31, 2016 calculated in accordance with FASB ASC Topic 718. The fair market value of shares was determined by the board of directors. The assumptions used in calculating the option award amounts are set forth in Note 14 to our consolidated financial statements as of December 31, 2016 and 2015 and for each of the years in the three-year period ended December 31, 2016.
(2) All Other Compensation reflects BOLI insurance benefits.

During 2016, each of our directors received an annual cash retainer of $50,000 and was awarded options to purchase 10,000 shares of the Company’s common stock at an exercise price of $18.25 per share, for their service as a member of the boards of directors of the Company and the Bank. The options were issued pursuant to the 2010 Plan and vest in equal thirds over three years on each anniversary of the date of grant, subject to earlier vesting on termination of service in certain circumstances.

As compensation for attending the Bank’s board meetings, each director received $1,500 per meeting attended in person and $750 per meeting attended by telephone. Each non-employee director also received $300 per board committee meeting attended. In addition, the chairs of the Audit Committee, ALCO, Information Technology Committee, CRA Committee, Compensation, Nominating and Corporate Governance Committee and Directors Loan Committee received an additional fee of $200 per meeting attended.

In 2017, the annual cash retainer fee was increased to $70,000 per director.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policies and Procedures Regarding Related Party Transactions

We have adopted written policies to comply with regulatory requirements and restrictions applicable to us, including Sections 23A and 23B of the Federal Reserve Act (which govern certain transactions by the Bank with its affiliates) and the Federal Reserve's Regulation O (which governs certain loans by the Bank to its executive officers, directors and principal shareholders).

In addition, our board of directors has adopted a written policy governing the approval of related party transactions that complies with all applicable requirements of the SEC and the NASDAQ Stock Market concerning related party transactions. A related party transaction is a transaction, arrangement or relationship or a series of similar transactions, arrangements or relationships in which the amount involved exceeds $120,000, in which we or the Bank participates (whether or not we or the Bank is a direct party to the transaction), and in which our or any of the Bank's directors, nominees to become a director, executive officers or employees or any of his or her immediate family members or any entity that any of them controls or in which any of them has a substantial beneficial ownership interest has a direct or indirect material interest; or in which any person who is the beneficial owner of more than 5% of our voting securities or a member of the immediate family of such person has a direct or indirect material interest.

Our related party transaction policy is administered by our Audit Committee**.** This policy requires the Audit Committee to ensure that we maintain an ongoing review process for all related party transactions for potential conflicts of interest and requires that our Audit Committee pre-approve any such transactions or, if for any reason pre-approval is not obtained, to review, ratify and approve or cause the termination of such transactions. Our Audit Committee evaluates each related party transaction for the purpose of determining whether the transaction is fair, reasonable and permitted to occur under our policy, and should be pre-approved or ratified. Relevant factors considered relating to any approval or ratification include the benefits of the transaction to us, the terms of the transaction and whether the transaction will be or was on an arm's-length basis and in the ordinary course of our business, the direct or indirect nature of the related party's interest in the transaction, the size and expected term of the transaction and other facts and circumstances that bear on the materiality of the related party transaction under applicable law and listing standards. At least quarterly, management will provide our Audit Committee with information pertaining to related party transactions. Related party transactions entered into, but not approved or ratified as required by our policy concerning related party transactions, will be subject to termination by us or the Bank, if so directed by our Audit Committee or our board, taking into account factors as deemed appropriate and relevant.

Ordinary Banking Relationships

Certain of our officers, directors and principal shareholders, as well as their immediate family members and affiliates, are customers of, or have or have had transactions with us in the ordinary course of business. These transactions include deposits, loans and other financial services related transactions. Related party transactions are made in the ordinary course of business, on substantially the same terms, including interest rates and collateral (where applicable), as those prevailing at the time for comparable transactions with persons not related to us, and do not involve more than normal risk of collectability or present other features unfavorable to us. Any loans we originate with officers, directors and principal shareholders, as well as their immediate family members and affiliates, are approved by our board of directors in accordance with the bank regulatory requirements.

As of March 31, 2017, our officers and directors as well as their immediate families and affiliated companies, taken as a group, were indebted directly and indirectly to us in the amount of $1.3 million, while deposits from this group totaled $36.9 million as of such date. As of the date of this prospectus, no related party loans were categorized as nonaccrual, past due, restructured or potential problem loans. We expect to continue to enter into transactions in the ordinary course of business on similar terms with our officers, directors and principal shareholders, as well as their immediate family members and affiliates.

Related Party Transactions

Other than the compensation arrangements with directors and executive officers described in “Executive Compensation” and the ordinary banking relationships described above, none of our directors, executive officers or beneficial holders of more than five percent of our capital stock, or their immediate family members or entities affiliated with them, had or will have a direct or indirect material interest, in any transactions since January 1, 2016, to which we have been a party in which the amount involved exceeded or will exceed $120,000.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table provides information regarding the beneficial ownership of our common stock as of March 31, 2017, and as adjusted to reflect the completion of this offering, for:

- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each selling shareholder.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities, or has the right to acquire such powers within 60 days. For purposes of calculating each person's percentage ownership, common stock issuable pursuant to options that are currently exercisable or will become exercisable within 60 days are included as outstanding and beneficially owned for that person or group, but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each person identified in the table has sole voting and investment power over all of the shares shown opposite such person's name.

The percentage of beneficial ownership is based on 12,827,803 shares of our common stock outstanding as of March 31, 2017 and 14,927,803 shares to be outstanding after the completion of this offering (or 15,577,803 shares if the underwriters exercise their purchase option in full), in each case including stock options vested under our 2010 Plan. The table does not reflect any shares of common stock that may be purchased in this offering.

Other than certain of our directors, no shareholders are known to us to beneficially own more than 5% of our outstanding common stock. The address for each shareholder listed in the table below is: RBB Bancorp, 660 S. Figueroa Street, Suite 1888, Los Angeles, California 90017.

Name	Shares Beneficially Owned Prior to the Offering		Shares Offered	Share Beneficially Owned After the Offering		
	Number	%	Number	Number	If Option Not Exercised %	If Option Exercised in Full %
Directors and named executive officers:						
Yee Phong (Alan) Thian (1)	1,129,808	8.4%	100,000	1,029,808	6.6%	6.4%
Peter M. Chang (2)	475,717	3.7	50,000	425,717	2.8	2.8
Wendell Chen (3)	109,221	*	–	109,221	*	*
Pei-Chin (Peggy) Huang (4)	344,204	2.7	–	344,204	2.2	2.2
James W. Kao (5)	601,939	4.7	85,000	516,939	3.5	3.4
Ruey Chyr Kao (6)	724,120	5.6	85,000	639,120	4.3	4.1
Chie-Min Christopher Koo (7)	75,141	*	–	75,141	*	*
Larsen Lee (8)	14,686	*	–	14,686	*	*
Christopher Lin (9)	52,539	*	7,756	44,783	*	*
Feng (Richard) Lin (10)	579,901	4.5	55,000	524,901	3.5	3.4
Ko-Yen Lin (11)	202,354	1.6	80,000	122,354	*	*
Paul Lin (12)	41,776	*	–	41,776	*	*
David Morris (13)	96,863	*	–	96,863	*	*
Simon Pang (14)	256,119	2.0	–	256,119	1.7	1.6
Catherine Thian (15)	118,190	*	–	118,190	*	*
Directors & officers as a group (15 in number) (16)	4,822,578	33.3	462,756	4,359,822	26.3	25.6
Other selling shareholders:						
Ellen Chang	257,094	2.0	50,000	207,094	1.4	1.4
Yu-Li Chang	304,067	2.4	50,000	254,067	1.7	1.7
Vic Chen and Lois Chen Family Trust (17)	548,888	4.3	70,000	478,888	3.2	3.1
Eastern Union, Inc.	177,581	1.4	50,000	127,581	*	*
Su Ming Chiing & Huang, Pei Chuan	86,100	*	86,100	–	*	*
Man-Yan Jang	16,144	*	16,144	–	*	*
Hsin-Lee Lin & Ling-Huei T Lin 2012 Irrevocable Trust	204,488	1.6	85,000	119,488	*	*
Linda Lin & Jian Li	322,875	2.5	30,000	292,875	2.0	1.9
United Overseas Investment Inc	322,875	2.5	100,000	222,875	1.5	1.5
Total other selling shareholders	2,240,112	17.4	537,244	1,702,868	11.4	11.1

* Indicates one percent or less

(1) Consists of 1,076 shares held by Mr. Thian individually, 107,625 shares held by Mr. Thian's spouse, Fen Fen Thian, and 698,231 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017, and 322,875 shares held by United Overseas Investment Inc. The number of shares reported excludes 177,581 shares held by Eastern Union Inc., a corporation that is partially owned by Mr. Thian with his brother, brother-in-law and sister, Fui Ming (Catherine) Thian, as to which Mr. Thian disclaims beneficial ownership.

(2) Consists of 401,562 shares held by Mr. Chang individually and 74,065 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017..

(3) Consists of 56,682 shares held jointly by Wendell Chen and his wife, Josephine Chen, and 52,539 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017. The number of shares reported excludes 538,125 shares that are held by the Chen Family Trust, as to which Mr. Chen disclaims beneficial ownership except to the extent of his pecuniary interest, if any, therein.

(4) Consists of 270,139 shares held by Ms. Huang and Pei-Cheng Huang, Ms. Huang's husband, as co-trustees of the Huang Family Trust, and 74,065 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.

(5) Consists of 269,063 held jointly by Mr. Kao and his daughter, Christina Kao, 161,438 held jointly by James Kao and Patricia Kao, Mr. Kao's daughter, 161,438 shares held jointly by Mr. Kao and Timothy Kao, Mr. Kao's son, and 10,000 shares that are subject to options awarded to Mr. Kao that are currently exercisable or are exercisable within 60 days of March 31, 2017.

(6) Consists of 648,979 shares held jointly by Mr. Kao and his wife, Je Tsu Kao, 1,076 shares held by Mr. Kao individually, and 74,065 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.

(7) Consists of 10,763 shares held jointly by Mr. Koo and his wife, Paulina Wang-Koo, 1,076 shares held by Mr. Koo individually, and 63,302 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.

(8) Consists of 14,686 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.

(9) Consists of 52,539 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.
(10) Consists of 538,125 shares held jointly by Mr. Lin and his wife, Joyce Lin, and 41,776 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.
(11) Consists of 128,289 shares held by Mr. Lin individually and 74,065 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.
(12) Consist of 41,776 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017. The number of shares reported excludes 136,253 shares that are held by the Paul Pao-Yan Lin Irrevocable Trust, as to which Mr. Lin disclaims beneficial ownership except to the extent of his pecuniary interest, if any, therein.
(13) Consists of 1,076 shares held by MSSB Custodian for David R. Morris, IRA and 95,787 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.
(14) Consists of 16,144 shares held jointly by Mr. Pang and his wife, Theresa S Pang, 8,610 shares held by Equity Trust Company as custodian for Simon Pang IRA, and 231,365 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.
(15) Consists of 65,651 shares held jointly by Ms. Thian and her husband, Lawrence S K Law, and 52,539 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017. The number of shares reported excludes 322,875 shares held by United Overseas Investment Inc. and Eastern Union Inc., corporations that are partially owned by Ms. Thian with her two brothers and brother-in-law, as to which Ms. Thian disclaims beneficial ownership.
(16) Includes 1,650,800 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017.
(17) Consists of 538,125 shares held by Vic Chen and Lois Chen Family Trust and 10,763 shares that are subject to options awarded to Vic Chen that are currently exercisable or are exercisable within 60 days of March 31, 2017.

PRINCIPAL FAMILY SHAREHOLDERS

We also determined beneficial ownership in accordance with Federal Reserve guidance which considers extended family members to be acting in concert even though the holdings of such families would not be reported as a "group" under SEC guidelines. The Thian (including Ko-Yen Lin), Chang and Kao families are considered controlling entities by the Federal Reserve. There are no formal written shareholder or voting agreements nor any informal arrangement or understanding among any of the family members with respect to their holdings of our common stock. The following table indicates the beneficial ownership of each controlling family, as well as the beneficial ownership of certain other directors' families, and each footnote indicates the family or business relationship included.

	Shares Beneficially Owned Prior to the Offering		Shares Offered	Share Beneficially Owned After the Offering		
					If Option Not Exercised	If Option Exercised in Full
Name	Number	%	Number	Number	%	%
Chang family (1)	1,623,022	12.6%	166,144	1,456,878	9.7%	9.4%
Kao family (2)	2,106,340	16.3	170,000	1,936,340	12.9	12.5
Thian family (3)	2,199,779	16.1	220,000	1,979,779	12.6	12.2
Chen family (4)	702,952	5.5	70,000	632,952	4.2	4.1
F. Lin family (5)	1,225,651	9.5	85,000	1,140,651	7.6	7.4
P. Lin family (6)	878,975	6.8	85,000	793,975	5.3	5.2
Total (7)	8,736,719	62.6%	796,144	7,146,600	44.5%	43.3%

(1) The number of shares reported consists of 401,562 shares held by Peter M. Chang individually, (ii) 74,065 shares that are subject to options that are currently exercisable or are exercisable within 60 days of March 31, 2017, (iii) 257,094 shares held by Ellen Y. Chang, Peter Chang's sister, (iv) 304,067 shares held by Yu-Li Chang, Peter Chang's aunt, and (v) 570,000 shares held jointly by Louis C. Chang and Su Cheng C. Chang, Mr. Chang's mother and father.

(2) The number of shares reported consists of (i) 648,979 shares held jointly by Ruey Chyr Kao and his wife, Je Tsu Kao, (ii) 1,076 shares held by Ruey Chry Kao individually, (iii) 74,065 shares that are subject to options awarded to Ruey Chyr Kao that are currently exercisable or are exercisable within 60 days of March 31, 2017; (iv) 269,063 held jointly by James Kao and his daughter, Christina Kao, (v) 161,438 held jointly by James Kao and Patricia Kao, Mr. Kao's daughter, (vi) 161438 shares held jointly by James Kao and Timothy Kao, Mr. Kao's son, (vii) 10,000 shares that are subject to options awarded to James Kao that are currently exercisable or are exercisable within 60 days of March 31, 2017; (viii) 430,500 shares held jointly by Min-Hwan and Yu-Fan, the brother and sister in-law of Ruey Chry and James Kao; and (ix) 215,250 shares held jointly by Daniel Jay Kao and Linda Lee Kao, the son and daughter in-law of Ruey Chry and James Kao.

(3) The number of shares reported consists of (i) 1,076 shares held by Alan Thian individually, (ii) 107,625 shares held by Mr. Thian's wife, Fen Fen Thian, (iii) 698,231 shares that are subject to options awarded to Mr. Thian that are currently exercisable or are exercisable within 60 days of March 31, 2017; (iv) 65,651 shares held jointly by Lawrence S K Law and Catherine Thian, (v) 52,539 shares that are subject to options awarded to Ms. Thian that are currently exercisable or are exercisable within 60 days of March 31, 2017; (vi) 128,289 shares held by Ko-Yen Lin, (vii) 74,065 shares that are subject to options awarded to Mr. Lin that are currently exercisable or are exercisable within 60 days of March 31, 2017, (viii) 193,726 shares held by Min Yang Thian, the nephew of Alan Thian and Catherine Thian, (ix) 132,729 shares held by Gim Tie Keng Trust, the survivor trust under the Kheng Family Trust, (x) 322,875 shares held by United Overseas Investment Inc, and (xi) 177,581 shares held by Eastern Union Inc.

(4) The number of shares reported consists of (i) 56,682 shares held jointly by Wendell Chen and his wife, Josephine Chen, (ii) 52,539 shares that are subject to options awarded to Mr. Chen that are currently exercisable or are exercisable within 60 days of March 31, 2017, (iii) 538,125 shares that are held by the Chen Family Trust, (iv) 10,763 shares that are subject to options awarded to Mr. Chen's father that are currently exercisable or are exercisable within 60 days of March 31, 2017, and (v) 44,843 shares held by Mr. Chen's brother.

(5) The number of shares reported consists of (i) 538,125 shares held jointly by Mr. Feng Lin and his wife, Joyce Lin, (ii) 41,776 shares that are subject to options awarded to Mr. Lin that are currently exercisable or are exercisable within 60 days of March 31, 2017, (iii) 322,875 shares held jointly by Mr. Lin's sister, Joyce Lin, and her husband, Jian Li, (iv) 205,000 shares held by Mr. Lin's brother, and (v) 107,625 shares held by Mr. Lin's sister.

(6) The number of shares reported consist of (i) 204,488 held in the Hsin Lee Lin and Ling-Huei Lin Irrevocable Trust, (ii) 10,763 shares that are subject to options awarded to Hsin Lee Lin that are currently exercisable or are exercisable within 60 days of March 31, 2017, (iii) 136,253 shares held in the Paul Pao-Yen Lin Irrevocable Trust, (iv) 55,195 shares held in the Lin Family Trust, (v) 430,500 shares held by Mr. Lin's aunt, and (vi) 41,776 shares that are subject to options awarded to Paul Lin that are currently exercisable or are exercisable within 60 days of March 31, 2017.

(7) When aggregated with the holdings of our other directors and their respective extended families and affiliated entities, the collective holdings increase to 66.8% prior to the completion of this offering and 53.2% after the completion of this offering.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material rights of our capital stock and related provisions of our articles of incorporation, or articles, and bylaws. The following description of our capital stock does not purport to be complete and is subject to, and qualified in its entirety by, our articles and bylaws, which we have included as exhibits to the registration statement of which this prospectus is a part. We urge you to read these documents for a more complete understanding of shareholder rights.

Our articles authorize the issuance of up to 100,000,000 shares of common stock, no par value per share, and up to 100,000,000 shares of preferred stock. At March 31, 2017, we had issued and outstanding 12,827,803 shares of our common stock, and no shares of preferred stock. We have reserved an additional 3,848,341 shares for issuance upon the exercise of outstanding stock options, restricted stock and other awards that remain available for issuance under our 2017 Omnibus Stock Incentive Plan.

Common Stock

Governing Documents. Holders of shares of our common stock have the rights set forth in our articles, our bylaws and California law.

Dividends and Distributions. The holders of our common stock are entitled to share equally in any dividends that our board of directors may declare from time to time out of funds legally available for dividends, subject to limitations under California law and any preferential rights of holders of our then outstanding preferred stock.

Ranking. Our common stock ranks junior with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company to all other securities and indebtedness of the Company.

Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of our common stock are entitled to share equally, on a per share basis, in all of our assets available for distribution, after payment to creditors and subject to any prior distribution rights granted to holders of any then outstanding shares of preferred stock.

Conversion Rights. Our common stock is not convertible into any other shares of our capital stock.

Preemptive Rights. Holders of our common stock do not have any preemptive rights.

Voting Rights. The holders of our common stock are entitled to one vote per share on any matter to be voted on by the shareholders. The holders of our common stock are entitled to cumulative voting rights with respect to the election of directors. A plurality of the shares voted shall elect all of the directors then standing for election at a meeting of shareholders at which a quorum is present.

Redemption. We have no obligation or right to redeem our common stock.

Stock Exchange Listing. Our common stock has been approved for listing on the NASDAQ Global Select Market under the symbol "   ."

Preferred Stock

Upon authorization of our board of directors, we may issue shares of one or more series of our preferred stock from time to time. Our board of directors may, without any action by holders of common stock and except as may be otherwise provided in the terms of any series of preferred stock of which there are shares outstanding, adopt resolutions to designate and establish a new series of preferred stock. Upon establishing such a series of

preferred stock, the board will determine the number of shares of preferred stock of that series that may be issued and the rights and preferences of that series of preferred stock. The rights of any series of preferred stock may include, among others:

- general or special voting rights;
- preferential liquidation rights;
- preferential cumulative or noncumulative dividend rights;
- redemption or put rights; and
- conversion or exchange rights.

We may issue shares of, or rights to purchase shares of, one or more series of our preferred stock that have been designated from time to time, the terms of which might:

- adversely affect voting or other rights evidenced by, or amounts otherwise payable with respect to, the common stock or other series of preferred stock;
- discourage an unsolicited proposal to acquire us; or
- facilitate a particular business combination involving us.

Any of these actions could have an anti-takeover effect and discourage a transaction that some or a majority of our shareholders might believe to be in their best interests or in which our shareholders might receive a premium for their stock over our then market price.

Anti-Takeover Considerations and Special Provisions of Our Articles, Bylaws and California Law

California law and certain provisions of our articles and bylaws could have the effect of delaying or deferring the removal of incumbent directors or delaying, deferring or discouraging another party from acquiring control of us, even if such removal or acquisition would be viewed by our shareholders to be in their best interests. These provisions, summarized below, are intended to encourage persons seeking to acquire control of us to first negotiate with our board of directors. These provisions also serve to discourage hostile takeover practices and inadequate takeover bids. We believe that these provisions are beneficial because the negotiation they encourage could result in improved terms of any unsolicited proposal.

Authorized But Unissued Capital Stock. We have 87,172,797 shares of authorized but unissued shares of common stock, and we have reserved an additional 3,848,341 shares of common stock for issuance upon the exercise of outstanding stock options, resulting in 83,324,456 shares of common stock that may be issued by our board of directors. We also have 100,000,000 shares of authorized but unissued shares of preferred stock, and our board of directors may authorize the issuance of one or more series of preferred stock without shareholder approval. These shares could be used by our board of directors to make it more difficult or to discourage an attempt to obtain control of us through a merger, tender offer, proxy contest or otherwise.

Limitation on Right to Call a Special Meeting of Shareholders. Our bylaws provide that special meetings of shareholders may only be called by our board or our president or by the holders of not less than 10% of our outstanding shares of capital stock entitled to vote for the purpose or purposes for which the meeting is being called.

Advance Notice Provisions. Additionally, our bylaws provide that nominations for directors must be made in accordance with the provisions of our bylaws, which generally require, among other things, that such nominations be provided in writing to our corporate secretary, not less than 21 days prior to the meeting or 7 days after the date of mailing of the notice of meeting to shareholders, and that the notice to our corporate secretary contain certain information about the shareholder and the director nominee.

Filling of Board Vacancies; Removals. Any vacancies in our board of directors and any directorships resulting from any increase in the number of directors may be filled by a majority of the remaining directors, or if the number of directors then in office is less than a quorum, by (i) unanimous written consent of the directors then in office, (ii) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice, or (iii) a sole remaining director. However, a vacancy created by the removal of a director by the vote or written consent of the shareholders or by court order may be filled only by the affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present, or by the unanimous written consent of all shares entitled to vote thereon.

New or Amendment of the Bylaws. New bylaws may be adopted or the bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote. Our bylaws also provide that except for changing the range of directors which is currently set at 7 to 13, our bylaws may be altered, amended or repealed by our board without prior notice to or approval by our shareholders. Accordingly, our board could take action to amend our bylaws in a manner that could have the effect of delaying, deferring or discouraging another party from acquiring control of us.

Voting Provisions. Our articles do not provide for certain heightened voting thresholds needed to consummate a change in control transaction, such as a merger, the sale of substantially all of our assets or other similar transaction. Accordingly, we will not be able to consummate a change in control transaction or sell all or substantially all of our assets without obtaining the affirmative vote of the holders of shares of our capital stock having at least a majority of the voting power of all outstanding capital stock entitled to vote thereon.

Elimination of Liability and Indemnification. Our and the Bank's articles of incorporation provide that a director of the Company or the Bank will not incur any personal liability to us, the Bank or our shareholders for monetary damages for certain breaches of fiduciary duty as a director. A director's liability, however, is not eliminated with respect to (i) any breach of the duty of loyalty, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) paying a dividend or approving a stock repurchase which is illegal under certain provisions of state law, or, (iv) any transaction from which the director derived an improper personal benefit. Our and the Bank's articles of incorporation and bylaws also provide, among other things, for the indemnification of our or the Bank's directors, officers and agents, and authorize our and/or the Bank's Board of Directors to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, such agents in connection with any personal legal liability incurred by the individual while acting for us and/or the Bank within the scope of his or her employment (subject to certain limitations). It is the policy of our and the Bank's Board of Directors that our and the Bank's directors, officers and agents shall be indemnified to the maximum extent permitted under applicable law and our and the Bank's articles of incorporation and bylaws, and we have obtained director and officer liability insurance covering all of our and the Bank's officers and directors.

Transfer Agent. The Company's transfer agent is Issuer Direct, 500 Perimeter Park Drive, Suite D, Morrisville, North Carolina 27560, (919) 481-4000.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no established public market for our common stock. Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of shares will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our common stock in the public market after the restrictions lapse. This may adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have 14,927,803 shares of common stock outstanding. Of these shares, 8,585,239 shares of our common stock (or 9,035,289 shares if the underwriters exercise their purchase option in full) sold in this offering will be freely transferable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining 0 shares of our common stock outstanding are "restricted shares" as defined in Rule 144. Restricted shares may be sold in the public market only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144. As a result of the contractual 180-day lock-up period described below, 6,342,564 of these shares will be available for sale in the public market only after 180 days from the date of this prospectus (generally subject to volume and other offering limitations).

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell such securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, the sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, the sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 149,278 shares immediately after this offering (or approximately 153,778 shares if the underwriters exercise their purchase option in full); or
- the average weekly trading volume of our common stock on the NASDAQ Global Select Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale; provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale and notice provisions of Rule 144 to the extent applicable.

Lock-up Agreements

We, the selling shareholders and each of our directors and executive officers have agreed, subject to certain exceptions, not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exchangeable or exercisable for common stock for a period of 180 days after the date of this prospectus, without the prior written consent of Sandler O'Neill+Partners, L.P. on behalf of the underwriters. See "Underwriting." The underwriters do not have any present intention or arrangement to release any shares of our common stock subject to lock-up agreements prior to the expiration of the 180-day lock-up period.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a summary of the material United States federal income tax consequences relevant to non-U.S. holders, as defined below, of the purchase, ownership and disposition of our common stock. The following summary is based on the provisions of the Revenue Code, Treasury regulations and judicial and administrative authority as of the date hereof, all of which are subject to change, possibly with retroactive effect. We have not sought and do not plan to seek any ruling from the Internal Revenue Service with respect to the statements made and the conclusions reached in the following discussion, and we cannot assure you that the Internal Revenue Service or a court will agree with our statements and conclusions. This section does not consider the consequences related to state, local, gift, estate, or foreign tax or the Medicare tax on certain investment income, nor does it address tax consequences to special classes of investors, including, but not limited to, tax-exempt organizations, insurance companies, banks or other financial institutions, partnerships or other entities classified as partnerships for United States federal income tax purposes, dealers in securities, persons liable for the alternative minimum tax, regulated investment companies, real estate investment trusts, controlled foreign corporations, passive foreign investment companies, United States expatriates or United States expatriated entities, those who are subject to the United States anti-inversion rules, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons who have acquired our common stock as compensation or otherwise in connection with the performance of services, or persons that will hold our common stock as a position in a hedging transaction, “straddle,” “conversion transaction,” synthetic security or other integrated investment or risk reduction transaction. Tax consequences may vary depending upon the particular status of an investor. The summary is limited to non-U.S. holders who will hold our common stock as capital assets (generally, property held for investment) within the meaning of section 1221 of the Revenue Code. Each potential non-U.S. investor should consult its own tax advisor as to the United States federal, state, local, foreign and any other tax consequences of the purchase, ownership and disposition of our common stock.

You are a “non-U.S. holder” if you are a beneficial owner of our common stock for United States federal income tax purposes that is:

(1) a nonresident alien individual, other than certain former citizens and residents of the United States subject to U.S. tax as expatriates;

(2) a corporation (or other entity that is taxable as a corporation) not created or organized in the United States or under the laws of the United States or of any State (or the District of Columbia);

(3) an estate other than an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or

(4) a trust other than a trust: (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust; or (B) that was in existence on August 20, 1996, was treated as a United States person on the previous day, and elected to continue to be so treated.

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are treated as a partner in such an entity holding our common stock, you should consult your tax advisor as to the United States federal income tax consequences applicable to you.

Distributions

Distributions of cash or property (other than certain stock distributions) with respect to our common stock will be treated as dividends when paid to the extent of our current and accumulated earnings and profits as determined for United States federal income tax purposes. To the extent any such distributions exceed both our

current and accumulated earnings and profits, such excess amount will be allocated ratably among each share of common stock with respect to which the distribution is paid and will first be treated as a tax-free return of capital reducing your adjusted tax basis in our common stock, but not below zero, and thereafter will be treated as gain from the sale or other taxable disposition of such stock, the treatment of which is discussed under "Gain on Disposition of Shares of Common Stock." Your adjusted tax basis in a share of our common stock is generally your purchase price for such share, reduced (but not below zero) by the amount of such prior tax free returns of capital.

Except as described below, if you are a non-U.S. holder of our common stock, dividends paid to you are subject to withholding of United States federal income tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate. Even if you are eligible for a lower treaty rate, we and other payors will generally be required to withhold at a 30% rate (rather than the lower treaty rate) on dividends paid to you, unless you have furnished to us:

- a valid IRS Form W-8BEN, W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, your status as a non-U.S. person and your entitlement to the lower treaty rate with respect to such payments, or
- if our common stock is held through certain foreign intermediaries or foreign partnerships, other documentary evidence establishing your entitlement to the lower treaty rate in accordance with Treasury regulations.

This certification must be provided to us or our paying agent prior to the payment to you of any dividends and must be updated periodically, including upon a change in circumstances that makes any information on such certificate incorrect.

If you are eligible for a reduced rate of U.S. withholding tax under a tax treaty, you may obtain a refund of any amounts withheld in excess of that rate by timely filing a refund claim with the IRS.

If dividends paid to you are "effectively connected" with your conduct of a trade or business within the United States, and, if required by a tax treaty, the dividends are attributable to a permanent establishment that you maintain in the United States, we and other payors generally are not required to withhold tax from the dividends, provided that you have furnished to us or another payor a valid IRS Form W-8ECI or an acceptable substitute form upon which you represent, under penalties of perjury, that:

- you are a non-U.S. person; and
- the dividends are effectively connected with your conduct of a trade or business within the United States and are includible in your gross income.

"Effectively connected" dividends are taxed on a net income basis at applicable graduated individual or corporate tax rates in generally the same manner as if the non-U.S. holder were a U.S. person as defined under the Revenue Code, unless an applicable income tax treaty provides otherwise. If you are a corporate non-U.S. holder, "effectively connected" dividends that you receive may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Gain on Disposition of Shares of Common Stock

Subject to the discussions below regarding backup withholding and FATCA, if you are a non-U.S. holder, you generally will not be subject to United States federal income or withholding tax on gain realized on the sale, exchange or other disposition of our common stock unless (i) you are an individual who is present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist, (ii) the gain is "effectively connected" with your conduct of a trade or business in the United States, and the gain is attributable

to a permanent establishment that you maintain in the United States, if that is required by an applicable income tax treaty as a condition to subjecting you to United States taxation on a net income basis; or (iii) we are or have been a U.S. real property holding corporation, or "USRPHC," for United States federal income tax purposes at any time during the shorter of the five-year period ending on the date of the disposition or the period that you held shares of our common stock, and certain other conditions are met.

If you are an individual described in (i) above, you will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the sale, which may be offset by certain United States source capital losses, if any, recognized in the taxable year of the disposition of our common stock. If you are a non-U.S. holder described in (ii) above, gain recognized on the sale will generally be subject to United States federal income tax at graduated United States federal income tax rates on a net income basis and in generally the same manner as if the non-U.S. holder were a U.S. person as defined in the Revenue Code, unless an applicable income tax treaty provides otherwise. Additionally, a non-U.S. holder that is a corporation may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits, subject to certain adjustments, or at such lower rate as may be specified by an applicable income tax treaty. We believe that we are not currently and will not become a USRPHC.

Information Reporting and Backup Withholding

Payment of dividends, and the tax withheld on those payments, are subject to information reporting requirements. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Under the provisions of an applicable income tax treaty or agreement, copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides. U.S. backup withholding will generally apply on payment of dividends to non-U.S. holders unless such non-U.S. holders furnish to the payor a Form W-8BEN or Form W-8BEN-E (or other applicable form), or otherwise establish an exemption and the payor does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Revenue Code, that is not an exempt recipient.

Payment of the proceeds of a sale of our common stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to information reporting and, depending on the circumstances, backup withholding, unless the non-U.S. holder, or beneficial owner thereof, as applicable, certifies that it is a non-U.S. holder on Form W-8BEN, W-8BEN-E (or other applicable form), or otherwise establishes an exemption and the payor does not have actual knowledge or reason to know the holder is a U.S. person, as defined under the Revenue Code, that is not an exempt recipient.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a refund or a credit against the non-U.S. holder's United States federal income tax liability, provided that the non-U.S. holder timely provides the required information to the IRS. Moreover, certain penalties may be imposed by the IRS on a non-U.S. holder who is required to furnish information but does not do so in the proper manner. Non-U.S. holders should consult their tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury regulations.

FATCA Withholding

The Foreign Account Tax Compliance Act, or FATCA, imposes a 30% withholding tax on certain types of payments made to "foreign financial institutions," "or FFIs," and certain other non-U.S. entities unless certain due diligence, reporting, withholding, and certification requirements are satisfied.

As a general matter, FATCA imposes a 30% withholding tax on dividends on, and, from and after January 1, 2019, gross proceeds from the sale or other disposition of, our common stock if paid to a foreign

entity unless (i) the foreign entity is an FFI that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of an FFI that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence and reporting requirements of such an agreement; (ii) the foreign entity is not an FFI and either certifies it does not have any "substantial" U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign entity qualifies for an exemption from these rules. In certain cases, a "substantial" United States owner can mean an owner of any interest in the foreign entity.

If withholding is required under FATCA on a payment related to our common stock, investors that otherwise would be exempt from withholding (or that otherwise would be entitled to a reduced rate of withholding) generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available).

Non-U.S. holders are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in our common stock.

This summary is for general information only and is not intended to constitute a complete description of all U.S. federal income tax consequences for non-U.S. holders relating to the purchase, ownership, and disposition of shares of our common stock. If you are considering the purchase of shares of our common stock, you should consult with your tax advisor concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of shares of our common stock, as well as the consequences to you arising under U.S. tax laws other than the federal income tax law discussed in this summary or under the laws of any other applicable taxing jurisdiction in light of your particular circumstances.

UNDERWRITING

We and the selling stockholders are offering the shares of our common stock described in this prospectus through several underwriters for whom Sandler O'Neill & Partners, L.P., or Sandler, is acting as representative. We, the selling stockholders and the underwriters have entered into an underwriting agreement dated , 2017. Subject to the terms and conditions of the underwriting agreement, the underwriters have agreed to purchase on a firm commitment basis the number of shares of common stock in the following table:

Underwriter	Number of Shares
Sandler O'Neill & Partners, L.P.	
Keefe, Bruyette & Woods, Inc.	
Total	

Our common stock is offered subject to a number of conditions, including receipt and acceptance of the common stock by the underwriters.

In connection with this offering, the underwriters or securities dealers may distribute offering documents to investors electronically.

Option to Purchase Additional Shares

We have granted the underwriters an option to buy up to 450,000 additional shares of our common stock, at the public offering price less underwriting discounts. The underwriters may exercise this option, in whole or from time to time in part, solely for the purpose of covering over-allotments, if any, made in connection with this offering. The underwriters have 30 days from the date of this prospectus to exercise this option.

Commission and Discounts

Shares of common stock sold by the underwriters to the public will initially be offered at the public offering price set forth on the cover of this prospectus. Any shares of common stock sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the public offering price. Any of these securities dealers may resell any shares of common stock purchased from the underwriters to other brokers or dealers at a discount of up to $ per share from the public offering price. If all of the shares of common stock are not sold at the public offering price, the underwriters may change the offering price and the other selling terms.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares of our common stock from us:

	Per Share	No Exercise	Full Exercise
Public offering price			
Underwriting discount			
Proceeds to us, before expenses			

We estimate the expenses of this offering payable by us, including registration, filing and listing fees, printing fees, legal and accounting expenses, and the expenses of the selling stockholders but not including the underwriting discounts, will be approximately $ million. In addition to the underwriting discount, we have agreed to reimburse Sandler for its reasonable out-of-pocket expenses incurred in connection with its engagement as underwriter, regardless of whether this offering is consummated, including without limitation, legal fees and expenses not to exceed $500,000 and other out-of-pocket expenses not to exceed $50,000, in each case without our prior approval.

Lock-up Agreements

We, our executive officers and directors and each of the selling shareholders have entered into lock-up agreements with the underwriters. Under these agreements, each of these persons will not be permitted to, without the prior written approval of the underwriters, subject to limited exceptions,

- issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of our common stock or any securities convertible into or exchangeable or exercisable for our common stock or file any registration statement under the Securities Act with respect to any of the foregoing; or
- enter into any swap, hedge or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the shares of our common stock, whether any such swap, hedge or transaction is to be settled by delivery of shares of our common stock or other securities, in cash or otherwise.

These restrictions will be in effect for a period of 180 days after the date of the underwriting agreement. At any time and without public notice, the underwriters will be permitted to, in their sole discretion, release all or some of the shares of our common stock from these lock-up agreements.

These restrictions also apply to securities convertible into or exchangeable or exercisable for or repayable with common stock to the same extent as they apply to our common stock. They also apply to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Pricing of the Offering

This is the initial public offering of our common stock and no public market currently exists for our shares. The initial public offering price will be negotiated among us, the selling stockholders and the underwriters. The factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, include the information set forth in this prospectus, our financial and operating performance, estimates of our business potential and earnings prospects and those of our industry in general, an assessment of management and the consideration of the above factors in relation to market valuation of companies in related businesses. The estimated public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. Neither we nor the underwriters can assure investors than an active trading market will develop for our common stock or that the common stock will trade in the public market at or above the initial offering price.

Our common stock has been approved for listing on the NASDAQ Global Select Market under the symbol "   ."

Indemnification and Contribution

We have agreed to indemnify the underwriters and their affiliates, selling agents and controlling persons against certain liabilities, including under the Securities Act. If we are unable to provide this indemnification, we will contribute to the payments the underwriters and their affiliates, selling agents and controlling persons may be required to make in respect of those liabilities.

Price Stabilization, Short Positions and Penalty Bids

To facilitate the offering of our common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock, including:

- stabilizing transactions;

- short sales;
- purchases to cover positions created by short sales; and
- penalty bids.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of common stock than it is required to purchase in this offering. Short sales may be "covered short sales," which are short positions in an amount not greater than the underwriters' purchase option referred to above, or may be "naked short sales," which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising its purchase option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which it may purchase shares through the purchase option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchased shares in this offering.

Penalty bids permit the underwriters to reclaim selling concessions from a syndicate member when the common stock originally sold by the syndicate member is purchased in stabilizing transactions or transactions to cover short positions.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time without notice. The underwriters may carry out these transactions on the NASDAQ Global Select Market, in the over-the-counter market or otherwise.

Passive Market Making

In connection with this offering, the underwriters and selling group members may engage in passive market making transactions in our common stock on the NASDAQ Global Select Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of the distribution of this offering. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters and dealers are not required to engage in passive market making and may end passive market-making activities at any time.

Electronic Distribution

This prospectus may be made available in electronic format on one or more websites or through other online services maintained by the underwriters or by their respective affiliates. Other than the prospectus in electronic format, information on such websites and any information contained in any other website maintained by any of the underwriters or any of their affiliates is not part of this prospectus or our registration statement of which the related prospectus forms a part, has not been approved or endorsed by us or any of the underwriters in their capacity as underwriter and should not be relied on by investors.

Affiliations

The underwriters and their affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment

management, investment research, principal investment, hedging, financing, valuation and brokerage activities. From time to time, the underwriters and/or their affiliates have directly and indirectly engaged, or may engage, in various financial advisory, investment banking and commercial banking services for us and our affiliates, for which they received, or may receive, customary compensation, fees and expense reimbursement. In the ordinary course of their various business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and those investment and securities activities may involve securities and/or instruments of ours. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of those securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in those securities and instruments.

Other Matters

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the shares of common stock offered by this prospectus in any jurisdiction where action for that purpose is required. The shares of common stock offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares of common stock be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. We and the underwriters require that the persons into whose possession this prospectus comes inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares of common stock offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Loren P. Hansen, APC, Newport Beach, California. Loren P. Hansen owns 1,076 shares of the Company. The validity of the shares of common stock offered by this prospectus will be passed upon for the underwriters by Holland & Knight, LLP, Washington D.C.

EXPERTS

The consolidated financial statements of RBB Bancorp and subsidiaries as of December 31, 2016 and 2015 and for each of the years in the three-year period ended December 31, 2016 included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Vavrinek, Trine, Day & Co., LLP, independent registered public accounting firm, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to our common stock offered hereby. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits or schedules filed therewith. Some items are omitted in accordance with the rules and regulations of the SEC. For further information about us and our common stock that we propose to sell in this offering, we refer you to the registration statement and the exhibits and schedules filed as a part of the registration statement. Statements or summaries in this prospectus as to the contents of any contract or other document referred to in this prospectus are not necessarily complete and, where that contract or document is filed as an exhibit to the registration statement, each statement or summary is qualified in all respects by reference to the exhibit to which the reference relates. You may read and copy the registration statement, including the exhibits and schedules to the registration statement, at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our filings with the SEC, including the registration statement, are also available to you for free on the SEC's internet website at www.sec.gov.

Following the offering, we will become subject to the informational and reporting requirements of the Exchange Act and, in accordance with those requirements, will file reports and proxy and information statements and other information with the SEC. You will be able to inspect and copy these reports and proxy and information statements and other information at the addresses set forth above. We intend to furnish to our shareholders our annual reports containing our audited consolidated financial statements certified by an independent public accounting firm.

We also maintain an internet site at *www.royalbusinessbankusa.com*. Information on, or accessible through, our website is not part of this prospectus.

Table of Contents

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2017 and 2016 (unaudited)

Consolidated Balance Sheets at March 31, 2017 and December 31, 2016 (audited)	F-2
Consolidated Statements of Income for the three months ended March 31, 2017 and 2016	F-4
Consolidated Statements of Comprehensive Income for the three months ended March 31, 2017 and 2016	F-5
Consolidated Statements of Changes in Shareholders’ Equity for the three months ended March 31, 2017 and 2016	F-6
Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and 2016	F-7
Notes to Consolidated Financial Statements	F-8

For the years ended December 31, 2016, 2015 and 2014

Independent Auditor’s Report	F-36
Consolidated Balance Sheets at December 31, 2016 and 2015	F-37
Consolidated Statements of Income for the three years ended December 31, 2016, 2015 and 2014	F-39
Consolidated Statements of Comprehensive Income for the three years ended December 31, 2016, 2015 and 2014	F-40
Consolidated Statements of Changes in Shareholders’ Equity for the three years ended December 31, 2016, 2015 and 2014	F-41
Consolidated Statements of Cash Flows for the three years ended December 31, 2016, 2015 and 2014	F-42
Notes to Consolidated Financial Statements	F-43

Table of Contents

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)
(In thousands, except per share amounts)

	March 31, 2017 (unaudited)	December 31, 2016
ASSETS		
Cash and Due from Banks	$ 147,547	$ 74,213
Federal Funds Sold and Other Cash Equivalents	20,000	44,500
TOTAL CASH AND CASH EQUIVALENTS	167,547	118,713
Interest-Bearing Deposits in Other Financial Institutions	100	345
Securities:		
Available for Sale	39,155	39,277
Held to Maturity (Fair Value of $6,543 and $6,553 at March 31, 2017 and December 31, 2016, respectively)	6,206	6,214
Mortgage Loans Held for Sale	66,555	44,345
Loans Held for Investment:		
Real Estate	781,719	755,301
Commercial	363,002	361,227
TOTAL LOANS	1,144,721	1,116,528
Unaccreted Discount on Acquired Loans	(7,007)	(8,085)
Deferred Loan Costs (Fees), Net	1,849	2,003
	1,139,563	1,110,446
Allowance for Loan Losses	(14,186)	(14,162)
NET LOANS	1,125,377	1,096,284
Premises and Equipment	6,538	6,585
Federal Home Loan Bank (“FHLB”) Stock	6,770	6,770
Net Deferred Tax Assets	11,068	11,097
Other Real Estate Owned (“OREO”)	833	833
Cash Surrender Value of Life Insurance	32,142	21,958
Goodwill	29,940	29,940
Servicing Assets	4,223	3,704
Core Deposit Intangibles	1,699	1,793
Accrued Interest and Other Assets	7,595	7,693
	$1,505,748	$1,395,551

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2017 (UNAUDITED) AND DECEMBER 31, 2016 (AUDITED)
(In thousands, except per share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2017 (unaudited)	December 31, 2016
Deposits:		
Noninterest-Bearing Demand	$ 215,652	$ 174,272
Savings, NOW and Money Market Accounts	325,589	296,699
Time Deposits Under $250,000	322,891	310,969
Time Deposits $250,000 and Over	384,125	370,823
TOTAL DEPOSITS	1,248,257	1,152,763
Reserve for Unfunded Commitments	985	604
Income Tax Payable	4,664	793
FHLB Advances	10,000	—
Long-Term Debt	49,419	49,383
Subordinated Debentures	3,357	3,334
Accrued Interest and Other Liabilities	5,570	7,089
TOTAL LIABILITIES	1,322,252	1,213,966
Commitments and Contingencies - Notes 6 and 12	—	—
Shareholders' Equity:		
Preferred Stock - 100,000,000 Shares Authorized, No Par Value; None Outstanding	—	—
Common Stock - 100,000,000 Shares Authorized, No Par Value; 12,827,803 Shares Issued and Outstanding at March 31, 2017 and December 31, 2016	142,651	142,651
Additional Paid-in Capital	8,615	8,417
Retained Earnings	32,429	30,784
Accumulated Other Comprehensive Income (Loss) - Net Unrealized Loss on Securities Available for Sale, Net of Tax of $138 at March 31, 2017 and $186 at December 31, 2016	(199)	(267)
TOTAL SHAREHOLDERS' EQUITY	183,496	181,585
	$1,505,748	$1,395,551

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2017	2016
INTEREST AND DIVIDEND INCOME		
Interest and Fees on Loans	$16,033	$13,655
Interest on Interest-Bearing Deposits	151	88
Interest on Investment Securities	278	211
Dividend Income on FHLB Stock	153	97
Interest on Federal Funds Sold and Other	144	48
TOTAL INTEREST INCOME	16,759	14,099
INTEREST EXPENSE		
Interest on Savings Deposits, NOW and Money Market Accounts	474	435
Interest on Time Deposits	1,849	1,607
Interest on Subordinated Debentures and other	905	20
Interest on Other Borrowed Funds	17	2
TOTAL INTEREST EXPENSE	3,245	2,064
NET INTEREST INCOME	13,514	12,035
Provision for Loan Losses	—	998
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	13,514	11,037
NONINTEREST INCOME		
Service Charges, Fees and Other	460	354
Gain on Sale of Loans	1,497	686
Loan Servicing Fees, Net of Amortization	262	122
Recoveries on Loans Acquired in Business Combinations	28	49
Increase in Cash Surrender of Life Insurance	185	140
	2,432	1,351
NONINTEREST EXPENSE		
Salaries and Employee Benefits	4,183	3,524
Occupancy and Equipment Expenses	744	743
Data Processing	352	397
Legal and Professional	(387)	16
Office Expenses	154	146
Marketing and Business Promotion	182	116
Insurance and Regulatory Assessments	205	252
Amortization of Intangibles	94	61
OREO Expenses, net	14	2
Other Expenses	1,037	2,425
	6,578	7,682
INCOME BEFORE INCOME TAXES	9,368	4,706
Income Tax Expense	3,875	1,866
NET INCOME	$ 5,493	$ 2,840
NET INCOME PER SHARE - BASIC	$ 0.43	$ 0.22
NET INCOME PER SHARE - DILUTED	$ 0.40	$ 0.21

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands)

	Three Months Ended March 31,	
	2017	2016
Net Income	$ 5,493	$ 2,840
OTHER COMPREHENSIVE INCOME (LOSS):		
Unrealized Gains (Losses) on Securities Available for Sale:		
Change in Unrealized Gains (Losses)	115	463
Related Income Tax Effect:		
Change in Unrealized Gains (Losses)	(47)	(190)
TOTAL OTHER COMPREHENSIVE INCOME	68	273
TOTAL COMPREHENSIVE INCOME	$ 5,561	$ 3,113

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance at December 31, 2016	12,827,803	$ 142,651	$ 8,417	$ 30,784	$ (267)	$ 181,585
Net Income				5,493		5,493
Stock-Based Compensation			198			198
Cash Dividend				(3,848)		(3,848)
Other Comprehensive Income, Net of Taxes					68	68
Balance at March 31, 2017	12,827,803	$ 142,651	$ 8,615	$ 32,429	$ (199)	$ 183,496
Balance at December 31, 2015	12,770,571	$ 141,873	$ 7,706	$ 14,259	$ (193)	$ 163,645
Net Income				2,840		2,840
Stock-Based Compensation			215			215
Other Comprehensive Income, Net of Taxes					273	273
Balance at March 31, 2016	12,770,571	$ 141,873	$ 7,921	$ 17,099	$ 80	$ 166,973

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
OPERATING ACTIVITIES		
Net Income	$ 5,493	$ 2,840
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:		
Depreciation and Amortization of Premises, Equipment and Intangibles	338	357
Net Amortization (Accretion) of Securities, Loans, Deposits, and Other	(1,020)	(895)
Provision for Loan Losses	—	998
Stock-Based Compensation	198	215
Gain on Sale of Loans	(1,497)	(686)
Increase in Cash Surrender Value of Life Insurance	(185)	(140)
Loans Originated and Purchased for Sale	(43,500)	(60,974)
Proceeds from Loans Sold	24,780	33,029
Other Items	2,950	3,217
NET CASH FROM OPERATING ACTIVITIES	(12,443)	(22,039)
INVESTING ACTIVITIES		
Decrease in Interest-Bearing Deposits	245	5,269
Securities Available for Sale:		
Purchases	(1,000)	—
Maturities, Prepayments and Calls	1,152	938
Sales	—	4,637
(Purchase) Redemption of FHLB Stock and Other Equity Securities, net	(5)	(2,073)
Net (Increase) Decrease in Loans	(30,712)	8,634
Purchase of Life Insurance	(10,000)	—
Net Cash Paid in Connection with Acquisition	—	(35,051)
Purchases of Premises and Equipment	(124)	(114)
NET CASH FROM INVESTING ACTIVITIES	(40,444)	(17,760)
FINANCING ACTIVITIES		
Net Increase (Decrease) in Demand Deposits and Savings Accounts	70,270	(23,030)
Net Increase (Decrease) in Time Deposits	25,299	(4,280)
Net Change in FHLB Advances	10,000	—
Cash Dividends Paid	(3,848)	—
Issuance of Subordinated Debentures, Net of Issuance Costs	—	40,150
NET CASH FROM FINANCING ACTIVITIES	101,721	12,840
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	48,834	(26,959)
Cash and Cash Equivalents at Beginning of Period	118,713	113,891
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$167,547	$ 86,932
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	$ 2,456	$ 2,015
Taxes Paid	$ —	$ 1,350
Transfer of Loans to Held for Sale	$ 25,046	$ 10,142

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 1 - BUSINESS DESCRIPTION

RBB Bancorp is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Our principal business is to serve as the holding company for our wholly-owned banking subsidiaries, Royal Business Bank (“Bank”) and RBB Asset Management Company (“RAM”), collectively referred to herein as “the Company”. At March 31, 2017, the Company had total assets of $1.5 billion, gross loans of $1.1 billion, total deposits of $1.2 billion and total stockholders’ equity of $183.5 million.

We generate our revenue primarily from interest received on loans and leases and, to a lesser extent, from interest received on investment securities. We have also derived income from noninterest sources, such as fees received in connection with various lending and deposit services, residential mortgage loan originations, loan servicing and gain on sales of loans. Our principle expenses include interest expense on deposits and subordinated debentures, and operating expenses, such as salaries and employee benefits, occupancy and equipment, data processing, and income tax expense.

We have completed four acquisitions from July 8, 2011 through February 19, 2016, including the acquisition of TFC Holding Company on February 19, 2016. Our acquisitions have been accounted for using the acquisition method of accounting and, accordingly, the operating results of the acquired entities have been included in the consolidated financial statements from their respective acquisition dates. See Note 3. Acquisitions, for more information about the TFC acquisition.

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statement of the Company have been prepared in accordance with U.S. generally accepted accounting principles and prevailing practices within the banking industry, and the instructions to Form S-1 and Article 10 of Regulation S-X. These interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto as of and for the years ended December 31, 2016, 2015 and 2014, included in our registration statement on Form S-1.

Principles of Consolidation and Nature of Operations

The accompanying consolidated financial statements include the accounts of RBB Bancorp and its wholly-owned subsidiaries Royal Business Bank (“Bank”) and RBB Asset Management Company (“RAM”), collectively referred to herein as “the Company”. All significant intercompany transactions have been eliminated.

RBB Bancorp was formed in January 2011 as a bank holding company. RAM was formed in 2012 to hold and manage problem assets acquired in business combinations.

RBB Bancorp has no significant business activity other than its investments in Royal Business Bank and RAM.

The Company operates full-service banking offices in Arcadia, Diamond Bar, Cerritos, Los Angeles, Monterey

Park, Oxnard, Rowland Heights, San Gabriel, Torrance, West LA, Westlake Village, and Silverlake, California and Las Vegas, Nevada and a loan production office in the City of Industry, California. The

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Principles of Consolidation and Nature of Operations - Continued

Company's primary source of revenue is providing loans to customers, who are predominately small and middle-market businesses and individuals.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

The accompanying consolidated financial statements were compiled in accordance with the accounting policies set forth in Note 1—Summary of Significant Policies in our Consolidated Financial Statements as of and for the periods ended December 31, 2016, 2015, and 2014, included in our registration statement on Form S-1. The accompanying consolidated financial statements reflect all adjustments consisting of normal recurring adjustments that, in the opinion of management, are necessary to reflect a fair statement of our consolidated financial condition, results of operations, and cash flows. The results of operations for acquired companies are included from the dates of acquisition. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ended December 31, 2017.

Newly Issued Not Yet Effective Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This Update requires an entity to recognize revenue as performance obligations are met, in order to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration the entity is entitled to receive for those goods or services. The following steps are applied in the updated guidance: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. These amendments are effective for public business entities for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period and one year later for nonpublic business entities. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. The guidance does not apply to revenue associated with financial instruments and therefore the Company does not expect the new guidance to have a material impact on revenue closely associated with financial instruments, including interest income. The Company plans to perform an overall assessment of revenue streams that may be affected by the ASU including deposit related fees to determine if there would be a potential impact on the Company's Consolidated Financial Statements. The Company plans to adopt ASU No. 2014-09 on January 1, 2018.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*. Changes made to the current

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Issued Not Yet Effective Accounting Standards - Continued

measurement model primarily affect the accounting for equity securities and readily determinable fair values, where changes in fair value will impact earnings instead of other comprehensive income. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. The Update also changes the presentation and disclosure requirements for financial instruments including a requirement that public business entities use exit price when measuring the fair value of financial instruments measured at amortized cost for disclosure purposes. This Update is generally effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years and one year later for nonpublic business entities. Based upon a preliminary evaluation of the guidance in ASU No. 2016-01 the Company does not believe that the ASU will have a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor any updates to the guidance.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, which is generally defined as a lease term of less than 12 months. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under current lease accounting guidance. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2018, for public business entities and one year later for all other entities. The Company has several lease agreements which are currently considered operating leases and are therefore not included on the Company's Consolidated Balance Sheets. Under the new guidance the Company expects that some of the lease agreements will have to be recognized on the Consolidated Balance Sheets as a right-of-use asset with a corresponding lease liability. Based upon a preliminary evaluation the Company expects that the ASU will have an impact on the Company's Consolidated Balance Sheets. The Company will continue to evaluate how extensive the impact will be under the ASU on the Company's Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718.)* ASU 2016-09 includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. Under ASU 2016-09, excess tax benefits and certain tax deficiencies will no longer be recorded in additional paid-in capital ("APIC"). Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement, and APIC pools will be eliminated. In addition, the guidance requires excess tax benefits be presented as an operating activity on the statement of cash flows rather than as a financing activity. ASU 2016-09 also permits an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards. Forfeitures can be estimated, as required today, or recognized when they occur. This guidance is effective for public business entities for interim and annual reporting periods beginning after December 15, 2016, and for nonpublic business entities annual reporting periods beginning after December 15, 2017, and interim periods within the reporting periods beginning after December 15, 2018. Early adoption is permitted, but all of the guidance must be adopted in the same period. The Company plans to adopt ASU 2016-09 on January 1, 2018. The Company plans to recognize forfeitures as they occur. The adoption of the ASU will not have a material effect on the Company's Financial Statements or Disclosures. The adoption of ASU 2016-09 could result in increased volatility to income tax expense that is reported related to excess tax benefits and tax.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Issued Not Yet Effective Accounting Standards - Continued

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instrument (Topic 326). This ASU significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. In issuing the standard, the FASB is responding to criticism that today's guidance delays recognition of credit losses. The standard will replace today's "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes, but is not limited to, loans, leases, held to maturity securities, loan commitments, and financial guarantees. The CECL model does not apply to available for sale ("AFS") debt securities. For AFS debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. As a result, entities will recognize improvements to estimated credit losses immediately in earnings rather than as interest income over time, as they do today. The ASU also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. In addition, public business entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination. ASU No. 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019, for SEC filers, one year later for non SEC filing public business entities and annual reporting periods beginning after December 15, 2020, for nonpublic business entities and interim periods within the reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (i.e., modified retrospective approach). The Company has begun its evaluation of the impact of the implementation of ASU 2016-13. The implementation of the provisions of ASU No. 2016-13 will most likely impact the Company's Consolidated Financial Statements as to the level of reserves that will be required for credit losses. The Company will continue to access the potential impact that this ASU will have on the Company's Consolidated Financial Statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles—Goodwill and Other (Topic 350). This ASU simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The amendments in this Update are required for public business entities and other entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill. As a result, under the ASU, "an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit." ASU No. 2017-14 is effective for annual and any interim impairment tests performed in periods beginning after December 15, 2019 for public business entities that are SEC filers, December 15, 2020 for business entities that are not SEC filers, and December 15, 2021 for all other entities. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company will continue to access the potential impact that this ASU will have on the Company's Consolidated Financial Statements.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 2 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Issued Not Yet Effective Accounting Standards - Continued

In March 2017, the FASB issued ASU No. 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities, which is intended to enhance “the accounting for the amortization of premiums for purchased callable debt securities.” The ASU shortens the amortization period for certain callable debt securities purchased at a premium by requiring that the premium be amortized to the earliest call date. Under current generally accepted accounting principles (GAAP), entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. The amendments in this Update affects all entities that hold investments in callable debt securities that have an amortized cost basis in excess of the amount that is repayable by the issuer at the earliest call date (that is, at a premium). The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The ASU’s amendments are effective for public business entities for interim and annual periods beginning after December 15, 2018. For other entities, the amendments are effective for annual periods beginning after December 15, 2019, and interim periods thereafter. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity should apply the amendments in this Update on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Additionally, in the period of adoption, an entity should provide disclosures about a change in accounting principle. The implementation of the provisions of ASU No. 2017-08 will most likely not have a material impact the Company’s Consolidated Financial Statements. The Company will continue to access the potential impact that this ASU will have on the Company’s Consolidated Financial Statements.

NOTE 3 - ACQUISITIONS

On February 19, 2016, the Company acquired all the assets and assumed all the liabilities of TFC Holding Company in exchange for cash of $86.7 million. At closing, TFC primarily consisted of TomatoBank, its wholly owned subsidiary and $3.3 million of trust preferred debentures. TFC Holding Company operated six branches in the Los Angeles metropolitan area. The Company acquired TFC Holding Company to strategically increase its existing presence in the Los Angeles area. Goodwill in the amount of $25.9 million was recognized in this acquisition. Goodwill represents the future economic benefits arising from net assets acquired that are not individually identified and separately recognized and is attributable to synergies expected to be derived from the combination of the two entities. Goodwill is not deductible for income tax purposes.

The acquired identifiable assets included the establishment of a $1.7 million core deposit intangible, which is being amortized on an accelerated basis over 10 years.

The Company accounted for the transaction under the acquisition method of accounting which requires purchased assets and liabilities assumed to be recorded at their respective fair values at the date of acquisition. The Company determined the fair value of loans, leases, core deposit intangible, deposits, and Subordinated Debentures with the assistance of a third party valuation.

The estimated fair values are subject to refinement as additional information relative to the closing date fair values becomes available through the measurement period. While additional significant changes to the closing date fair values are not expected, any information relative to the changes in these fair values will be evaluated to

Table of Contents

NOTE 3 - ACQUISITIONS - Continued

determine if such changes are due to events and circumstances that existed as of the acquisition date. During the measurement period, any such changes will be recorded as part of the closing date fair value.

In many cases, the fair values of assets acquired and liabilities assumed were determined by estimating the cash flows expected to result from those assets and liabilities and discounting them at appropriate market rates. The most significant category of assets for which this procedure was used was that of acquired loans. The excess of expected cash flows above the fair value of the majority of loans will be accreted to interest income over the remaining lives of the loans in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 310-20.

None of the loans acquired had evidence of deterioration of credit quality since origination for which it was probable, at acquisition, that the Company would be unable to collect all contractually required payments receivable.

In accordance with generally accepted accounting principles there was no carryover of the allowance for loan losses that had been previously recorded by TFC Holding Company.

NOTE 4 - INVESTMENT SECURITIES

The following table summarizes the amortized cost and fair value of securities available for sale and held to maturity at March 31, 2017 and December 31, 2016, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income:

(dollars in thousands) March 31, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale				
Government Agency Securities	$ 5,325	$ —	$ (122)	$ 5,203
Mortgage-Backed Securities-Government Sponsored Agencies	22,827	25	(284)	22,568
Corporate Debt Securities	11,340	89	(45)	11,384
	$ 39,492	$ 114	$ (451)	$39,155
Held to Maturity				
Municipal Taxable Securities	$ 5,299	$ 319	$ —	$ 5,618
Municipal Securities	907	18	—	925
	$ 6,206	$ 337	$ —	$ 6,543
December 31, 2016				
Available for Sale				
Government Agency Securities	$ 5,453	$ —	$ (136)	$ 5,317
Mortgage-Backed Securities-Government Sponsored Agencies	23,913	38	(311)	23,640
Corporate Debt Securities	10,364	21	(65)	10,320
	$ 39,730	$ 59	$ (512)	$39,277
Held to Maturity				
Municipal Taxable Securities	$ 5,301	$ 328	$ —	$ 5,629
Municipal Securities	913	11	—	924
	$ 6,214	$ 339	$ —	$ 6,553

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 4 - INVESTMENT SECURITIES - Continued

One security with a fair value of $897,000 and $933,000 was pledged to secure a local agency deposit at March 31, 2017 and December 31, 2016, respectively.

The amortized cost and fair value of the investment securities portfolio at March 31, 2017 are shown by expected maturity below. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

(dollars in thousands)	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within One Year	$ —	$ —	$ 1,001	$1,008
Due From One through Five Years	26,838	26,678	1,957	2,086
Due from Five to Ten Years	12,654	12,477	3,248	3,449
	$ 39,492	$39,155	$ 6,206	$6,543

The following table summarizes securities with unrealized losses at March 31, 2017 and December 31, 2016, aggregated by major security type and length of time in a continuous unrealized loss position. There were no Held to Maturity Securities in a continuous unrealized loss position at March 31, 2017 and December 31, 2016:

(dollars in thousands)	Less than Twelve Months		Twelve Months or More		Total	
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
March 31, 2017						
Government Agency Securities	$ —	$ —	$ (122)	$ 5,203	$ (122)	$ 5,203
Mortgage-Backed Securities-Government Sponsored Agencies	(84)	2,361	(200)	16,737	(284)	19,098
Corporate Debt Securities	—	—	(45)	2,962	(45)	2,962
Total Available for Sale	$ (84)	$ 2,361	$ (367)	$ 24,902	$ (451)	$ 27,263
December 31, 2016						
Government Agency Securities	$ (136)	$ 5,317	$ —	$ —	$ (136)	$ 5,317
Mortgage-Backed Securities-Government Sponsored Agencies	(221)	16,231	(90)	2,504	(311)	18,735
Corporate Debt Securities	(65)	5,147	—	—	(65)	5,147
Total Available for Sale	$ (422)	$ 26,695	$ (90)	$ 2,504	$ (512)	$ 29,199

Unrealized losses have not been recognized into income because the issuer bonds are of high credit quality, management does not intend to sell, it is not more likely than not that management would be required to sell the securities prior to their anticipated recovery and the decline in fair value is largely due to changes in interest rates. The fair value is expected to recover as the bonds approach maturity.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a semi-annual basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 4 - INVESTMENT SECURITIES - Continued

condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings.

NOTE 5 - LOANS

The Company's loan portfolio consists primarily of loans to borrowers within Los Angeles and Orange County, California. Although the Company seeks to avoid concentrations of loans to a single industry or based upon a single class of collateral, real estate and real estate associated businesses are among the principal industries in the Company's market area and, as a result, the Company's loan and collateral portfolios are, to some degree, concentrated in those industries.

A summary of the changes in the allowance for loan losses for the three months ended March 31, 2017 and 2016 follows:

(dollars in thousands)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Beginning Balance	$ 14,162	$ 10,023
Additions to the Allowance Charged to Expense	—	998
Recoveries on Loans Charged-Off	24	—
	14,186	11,021
Less Loans Charged-Off	—	(223)
Ending Balance	$ 14,186	$ 10,798

Table of Contents

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 5 - LOANS - Continued

The following table presents the recorded investment in loans and impairment method at March 31, 2017, March 31, 2016 and December 31, 2016, and the activity in the allowance for loan losses for the three months ended March 31, 2017 and March 31, 2016 and for the year ended December 31, 2016, by portfolio segment:

(dollars in thousands) March 31, 2017	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 8,111	$ 6,051	$ 14,162
Provisions	(1,169)	1,169	—
Charge-offs	—	—	—
Recoveries	—	24	24
	$ 6,942	$ 7,244	$ 14,186
Reserves:			
Specific	$ —	$ 3,559	$ 3,559
General	6,942	3,685	10,627
Loans Acquired with Deteriorated Credit Quality	—	—	—
	$ 6,942	$ 7,244	$ 14,186
Loans Evaluated for Impairment:			
Individually	$ 2,550	$ 3,559	$ 6,109
Collectively	771,870	360,847	1,132,717
Loans Acquired with Deteriorated Credit Quality	737	—	737
	$775,157	$ 364,406	$1,139,563

March 31, 2016	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 5,788	$ 4,235	$ 10,023
Provisions	1,212	(214)	998
Charge-offs	—	(223)	(223)
Recoveries	—	—	—
	$ 7,000	$ 3,798	$ 10,798
Reserves:			
Specific	$ —	$ 337	$ 337
General	7,000	3,461	10,461
Loans Acquired with Deteriorated Credit Quality	—	—	—
	$ 7,000	$ 3,798	$ 10,798
Loans Evaluated for Impairment:			
Individually	$ 2,902	$ 4,403	$ 7,305
Collectively	830,552	327,122	1,157,674
Loans Acquired with Deteriorated Credit Quality	794		794
	$834,248	$ 331,525	$1,165,773

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 5 - LOANS - Continued

December 31, 2016			
Allowance for Loan Losses:			
Beginning of Year	$ 5,788	$ 4,235	$ 10,023
Provisions	2,323	2,651	4,974
Charge-offs	—	(835)	(835)
Recoveries	—	—	—
	$ 8,111	$ 6,051	$ 14,162
Reserves:			
Specific	$ —	$ 1,782	$ 1,782
General	8,111	4,269	12,380
Loans Acquired with Deteriorated Credit Quality	—	—	—
	$ 8,111	$ 6,051	$ 14,162
Loans Evaluated for Impairment:			
Individually	$ 2,556	$ 3,577	$ 6,133
Collectively	744,349	359,234	1,103,583
Loans Acquired with Deteriorated Credit Quality	730	—	730
	$747,635	$362,811	$1,110,446

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as commercial real estate and commercial and industrial loans. This analysis is performed on an ongoing basis as new information is obtained. The Company uses the following definitions for risk ratings:

Pass—Loans classified as pass include loans not meeting the risk ratings defined below.

Special Mention—Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard—Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Impaired—A loan is considered impaired, when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Additionally, all loans classified as troubled debt restructurings are considered impaired.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 5 - LOANS - Continued

The risk category of loans by class of loans was as follows at March 31, 2017 and December 31, 2016:

(dollars in thousands) March 31, 2017	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land Development	$ 87,495	$ —	$ 2,074	$ 211	$ 89,780
Residential Real Estate	291,253	13,970	6,466	—	311,689
Commercial Real Estate	347,617	4,567	19,621	2,339	374,144
Commercial:					
Other	209,640	—	4,384	—	214,024
SBA	142,084	1,898	2,385	3,559	149,926
	$1,078,089	$20,435	$ 34,930	$ 6,109	$1,139,563
December 31, 2016					
Real Estate:					
Construction and Land Development	$ 87,174	$ 1,932	$ —	$ 303	$ 89,409
Residential Real Estate	258,415	13,950	6,272	—	278,637
Commercial Real Estate	353,290	4,562	19,484	2,253	379,589
Commercial:					
Other	194,227	—	9,616	—	203,843
SBA	151,066	1,934	2,391	3,577	158,968
	$1,044,172	$22,378	$ 37,763	$ 6,133	$1,110,446

The following tables present the recorded investment in non-accrual and loans past due over 90 days still on accrual by class of loans at March 31, 2017 and December 31, 2016:

	Non-Accrual		Loans Past Due Over 90 Days Still Accruing	
(dollars in thousands)	2017	2016	2017	2016
Commercial:				
SBA	$3,559	$3,577	$—	$—

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 5 - LOANS - Continued

The following table presents the aging of the recorded investment in past-due loans at March 31, 2017 and December 31, 2016 by class of loans:

(dollars in thousands) March 31, 2017	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Real Estate:						
Construction and Land Development	$ —	$ —	$ —	$ —	$ 89,869	$ 89,869
Residential Real Estate	780	—	—	780	310,909	311,689
Commercial Real Estate	—	—	—	—	374,056	374,056
Commercial:						
Other	299	—	—	299	213,724	214,023
SBA	1,446	—	3,559	5,005	144,921	149,926
	$ 2,525	$ —	$ 3,559	$ 6,084	$ 1,133,479	$ 1,139,563
December 31, 2016						
Real Estate:						
Construction and Land Development	$ —	$ —	$ —	$ —	$ 89,409	$ 89,409
Residential Real Estate	—	—	—	—	278,637	278,637
Commercial Real Estate	—	—	—	—	379,589	379,589
Commercial:						
Other	343	—	—	343	203,500	203,843
SBA	—	—	3,577	3,577	155,391	158,968
	$ 343	$ —	$ 3,577	$ 3,920	$ 1,106,526	$ 1,110,446

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 5 - LOANS - Continued

Information relating to individually impaired loans presented by class of loans was as follows at March 31, 2017 and December 31, 2016:

(dollars in thousands) March 31, 2017	Unpaid Principal Balance	Recorded Investment	Average Balance	Interest Income	Related Allowance
With no Related Allowance Recorded					
Construction and Land Development	$ 300	$ 300	$ 301	$ 5	$ —
Commercial Real Estate	2,250	2,250	2,252	65	—
Commercial—SBA	—	—	—	—	—
Subtotal	2,550	2,550	2,553	70	—
With an Allowance Recorded					
Commercial—SBA	3,559	3,559	3,568	—	3,559
Total	$ 6,109	$ 6,109	$6,121	$ 70	$ 3,559
December 31, 2016					
With no Related Allowance Recorded					
Construction and Land Development	$ 303	$ 303	$ 309	$ 21	$ —
Commercial Real Estate	2,253	2,253	1,710	280	—
Commercial—SBA	18	18	93	—	—
Subtotal	2,574	2,574	2,112	301	—
With an Allowance Recorded					
Commercial—SBA	3,559	3,559	3,559	—	1,782
Total	$ 6,133	$ 6,133	$5,671	$ 301	$ 1,782

No interest income was recognized on a cash basis for the three months ended March 31, 2017 and 2016 and for the year ended December 31, 2016.

The Company had six loans identified as troubled debt restructurings ("TDR's") at March 31, 2017 and December 31, 2016. A specific reserve for $3,559,000 and $1,782,000 has been allocated for one loan at March 31, 2017 and December 31, 2016, respectively. There are no commitments to lend additional amounts at March 31, 2017 and December 31, 2016 to customers with outstanding loans that are classified as TDR's.

During the year ended December 31, 2016, the terms of certain loans were modified as TDR's. The modification of the terms generally included loans where a moratorium on loan payments was granted. Such moratoriums ranged from three months to six months on the loans restructured in 2016.

The following table presents loans by class modified as TDR's that occurred during the year ended December 31, 2016. There were no new TDRs for 2017 as of March 31, 2017:

(dollars in thousands) December 31, 2016	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Commercial Real Estate	1	$ 1,047	$ 1,047

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 5 - LOANS - Continued

The Company has purchased loans as part of its whole bank acquisitions, for which there was at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected.

The outstanding balance and carrying amount of purchased credit-impaired loans at March 31, 2017 and December 31, 2016 were as follows:

(dollars in thousands)	March 31, 2017	December 31, 2016
Outstanding Balance	$ 859	$ 878
Carrying Amount	$ 737	$ 730

For these purchased credit-impaired loans, the Company did not increase the allowance for loan losses during the three months ended March 31, 2017 or for the year ended December 31, 2016 as there were no significant reductions in the expected cash flows.

Below is a summary of activity in the accretable yield on purchased credit-impaired loans for the three months ended March 31, 2017 and for the year ended December 31, 2016:

(dollars in thousands)	March 31, 2017	December 31, 2016
Beginning Balance	$ 142	$ 349
Restructuring as TDR	—	(22)
Accretion of Income	(20)	(185)
Ending Balance	$ 122	$ 142

NOTE 6 - LOAN SERVICING

Mortgage and SBA loans serviced for others are not reported as assets. The principal balances at March 31, 2017 and December 31, 2016 are as follows:

(dollars in thousands)	March 31, 2017	December 31, 2016
Loans Serviced for Others:		
Mortgage Loans	$249,554	$ 259,207
SBA Loans	$131,934	$ 110,263

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 6 - LOAN SERVICING - Continued

Activity for servicing assets follows:

	Three Months Ended March 31, 2017		Three Months Ended March 31, 2016	
(dollars in thousands)	Mortgage Loans	SBA Loans	Mortgage Loans	SBA Loans
Servicing Assets:				
Beginning of year	$ 1,002	$2,702	$ 298	$1,807
Additions	—	724	88	338
Disposals	—	—		
Amortized to expense	(86)	(119)	(25)	(72)
End of year	$ 916	$3,307	$ 361	$2,073

The fair value of servicing assets for mortgage loans was $1,006,000 and $1,184,000 at March 31, 2017 and December 31, 2016, respectively. The fair value of servicing assets for SBA loans was $3,566,000 and $3,142,000 at March 31, 2017 and December 31, 2016, respectively.

Servicing fees net of servicing asset amortization totaled $262,000 and $122,000 for the three months ended March 31, 2017 and 2016, respectively.

When mortgage and Small Business Administration (“SBA”) loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal. The amortization of mortgage servicing rights is netted against loan servicing fee income.

NOTE 7 - GOODWILL AND INTANGIBLES

Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill resulting from whole bank acquisitions is not amortized, but tested for impairment at least annually. The Company has selected December 31 as the date to perform the annual impairment test. Goodwill amounted to $29.9 million at March 31, 2017 and December 31, 2016, and is the only intangible asset with an indefinite life on the balance sheet. There were no impairment losses recognized on goodwill during the three months ended March 31, 2017 and 2016.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 7 - GOODWILL AND INTANGIBLES - Continued

Other intangible assets consist of core deposit intangible (“CDI”) assets arising from whole bank acquisitions. CDI assets are amortized on an accelerated method over their estimated useful life of 8 to 10 years. CDI was recognized in the 2013 acquisition of Los Angeles National Bank and in the 2016 acquisition of TFC Holding Company. The unamortized balance at March 31, 2017 and December 31, 2016 was $1,699,000 and $1,793,000, respectively. CDI amortization expense was $94,000 and $61,000 for the three months ended March 31, 2017 and March 31, 2016, respectively.

Estimated CDI amortization expense for future years is as follows (dollars in thousands)

Year ending December 31:	
2017 remaining	$ 261
2018	311
2019	274
2020	244
2021	172
Thereafter	437
Total	$1,699

NOTE 8 - DEPOSITS

At March 31, 2017 the scheduled maturities of time deposits are as follows:

(dollars in thousands)	
One year	$ 693,890
Two to three years	13,126
	$ 707,016

NOTE 9 - LONG-TERM DEBT

At March 31, 2017 and December 31, 2016 long-term debt was as follows:

(dollars in thousands)		
6.5% fixed to floating rate subordinated debentures, due March 31, 2026		
	March 31, 2017	December 31, 2016
Principal	$ 50,000	$ 50,000
Unamortized Debt Issuance Costs	$ 581	$ 617

In March 2016, the Company issued $50 million of 6.5% fixed to floating rate subordinated debentures, due March 31, 2026. The interest rate is fixed through March 31, 2021 and floats at 3 month LIBOR plus 516 basis points thereafter. The sub-debt is considered Tier-two capital at the Company. The Company allocated $35 million to the Bank as Tier-one capital.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 10 - SUBORDINATED DEBENTURES

The Company, through the acquisition of TFC Bancorp, acquired TFC Statutory Trust. The Trust contained a pooled private offering of 5,000 trust preferred securities with a liquidation amount of $1,000 per security. TFC Bancorp issued $5,000,000 of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust. The Company is not considered the primary beneficiary of this trust (variable interest entity), therefore the trust is not consolidated in the Company's financial statements, but rather the subordinated debentures are shown as a liability at market value as of the close of the acquisition which was $3,255,000. There was a $1,900,000 valuation reserve recorded to arrive at market value which is treated as a yield adjustment and is amortized over the life of the security. The amount of amortization expense recognized for the three months ended March 31, 2017 and 2016 was $23,000 and $8,000, respectively. The Company also purchased an investment in the common stock of the trust for $155,000 which is included in other assets. The Company may redeem the subordinated debentures, subject to prior approval by the Federal Reserve Bank on or after March 15, 2012, at 100% of the principal amount, plus accrued and unpaid interest. The subordinated debentures mature on March 15, 2037. The Company has the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years. The Company has been paying interest on a quarterly basis. The subordinated debentures may be included in Tier I capital (with certain limitations applicable) under current regulatory guidelines and interpretations. The subordinated debentures have a variable rate of interest equal to the three month London Interbank Offered Rate (LIBOR) plus 1.65%, which was 2.78% and 2.61% at March 31, 2017 and December 31, 2016, respectively.

NOTE 11 - BORROWING ARRANGEMENTS

The Company has established secured and unsecured lines of credit. The Company may borrow funds from time to time on a term or overnight basis from the Federal Home Loan Bank of San Francisco ("FHLB"), the Federal Reserve Bank of San Francisco ("FRB") and other financial institutions as indicated below.

*Federal Funds Arrangements with Commercial Bank*s. At March 31, 2017 the Company may borrow on an unsecured basis, up to $20.0 million, $10.0 million, $12.0 million and $5.0 million overnight from Zions Bank, Wells Fargo Bank, First Tennessee National Bank, and Pacific Coast Bankers' Bank, respectively.

Letter of Credit Arrangements. At March 31, 2017 the Company had an unsecured commercial letter of credit line with Wells Fargo Bank for $2.0 million.

FRB Secured Line of Credit. The secured borrowing capacity of $15.3 million at March 31, 2017 is collateralized by loans pledged with a carrying value of $25.2 million.

FHLB Secured Line of Credit. The secured borrowing capacity of $356.0 million at March 31, 2017 is collateralized by loans pledged with a carrying value of $398.0 million.

There was $10.0 million outstanding with the FHLB at March 31, 2017, which matures on April 25, 2017 and carries an interest rate of 0.69%. There were no amounts outstanding under any of the arrangements above at December 31, 2016.

NOTE 12 - INCOME TAXES

The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 12 - INCOME TAXES - Continued

During the three months ended March 31, 2017 and 2016, the Company recorded an income tax provision of $3.9 million and $1.9 million, respectively, reflecting an effective tax rate of 41.4% and 39.7% for the three months ended March 31, 2017 and 2016, respectively.

NOTE 13 - COMMITMENTS

The Company leases several of its operating facilities under various noncancellable operating leases expiring at various dates through 2022. The Company is also responsible for common area maintenance, taxes and insurance at the various branch locations.

Future minimum rent payments on the Company's leases were as follows at March 31, 2017:

(dollars in thousands)	
Year ending December 31:	
2017 remaining	$1,134
2018	1,314
2019	754
2020	496
2021	382
Thereafter	130
	$4,210

The minimum rent payments shown above are given for the existing lease obligation and are not a forecast of future rental expense. Total rental expense, recognized on a straight-line basis, was $381,000 and $358,000 for the three month ended March 31, 2017 and 2016, respectively.

In the ordinary course of business, the Company enters into financial commitments to meet the financing needs of its customers. These financial commitments include commitments to extend credit, unused lines of credit, commercial and similar letters of credit and standby letters of credit. Those instruments involve to varying degrees, elements of credit and interest rate risk not recognized in the Company's financial statements.

The Company's exposure to loan loss in the event of nonperformance on these financial commitments is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for loans reflected in the financial statements.

At March 31, 2017 and December 31, 2016, the Company had the following financial commitments whose contractual amount represents credit risk:

(dollars in thousands)	March 31, 2017	December 31, 2016
Commitments to Make Loans	$ 98,615	$ 68,003
Unused Lines of Credit	95,856	92,378
Commercial and Similar Letters of Credit	8,294	8,966
Standby Letters of Credit	1,345	1,250
	$204,110	$ 170,597

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 13 - COMMITMENTS - Continued

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. The Company evaluates each client's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company is based on management's credit evaluation of the customer.

The Company is involved in various matters of litigation which have arisen in the ordinary course of business and accruals for estimates of potential losses have been provided when necessary and appropriate under generally accepted accounting principles. In the opinion of management, the disposition of such pending litigation will not have a material effect on the Company's financial statements.

NOTE 14 - RELATED PARTY TRANSACTIONS

Loans to principal officers, directors, and their affiliates were as follows:

(dollars in thousands)	March 31, 2017	December 31, 2016
Beginning Balance	$ 3,445	$ 3,971
New Loans and Advances	400	1,274
Repayments	(2,545)	(1,800)
Ending Balance	$ 1,300	$ 3,445

Loan commitments outstanding to executive officers, directors and their related interests with whom they are associated totaled approximately $3.1 million and $2.3 million at March 31, 2017 and December 31, 2016, respectively.

Deposits from principal officers, directors, and their affiliates at March 31, 2017 and December 31, 2016 were $36.9 million and $37.2 million, respectively.

NOTE 15 - STOCK OPTION PLAN

Under the terms of the Company's 2010 Stock Option Plan, officers and key employees may be granted both nonqualified and incentive stock options and directors and organizers, who are not also an officer or employee, may only be granted nonqualified stock options. The Plan provides for options to purchase up to 30 percent of the outstanding common stock at a price not less than 100 percent of the fair market value of the stock on the date of the grant. Stock options expire no later than ten years from the date of the grant and generally vest over three years. The Company recognized stock-based compensation expense of $198,000 and $215,000 and recognized income tax benefits on that expense of $61,000 and $56,000 for the three months ended March 31, 2017 and 2016, respectively.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model.

Since the Company has a limited amount of historical stock activity the expected volatility is based on the historical volatility of similar banks that have a longer trading history. The expected term represents the

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 15 - STOCK OPTION PLAN - Continued

estimated average period of time that the options remain outstanding. Since the Company does not have sufficient historical data on the exercise of stock options, the expected term is based on the "simplified" method that measures the expected term as the average of the vesting period and the contractual term. The risk free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

At March 31, 2017, the 2010 Plan authorized grants of stock-based compensation instruments to purchase or issue up to 3.8 million shares of Company common stock. At March 31, 2017, there were 1.4 million shares available for grant under the 2010 Plan.

NOTE 16 - REGULATORY MATTERS

Holding companies (with assets over $1 billion at the beginning of the year) and banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory—and possibly additional discretionary—actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements.

In July, 2013, the federal bank regulatory agencies approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. The new rules became effective on January 1, 2015, with certain of the requirements phased-in over a multi-year schedule. Under the rules, minimum requirements increased for both the quantity and quality of capital held by the Bank. The rules include a new common equity Tier 1 ("CET1") capital to risk-weighted assets ratio with minimums for capital adequacy and prompt corrective action purposes of 4.5% and 6.5%, respectively. The minimum Tier 1 capital to risk-weighted assets ratio was raised from 4.0% to 6.0% under the capital adequacy framework and from 6.0% to 8.0% to be well-capitalized under the prompt corrective action framework. In addition, the rules introduced the concept of a "conservation buffer" of 2.5% applicable to the three capital adequacy risk-weighted asset ratios (CET1, Tier 1, and Total). The conservation buffer will be phased-in on a pro rata basis over a four year period beginning in 2016. If the capital adequacy minimum ratios plus the phased-in conservation buffer amount exceed actual risk-weighted capital ratios, then dividends, share buybacks, and discretionary bonuses to executives could be limited in amount.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and CET1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). The capital conservation buffer for March 31, 2017 is 8.94% and 7.15% for the Bank and Bancorp, respectively. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes, at March 31, 2017 and December 31, 2016, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2016, the most recent notification from the FDIC categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification that management believes have changed the Bank's category). To be categorized as well-capitalized, the Bank must maintain minimum ratios as set forth in the table below.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 16 - REGULATORY MATTERS - Continued

The following table sets forth RBB Bancorp's consolidated and the Bank's actual capital amounts and ratios and related regulatory requirements for the Bank at March 31, 2017:

	Actual		Amount of Capital Required: For Capital Adequacy Purposes		Amount of Capital Required: To Be Well-Capitalized Under Prompt Corrective Provisions	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2017:						
Total Capital (to Risk-Weighted Assets)						
Consolidated	$ 219,873	18.6%	NA	NA	NA	NA
Bank	$ 200,127	16.9%	$ 94,735	8.0%	$ 118,418	10.0%
Tier 1 Capital (to Risk-Weighted Assets)						
Consolidated	$ 155,653	13.2%	NA	NA	NA	NA
Bank	$ 185,359	15.7%	$ 70,838	6.0%	$ 94,450	8.0%
CET1 Capital (to Risk-Weighted Assets)						
Consolidated	$ 152,414	12.9%	NA	NA	NA	NA
Bank	$ 185,359	15.7%	$ 53,128	4.5%	$ 76,741	6.5%
Tier 1 Capital (to Average Assets)						
Consolidated	$ 155,653	11.1%	NA	NA	NA	NA
Bank	$ 185,359	13.2%	$ 56,169	4.0%	$ 70,212	5.0%

The following table sets forth RBB Bancorp's consolidated and the Bank's actual capital amounts and ratios and related regulatory requirements for the Bank at December 31, 2016:

	Actual		Amount of Capital Required: For Capital Adequacy Purposes		Amount of Capital Required: To Be Well-Capitalized Under Prompt Corrective Provisions	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2016:						
Total Capital (to Risk-Weighted Assets)						
Consolidated	$217,244	19.2%	NA	NA	NA	NA
Bank	$192,784	17.1%	$90,417	8.0%	$113,021	10.0%
Tier 1 Capital (to Risk-Weighted Assets)						
Consolidated	$153,682	13.6%	NA	NA	NA	NA
Bank	$178,645	15.8%	$67,813	6.0%	$ 90,417	8.0%
CET1 Capital (to Risk-Weighted Assets)						
Consolidated	$150,786	13.3%	NA	NA	NA	NA
Bank	$178,645	15.8%	$50,860	4.5%	$ 73,464	6.5%
Tier 1 Capital (to Average Assets)						
Consolidated	$153,682	11.0%	NA	NA	NA	NA
Bank	$178,645	12.8%	$55,777	4.0%	$ 69,722	5.0%

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 16 - REGULATORY MATTERS - Continued

The California Financial Code generally acts to prohibit banks from making a cash distribution to its shareholders in excess of the lesser of the bank's undivided profits or the bank's net income for its last three fiscal years less the amount of any distribution made by the bank's shareholders during the same period.

The California general corporation law generally acts to prohibit companies from paying dividends on common stock unless its retained earnings, immediately prior to the dividend payment, equals or exceeds the amount of the dividend. If a company fails this test, then it may still pay dividends if after giving effect to the dividend the company's assets are at least 125% of its liabilities.

Additionally, the Federal Reserve Bank has issued guidance which requires that they be consulted before payment of a dividend if a bank holding company does not have earnings over the prior four quarters of at least equal to the dividend to be paid, plus other holding company obligations.

NOTE 17 - FAIR VALUE MEASUREMENTS

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Securities: The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1) or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

Other Real Estate Owned: Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned are measured at the lower of carrying amount or fair value, less costs to sell. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. Fair values are generally based on third party appraisals of the property which are commonly adjusted by management to reflect an expectation of the amount to be ultimately collected and selling costs (Level 3).

Appraisals for other real estate owned are performed by state licensed appraisers (for commercial properties) or state certified appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. When a Notice of Default is recorded, an appraisal report is ordered. Once received, a member of the credit administration department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison to independent data sources such as recent market data or industry wide-statistics for residential appraisals. Commercial appraisals are sent to an independent third party to review. The Company also compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustments, if any, should be made to the appraisal values on any remaining other real estate owned to arrive at fair value. If the existing appraisal is older than twelve months a new appraisal report is ordered. No significant adjustments to appraised values have been made as a result of this comparison process as of March 31, 2017.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 17 - FAIR VALUE MEASUREMENTS - Continued

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at March 31, 2017 and December 31, 2016:

(dollars in thousands)	Fair Value Measurements Using:			
March 31, 2016	Level 1	Level 2	Level 3	Total
Assets Measured at Fair Value:				
On a Recurring Basis:				
Securities Available for Sale	$ —	$39,155	$ —	$39,155
On a Non-Recurring Basis:				
Other Real Estate Owned	$ —	$ —	$ 833	$ 833
December 31, 2016				
Assets Measured at Fair Value:				
On a Recurring Basis:				
Securities Available for Sale	$ —	$39,277	$ —	$39,277
On a Non-Recurring Basis:				
Other Real Estate Owned	$ —	$ —	$ 833	$ 833

No write-downs to OREO were recorded in for the three months ended March 31, 2017 or for the year ended December 31, 2016.

Quantitative information about the Company's non-recurring Level 3 fair value measurements at March 31, 2017 and December 31, 2016 is as follows:

(dollars in thousands) March 31, 2017	Fair Value Amount	Valuation Technique	Unobservable Input	Adjustment Range	Weighted-Average Adjustment
Other Real Estate Owned	$ 833	Third Party Appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	10% - 15%	12%
December 31, 2016					
Other Real Estate Owned	$ 833	Third Party Appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	10% - 15%	12%

NOTE 18 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Because no market value exists for a significant portion of the financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 18 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

These estimates are subjective in nature, involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on financial instruments both on and off the balance sheet without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Additionally, tax consequences related to the realization of the unrealized gains and losses can have a potential effect on fair value estimates and have not been considered in many of the estimates.

The following methods and assumptions were used to estimate the fair value of significant financial instruments not previously presented:

Cash and Cash Equivalents

The carrying amounts of cash and short-term instruments approximate fair values.

Time Deposits in Other Banks

Fair values for time deposits with other banks are estimated using discounted cash flow analyses, using interest rates currently being offered with similar terms.

Loans

For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for all other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

Deposits

The fair values disclosed for demand deposits, including interest and non-interest demand accounts, savings, and certain types of money market accounts are, by definition based on carrying value. Fair value for fixed-rate certificates of deposit is estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits. Early withdrawal of fixed-rate certificates of deposit is not expected to be significant

Long-Term Debt

The fair values of the Company’s long-term borrowings are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 2 classification.

Subordinated Debentures

The fair values of the Company’s Subordinated Debentures are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 18 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Off-Balance Sheet Financial Instruments

The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements. The fair value of these financial instruments is not material.

The fair value hierarchy level and estimated fair value of significant financial instruments at March 31, 2017 and December 31, 2016 are summarized as follows:

(dollars in thousands)	Fair Value Hierarchy	March 31, 2017 Carrying Value	March 31, 2017 Fair Value	December 31, 2016 Carrying Value	December 31, 2016 Fair Value
Financial Assets:					
Cash and Due From Banks	Level 1	$ 147,547	$ 147,547	$ 74,213	$ 74,213
Federal Funds Sold and Other Cash Equivalents	Level 1	20,000	20,000	44,500	44,500
Interest-Bearing Deposits in Other Financial Institutions	Level 1	—	—	345	345
Investment Securities—AFS	Level 2	39,155	39,155	39,277	39,277
Investment Securities—HTM	Level 2	6,206	6,543	6,214	6,553
Mortgage Loans Held for Sale	Level 1	66,555	68,188	44,345	45,433
Loans, Net	Level 3	1,125,377	1,121,887	1,096,284	1,095,944
Financial Liabilities:					
Deposits	Level 2	1,248,257	1,247,418	$ 1,152,763	$ 1,140,707
FHLB Advances	Level 2	10,000	10,000	—	—
Long-Term Debt	Level 2	49,419	47,843	49,383	48,447
Subordinated Debentures	Level 3	3,357	3,148	3,334	3,334

NOTE 19 - EARNINGS PER SHARE (“EPS”)

The following is a reconciliation of net income and shares outstanding to the income and number of shares used to compute EPS:

(dollars in thousands)	2017 Income	2017 Shares	2016 Income	2016 Shares
Net Income as Reported	$ 5,493		$ 2,840	
Shares Outstanding		12,827,803		12,770,571
Impact of Weighting Shares				
Used in Basic EPS	5,493	12,827,803	2,840	12,770,571
Dilutive Effect of Outstanding Stock Options		897,918		899,286
Used in Dilutive EPS	$ 5,493	13,725,721	$ 2,840	13,669,857
Basic Earning Per Common Share	$ 0.43		$ 0.22	
Diluted Earnings Per Common Share	$ 0.40		$ 0.21	

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

NOTE 20 - QUALIFIED AFFORDABLE HOUSING PROJECT INVESTMENTS

The Company began investing in qualified housing projects in 2016. At March 31, 2017 and December 31, 2016 the balance of the investment for qualified affordable housing projects was $964,000 and $986,000, respectively. This balance is reflected in the accrued interest and other assets line on the consolidated balance sheets. Total unfunded commitments related to the investments in qualified housing projects totaled $840,000 at March 31, 2017 and December 31, 2016. The Company expects to fulfill these commitments during the year ending 2027.

For the three months ended March 31, 2017 and 2016, the Company recognized amortization expense of $22,000 and $2,000, respectively, which was included within income tax expense on the consolidated statements of income.

NOTE 21 - SUBSEQUENT EVENTS

We have evaluated events that have occurred subsequent to May 3, 2017, and have concluded there are no subsequent events that would require recognition in the accompanying consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2016, 2015 AND 2014

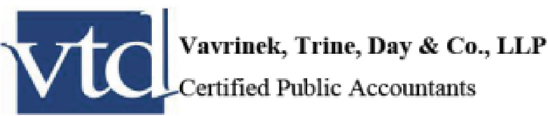
CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM F-36

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Balance Sheets F-37
- Consolidated Statements of Income F-39
- Consolidated Statements of Comprehensive Income F-40
- Consolidated Statements of Changes in Shareholders’ Equity F-41
- Consolidated Statements of Cash Flows F-42
- Notes to Consolidated Financial Statements F-43 through F-78

Table of Contents



VALUE THE DIFFERENCE

REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

Board of Directors and Shareholders of

RBB Bancorp and Subsidiaries

Los Angeles, California

We have audited the accompanying consolidated financial statements of RBB Bancorp and Subsidiaries, which are comprised of the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2016, and the related notes to the consolidated financial statements. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of RBB Bancorp and Subsidiaries as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), RBB Bancorp's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 22, 2017, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
March 22, 2017

25231 Paseo De Alicia, Suite 100 Laguna Hills, CA 92653 Tel: 949.768.0833 www.vtdcpa.com Fax: 949.768.8408

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In thousands, except for share amounts)

	2016	2015
ASSETS		
Cash and Due from Banks	$ 74,213	$ 80,391
Federal Funds Sold and Other Cash Equivalents	44,500	33,500
TOTAL CASH AND CASH EQUIVALENTS	118,713	113,891
Interest-Bearing Deposits in Other Financial Institutions	345	7,462
Securities:		
Available for Sale	39,277	20,416
Held to Maturity (Fair Value 2016 - $6,553; 2015 - $7,144)	6,214	6,678
Mortgage Loans Held for Sale	44,345	41,496
Loans Held for Investment:		
Real Estate	755,301	525,433
Commercial	361,227	267,266
TOTAL LOANS	1,116,528	792,699
Unaccreted Discount on Acquired Loans	(8,085)	(1,712)
Deferred Loan Costs (Fees), Net	2,003	1,375
	1,110,446	792,362
Allowance for Loan Losses	(14,162)	(10,023)
NET LOANS	1,096,284	782,339
Premises and Equipment	6,585	6,860
Federal Home Loan Bank (“FHLB”) Stock	6,770	4,149
Net Deferred Tax Assets	11,097	7,449
Other Real Estate Owned (“OREO”)	833	293
Cash Surrender Value of Life Insurance	21,958	21,398
Goodwill	29,940	4,001
Servicing Assets	3,704	2,105
Core Deposit Intangibles	1,793	466
Accrued Interest and Other Assets	7,693	4,081
	$1,395,551	$1,023,084

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In thousands, except for share amounts)

The accompanying notes are an integral part of these consolidated financial statements.

	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-Bearing Demand	$ 174,272	$ 114,647
Savings, NOW and Money Market Accounts	296,699	243,585
Time Deposits Under $250,000	310,969	209,748
Time Deposits $250,000 and Over	370,823	285,437
TOTAL DEPOSITS	1,152,763	853,417
Reserve for Unfunded Commitments	604	320
Income Tax Payable	793	1,174
Long-Term Debt	49,383	—
Subordinated Debentures	3,334	—
Accrued Interest and Other Liabilities	7,089	4,528
TOTAL LIABILITIES	1,213,966	859,439
Commitments and Contingencies - Notes 6 and 12	—	—
Shareholders' Equity:		
Preferred Stock - 100,000,000 Shares Authorized, No Par Value; None Outstanding	—	—
Common Stock - 100,000,000 Shares Authorized, No Par Value; 12,827,803 and 12,770,571 Shares Issued and Outstanding for 2016 and 2015 Respectively	142,651	141,873
Additional Paid-in Capital	8,417	7,706
Retained Earnings	30,784	14,259
Accumulated Other Comprehensive Income (Loss) - Net Unrealized Loss on Securities Available for Sale, Net of Tax of $186 in 2016 and $134 in 2015	(267)	(193)
TOTAL SHAREHOLDERS' EQUITY	181,585	163,645
	$1,395,551	$1,023,084

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands, except per share amounts)

	2016	2015	2014
INTEREST AND DIVIDEND INCOME			
Interest and Fees on Loans	$65,888	$41,026	$36,614
Interest on Interest-Bearing Deposits	334	246	62
Interest on Investment Securities	872	553	969
Dividend Income on FHLB Stock	800	474	287
Interest on Federal Funds Sold and Other	295	214	217
TOTAL INTEREST INCOME	68,189	42,513	38,149
INTEREST EXPENSE			
Interest on Savings Deposits, NOW and Money Market Accounts	1,975	1,343	1,104
Interest on Time Deposits	6,968	5,592	3,412
Interest on Subordinated Debentures and other	2,547	—	—
Interest on Other Borrowed Funds	217	1	6
TOTAL INTEREST EXPENSE	11,707	6,936	4,522
NET INTEREST INCOME	56,482	35,577	33,627
Provision for Loan Losses	4,974	1,386	1,446
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	51,508	34,191	32,181
NONINTEREST INCOME			
Service Charges, Fees and Other	2,373	1,568	1,415
Gain on Sale of Loans	5,847	4,316	2,496
Recoveries on Loans Acquired in Business Combinations	170	103	204
Increase in Cash Surrender of Life Insurance	560	579	608
Gain on Sale of Securities	19	78	268
Gain on Sale of OREO	—	1,218	493
(Loss) Gain on Sale of Fixed Assets	(3)	—	12
	8,966	7,862	5,496
NONINTEREST EXPENSE			
Salaries and Employee Benefits	13,784	11,122	10,426
Occupancy and Equipment Expenses	3,098	2,359	2,356
Data Processing	2,018	1,532	1,446
Legal and Professional	1,565	954	2,417
Office Expenses	598	353	312
Marketing and Business Promotion	542	475	317
Insurance and Regulatory Assessments	883	761	591
Amortization of Intangibles	372	117	131
OREO Expenses (Income), net	28	(18)	112
Other Expenses	5,018	2,429	2,004
	27,906	20,084	20,112
INCOME BEFORE INCOME TAXES	32,568	21,969	17,565
Income Tax Expense	13,489	8,996	7,137
NET INCOME	$19,079	$12,973	$10,428
NET INCOME PER SHARE - BASIC	$ 1.49	$ 1.02	$ 0.82
NET INCOME PER SHARE - DILUTED	$ 1.39	$ 0.96	$ 0.79

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands)

	2016	2015	2014
Net Income	$19,079	$12,973	$10,428
OTHER COMPREHENSIVE INCOME (LOSS):			
Unrealized Gains (Losses) on Securities Available for Sale:			
Change in Unrealized Gains (Losses)	(107)	(161)	672
Reclassification of Gains Recognized in Net Income	(19)	(78)	(268)
	(126)	(239)	404
Related Income Tax Effect:			
Change in Unrealized Gains (Losses)	44	66	(276)
Reclassification of Gains Recognized in Net Income	8	32	110
	52	98	(166)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(74)	(141)	238
TOTAL COMPREHENSIVE INCOME	$19,005	$12,832	$10,666

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance at December 31, 2013	11,658,259	$ 125,707	$ 5,201	$ 7,375	$ (290)	$ 137,993
Net Income				10,428		10,428
Exercise of Stock Options, Including Tax Benefits of $67	164,600	2,150	(438)			1,712
Stock-Based Compensation			1,610			1,610
5% Stock Dividend	587,540	8,355		(8,355)		—
Other Comprehensive Income, Net of Taxes					238	238
Balance at December 31, 2014	12,410,399	$ 136,212	$ 6,373	$ 9,448	$ (52)	$ 151,981
Net Income				12,973		12,973
Exercise of Stock Options, Including Tax Benefits of $21	48,729	613	(122)			491
Stock-Based Compensation			1,455			1,455
2.5% Stock Dividend	311,443	5,048		(5,048)		—
Cash Dividend				(3,114)		(3,114)
Other Comprehensive Loss, Net of Taxes					(141)	(141)
Balance at December 31, 2015	12,770,571	$ 141,873	$ 7,706	$ 14,259	$ (193)	$ 163,645
Net Income				19,079		19,079
Exercise of Stock Options, Including Tax Benefits of $10	57,232	778	(183)			595
Stock-Based Compensation			894			894
Cash Dividend				(2,554)		(2,554)
Other Comprehensive Loss, Net of Taxes					(74)	(74)
Balance at December 31, 2016	12,827,803	$ 142,651	$ 8,417	$ 30,784	$ (267)	$ 181,585

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands)

	2016	2015	2014
OPERATING ACTIVITIES			
Net Income	$ 19,079	$ 12,973	$ 10,428
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:			
Depreciation and Amortization of Premises, Equipment and Intangibles	1,360	1,020	919
Net Amortization (Accretion) of Securities, Loans, Deposits, and Other	(7,199)	(1,012)	(2,204)
Provision for Loan Losses	4,974	1,386	1,446
Stock-Based Compensation	894	1,455	1,610
Deferred Tax Expense (Benefit)	1,289	1,361	(218)
Gain on Sale of Securities	(19)	(78)	(268)
Gain on Sale of Loans	(5,847)	(4,316)	(2,496)
Gain on Sale of Other Real Estate Owned	—	(1,218)	(493)
Increase in Cash Surrender Value of Life Insurance	(560)	(579)	(608)
Loans Originated and Purchased for Sale	(184,030)	(157,409)	(95,143)
Proceeds from Loans Sold	221,328	176,744	52,442
Other Items	3,950	(1,232)	2,533
NET CASH FROM OPERATING ACTIVITIES	55,219	29,095	(32,052)
INVESTING ACTIVITIES			
Decrease (Increase) in Interest-Bearing Deposits	9,437	(7,262)	(100)
Securities Available for Sale:			
Purchases	(12,485)	(5,471)	—
Maturities, Prepayments and Calls	4,403	4,115	11,272
Sales	5,083	5,514	25,606
(Purchase) Redemption of FHLB Stock and Other Equity Securities, net	(3,265)	(766)	164
Net Decrease (Increase) in Loans	40,290	(103,128)	(122,445)
Proceeds from Sales of Other Real Estate Owned	—	2,086	843
Net Cash Paid in Connection with Acquisition	(35,051)	—	—
Purchases of Premises and Equipment	(210)	(468)	(417)
NET CASH FROM INVESTING ACTIVITIES	8,202	(105,380)	(85,077)
FINANCING ACTIVITIES			
Net (Decrease) Increase in Demand Deposits and Savings Accounts	(47,679)	65,761	12,724
Net (Decrease) Increase in Time Deposits	(58,235)	20,343	180,614
Net Change in FHLB Advances	—	—	(7,000)
Cash Dividends Paid	(2,554)	(3,114)	—
Issuance of Subordinated Debentures, net of issuance costs	49,274	—	—
Issuance of Common Stock	595	491	1,712
NET CASH FROM FINANCING ACTIVITIES	(58,599)	83,481	188,050
INCREASE IN CASH AND CASH EQUIVALENTS	4,822	7,196	70,921
Cash and Cash Equivalents at Beginning of Period	113,891	106,695	35,774
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 118,713	$ 113,891	$ 106,695
Supplemental Disclosures of Cash Flow Information:			
Interest Paid	$ 12,342	$ 6,872	$ 4,487
Taxes Paid	$ 12,515	$ 7,120	$ 5,810
Transfer from Loans to Other Real Estate Owned	$ 540	$ —	$ —
Transfer of Loans to Held for Sale	$ 71,626	$ 53,127	$ 89,359
Securities Held to Maturity Transferred to Available for Sale	$ 433	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Nature of Operations

The accompanying consolidated financial statements include the accounts of RBB Bancorp and its wholly-owned subsidiaries Royal Business Bank ("Bank") and RBB Asset Management Company ("RAM"), collectively referred to herein as "the Company". All significant intercompany transactions have been eliminated.

RBB Bancorp was formed in January 2011 as a bank holding company. RAM was formed in 2012 to hold and manage problem assets acquired in business combinations.

RBB Bancorp has no significant business activity other than its investments in Royal Business Bank and RAM. Parent only condensed financial information on RBB Bancorp is provided in Note 21.

The Company operates full-service banking offices in Los Angeles, San Gabriel, Torrance, Rowland Heights, Westlake Village, Oxnard, Monterey Park, Diamond Bar, Cerritos, West LA, Arcadia, and Silverlake, California and Las Vegas, Nevada and a loan production office in the City of Industry, California. The Company's primary source of revenue is providing loans to customers, who are predominately small and middle-market businesses and individuals.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through March 22, 2017, which is the date the financial statements were available to be issued.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, term federal funds sold and interest-bearing deposits in other financial institutions with original maturities of less than 90 days. Net cash flows are reported for customer loan and deposit transactions and interest-bearing deposits in other financial institutions.

Cash and Due from Banks

Banking regulations require that banks maintain a percentage of their deposits as reserves in cash or on deposit with the Federal Reserve Bank. The reserves required to be held as of December 31, 2016 and 2015 were $9,811,000 and $4,560,000, respectively. The Company maintains amounts in due from bank accounts, which may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Interest-Bearing Deposits in Other Financial Institutions

Interest-bearing deposits in other financial institutions not included in cash and cash equivalents are carried at cost.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investment Securities

Debt securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Debt securities not classified as held to maturity are classified as available for sale. Equity securities with readily determinable fair values are classified as available for sale. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income, net of tax.

Interest income includes amortization of purchase premiums or discounts. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a semi-annual basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows; OTTI related to credit loss, which must be recognized in the income statement and; OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

Loans Held For Sale

Mortgage loans originated or acquired and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings. Loans held for sale consist primarily of first trust deed mortgages on single-family residential properties located in California.

Mortgage loans held for sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right, when applicable. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loans sold.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any charge-offs or specific valuation accounts and net of any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans. Loan origination fees and certain direct origination costs are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Premiums and discounts on loans purchased are grouped by type and certain common risk characteristics and amortized or accreted as an adjustment of yield over the weighted-average remaining contractual lives of

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Loans - Continued

each group of loans, adjusted for prepayments when applicable, using methodologies which approximate the interest method.

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days or when, in the opinion of management, there is reasonable doubt as to collectability based on contractual terms of the loan. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off. Amounts are charged-off when available information confirms that specific loans or portions thereof, are uncollectible. This methodology for determining charge-offs is consistently applied to each segment.

The Company determines a separate allowance for each portfolio segment. The allowance consists of specific and general reserves. Specific reserves relate to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value and the probability of collecting all amounts when due. Measurement of impairment is based on the expected future cash flows of an impaired loan, which are to be discounted at the loan's effective interest rate, or measured by reference to an observable market value, if one exists, or the fair value of the collateral for a collateral-dependent loan. The Company selects the measurement method on a loan-by-loan basis except that collateral-dependent loans for which foreclosure is probable are measured at the fair value of the collateral.

The Company recognizes interest income on impaired loans based on its existing methods of recognizing interest income on nonaccrual loans. Loans, for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired with measurement of impairment as described above.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

General reserves cover non-impaired loans and are based on historical loss rates of peer institutions for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause

RBB BANCORP AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Allowance for Loan Losses - Continued

estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

Portfolio segments identified by the Company include real estate and commercial loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios, and financial performance.

Certain Acquired Loans

As part of business acquisitions, the Company acquires certain loans that have shown evidence of credit deterioration since origination. These acquired loans are recorded at the allocated fair value, such that there is no carryover of the seller's allowance for loan losses. Such acquired loans are accounted for individually. The Company estimates the amount and timing of expected cash flows for each purchased loan, and the expected cash flows in excess of the allocated fair value is recorded as interest income over the remaining life of the loan (accretable yield). The excess of the loan's contractual principal and interest over expected cash flows is not recorded (non-accretable difference). Over the life of the loan, expected cash flows continue to be estimated. If the present value of expected cash flows is less than the carrying amount, a loss is recorded through the allowance for loan losses. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income.

Servicing Rights

When mortgage and Small Business Administration ("SBA") loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is recognized through a valuation allowance for an individual grouping, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular grouping, a reduction of the allowance may be recorded as an increase to income.

Servicing fee income, which is reported on the income statement as Service Charges, Fees and Other, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal. The amortization of mortgage servicing rights is netted against loan servicing fee income.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Gains on sales of mortgage and SBA loans totaled $5.8 million, $4.3 million, and $2.5 million in 2016, 2015, and 2014, respectively. Gains on sale of mortgage loans totaled $3.4 million, $1.6 million, and $182,000, and gains on sale of SBA loans totaled $2.4 million, $2.7 million, and $2.3 million in 2016, 2015, and 2014 respectively.

Premises and Equipment

Land is carried at cost. Premises, leasehold improvements and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives, which is thirty years for premises and ranges from three to ten years for leasehold improvements and equipment. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the improvements or the remaining lease term, whichever is shorter. Expenditures for betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred.

Other Real Estate Owned

Real estate acquired by foreclosure or deed in lieu of foreclosure is recorded at fair value at the date of foreclosure, establishing a new cost basis by a charge to the allowance for loan losses, if necessary. Other real estate owned is carried at the lower of the Company’s carrying value of the property or its fair value, less estimated carrying costs and costs of disposition. Fair value is based on current appraisals less estimated selling costs. Any subsequent write-downs are charged against operating expenses and recognized as a valuation allowance. Operating expenses and related income of such properties and gains and losses on their disposition are included in other operating income and expenses.

Goodwill and Other Intangible Assets

Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill resulting from whole bank acquisitions is not amortized, but tested for impairment at least annually. The Company has selected December 31 as the date to perform the annual impairment test. Goodwill amounted to $29.9 million and $4.0 million as of December 31, 2016 and 2015, respectively, and is the only intangible asset with an indefinite life on the balance sheet. No impairment was recognized on goodwill during 2016 and 2015.

Other intangible assets consist of core deposit intangible (“CDI”) assets arising from whole bank acquisitions. CDI assets are amortized on an accelerated method over their estimated useful life of 8 to 10 years. CDI was recognized in the 2013 acquisition of Los Angeles National Bank and in the 2016 acquisition of TFC

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Goodwill and Other Intangible Assets - Continued

Holding Company. The unamortized balance as of December 31, 2016 and 2015 was $1,793,000 and $466,000, respectively. CDI amortization expense was $372,000, $117,000, and $131,000 in 2016, 2015 and 2014, respectively.

Estimated CDI amortization expense for the next 5 years is as follows (dollars in thousands):

2017	$355
2018	311
2019	274
2020	244
2021	172

Company Owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Federal Home Loan Bank (“FHLB”) Stock

The Company is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Stock-Based Compensation

Compensation cost is recognized for stock options issued to employees, based on the fair value of these awards at the date of grant. A Black-Scholes model is utilized to estimate the fair value of stock options. This cost is recognized over the period which an employee is required to provide services in exchange for the award, generally defined as the vesting period.

Income Taxes

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. Tax effects from an uncertain tax position are recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

Retirement Plans

The Company established a 401(k) plan in 2010. The Company contributed $221,000, $125,000, and $46,000 in 2016, 2015, and 2014, respectively.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale.

Financial Instruments

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commercial letters of credit, and standby letters of credit as described in Note 12. Such financial instruments are recorded in the financial statements when they are funded.

Earnings Per Share (“EPS”)

Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Fair Value Measurement

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Current accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Company’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

See Note 16 and Note 17 for more information and disclosures relating to the Company’s fair value measurements.

Operating Segments

Management has determined that since generally all of the banking products and services offered by the Company are available in each branch of the Bank, all branches are located within the same economic environment and management does not allocate resources based on the performance of different lending or transaction activities, it is appropriate to aggregate the Bank branches and report them as a single operating segment.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reclassifications

Certain reclassifications have been made in the 2015 and 2014 financial statements to conform to the presentation used in 2016. These reclassifications had no impact on the Company's previously reported financial statements.

Newly Issued Not Yet Effective Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This Update requires an entity to recognize revenue as performance obligations are met, in order to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration the entity is entitled to receive for those goods or services. The following steps are applied in the updated guidance: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. These amendments are effective for public business entities for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period and one year later for nonpublic business entities. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that period. The guidance does not apply to revenue associated with financial instruments and therefore the Company does not expect the new guidance to have a material impact on revenue closely associated with financial instruments, including interest income. The Company plans to perform an overall assessment of revenue streams that may be affected by the ASU including deposit related fees to determine if there would be a potential impact on the Company's Consolidated Financial Statements. The Company plans to adopt ASU No. 2014-09 on January 1, 2018.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*. Changes made to the current measurement model primarily affect the accounting for equity securities and readily determinable fair values, where changes in fair value will impact earnings instead of other comprehensive income. The accounting for other financial instruments, such as loans, investments in debt securities, and financial liabilities is largely unchanged. The Update also changes the presentation and disclosure requirements for financial instruments including a requirement that public business entities use exit price when measuring the fair value of financial instruments measured at amortized cost for disclosure purposes. This Update is generally effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years and one year later for nonpublic business entities. Based upon a preliminary evaluation of the guidance in ASU No. 2016-01 the Company does not believe that the ASU will have a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor any updates to the guidance.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, which is generally defined as a lease term of less than 12 months. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under current lease accounting guidance. The amendments in this Update are effective for interim and annual periods beginning after December 15, 2018, for public business entities and one year later for all other entities. The Company has several lease agreements which are currently considered operating leases and are therefore not included on the Company's Consolidated Balance

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Issued Not Yet Effective Accounting Standards - Continued

Sheets. Under the new guidance the Company expects that some of the lease agreements will have to be recognized on the Consolidated Balance Sheets as a right-of-use asset with a corresponding lease liability. Based upon a preliminary evaluation the Company expects that the ASU will have an impact on the Company's Consolidated Balance Sheets. The Company will continue to evaluate how extensive the impact will be under the ASU on the Company's Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718.)* ASU 2016-09 includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements. Under ASU 2016-09, excess tax benefits and certain tax deficiencies will no longer be recorded in additional paid-in capital ("APIC"). Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement, and APIC pools will be eliminated. In addition, the guidance requires excess tax benefits be presented as an operating activity on the statement of cash flows rather than as a financing activity. ASU 2016-09 also permits an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards. Forfeitures can be estimated, as required today, or recognized when they occur. This guidance is effective for public business entities for interim and annual reporting periods beginning after December 15, 2016, and for nonpublic business entities annual reporting periods beginning after December 15, 2017, and interim periods within the reporting periods beginning after December 15, 2018. Early adoption is permitted, but all of the guidance must be adopted in the same period. The Company plans to adopt ASU 2016-09 on January 1, 2018. The Company plans to recognize forfeitures as they occur. The adoption of the ASU will not have a material effect on the Company's Financial Statements or Disclosures. The adoption of ASU 2016-09 could result in increased volatility to income tax expense that is reported related to excess tax benefits and tax.

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instrument (Topic 326). This ASU significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. In issuing the standard, the FASB is responding to criticism that today's guidance delays recognition of credit losses. The standard will replace today's "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes, but is not limited to, loans, leases, held to maturity securities, loan commitments, and financial guarantees. The CECL model does not apply to available for sale ("AFS") debt securities. For AFS debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than reductions in the amortized cost of the securities. As a result, entities will recognize improvements to estimated credit losses immediately in earnings rather than as interest income over time, as they do today. The ASU also simplifies the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. In addition, public business entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination. ASU No. 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019, for SEC filers, one year later for non SEC filing public business entities and annual reporting periods beginning after December 15, 2020, for nonpublic business entities and interim periods within the reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Newly Issued Not Yet Effective Accounting Standards - Continued

December 15, 2018. Entities will apply the standard’s provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (i.e., modified retrospective approach). The Company has begun its evaluation of the impact of the implementation of ASU 2016-13. The implementation of the provisions of ASU No. 2016-13 will most likely impact the Company’s Consolidated Financial Statements as to the level of reserves that will be required for credit losses. The Company will continue to access the potential impact that this ASU will have on the Company’s Consolidated Financial Statements.

NOTE 2 - ACQUISITIONS

TFC HOLDING COMPANY ACQUISITION:

On February 19, 2016, the Company acquired all the assets and assumed all the liabilities of TFC Holding Company in exchange for cash of $86.7 million. TFC Holding Company operated six branches in the Los Angeles metropolitan area. The Company acquired TFC Holding Company to strategically increase its existing presence in the Los Angeles area. Goodwill in the amount of $25.9 million was recognized in this acquisition. Goodwill represents the future economic benefits arising from net assets acquired that are not individually identified and separately recognized and is attributable to synergies expected to be derived from the combination of the two entities. Goodwill is not deductible for income tax purposes.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 2 - ACQUISITIONS - Continued

The following table represents the assets acquired and liabilities assumed of TFC Holding Company as of February 19, 2016 and the fair value adjustments and amounts recorded by the Company in 2016 under the acquisition method of accounting:

(dollars in thousands)	TFC Book Value	Fair Value Adjustments	Fair Value
ASSETS ACQUIRED			
Cash and Cash Equivalents	$ 51,613	$ —	$ 51,613
Interest-Bearing Deposits in Other Financial Institutions	2,320	—	2,320
Net Investments - Available for Sale	15,952	(106)	15,846
Loans, gross	400,887	(13,211)	387,676
Allowance for Loan Losses	(9,857)	9,857	—
Bank Premises and Equipment	225	—	225
Deferred Income Taxes	4,027	858	4,885
Other Assets	5,595	1,699	7,294
Total Assets Acquired	$ 470,762	$ (903)	$ 469,859
LIABILITIES ASSUMED			
Deposits	$ 404,465	$ 848	$ 405,313
Subordinated Debentures	5,155	(1,900)	3,255
Other Liabilities	566	—	566
Total Liabilities Assumed	410,186	(1,052)	409,134
Excess of Assets Acquired Over Liabilities Assumed	60,576	149	60,725
	$ 470,762	$ (903)	
Cash Paid			86,664
Goodwill Recognized			$ 25,939

The Company accounted for the transaction under the acquisition method of accounting which requires purchased assets and liabilities assumed to be recorded at their respective fair values at the date of acquisition. The Company determined the fair value of loans, leases, core deposit intangible, deposits, and Subordinated Debentures with the assistance of a third party valuation.

The estimated fair values are subject to refinement as additional information relative to the closing date fair values becomes available through the measurement period. While additional significant changes to the closing date fair values are not expected, any information relative to the changes in these fair values will be evaluated to determine if such changes are due to events and circumstances that existed as of the acquisition date. During the measurement period, any such changes will be recorded as part of the closing date fair value.

In many cases, the fair values of assets acquired and liabilities assumed were determined by estimating the cash flows expected to result from those assets and liabilities and discounting them at appropriate market rates. The most significant category of assets for which this procedure was used was that of acquired loans. The excess of expected cash flows above the fair value of the majority of loans will be accreted to interest income over the remaining lives of the loans in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 310-20.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 2 - ACQUISITIONS - Continued

For loans acquired, the contractual amounts due, expected cash flows to be collected, interest component and fair value as of the respective acquisition dates were as follows:

(dollars in thousands)	Acquired Loans
Contractual Amounts Due	$ 441,275
Cash Flows not Expected to be Collected	—
Expected Cash Flows	441,275
Interest Component of Expected Cash Flows	53,599
Fair Value of Acquired Loans	$ 387,676

None of the loans acquired had evidence of deterioration of credit quality since origination for which it was probable, at acquisition, that the Company would be unable to collect all contractually required payments receivable.

In accordance with generally accepted accounting principles there was no carryover of the allowance for loan losses that had been previously recorded by TFC Holding Company.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 3 - INVESTMENT SECURITIES

The following table summarizes the amortized cost and fair value of securities available for sale and held to maturity at December 31, 2016 and 2015, and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income:

(dollars in thousands) December 31, 2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for Sale				
Government Agency Securities	$ 5,453	$ —	$ (136)	$ 5,317
Mortgage-Backed Securities - Government Sponsored Agencies	23,913	38	(311)	23,640
Corporate Debt Securities	10,364	21	(65)	10,320
	$ 39,730	$ 59	$ (512)	$39,277
Held to Maturity				
Municipal Taxable Securities	$ 5,301	$ 328	$ —	$ 5,629
Municipal Securities	913	11	—	924
	$ 6,214	$ 339	$ —	$ 6,553
December 31, 2015				
Available for Sale				
Mortgage-Backed Securities - Government Sponsored Agencies	$15,292	$—	$(263)	$15,029
Corporate Debt Securities	5,451	—	(64)	5,387
	$20,743	$—	$(327)	$20,416
Held to Maturity				
Municipal Taxable Securities	$ 5,741	$440	$ —	$ 6,181
Municipal Securities	937	26	—	963
	$ 6,678	$466	$ —	$ 7,144

During 2016, 2015 and 2014 the Company sold $5.1 million, $5.5 million and $25.6 million of securities available for sale, recognizing gross gains of $19,000, $78,000 and $268,000, respectively.

One security with a fair value of $933,000 and $1,220,000 was pledged to secure a local agency deposit at December 31, 2016 and December 31, 2015, respectively.

The amortized cost and fair value of the investment securities portfolio as of December 31, 2016 are shown by expected maturity below. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
(dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within One Year	$ —	$ —	$ 1,002	$1,016
Due From One through Five Years	26,432	26,215	1,957	2,092
Due from Five to Ten Years	13,298	13,062	3,255	3,445
	$ 39,730	$39,277	$ 6,214	$6,553

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 3 - INVESTMENT SECURITIES - Continued

The following table summarizes securities with unrealized losses at December 31, 2016 and December 31, 2015, aggregated by major security type and length of time in a continuous unrealized loss position. There were no Held to Maturity Securities in a continuous unrealized loss position at December 31, 2016 and December 31, 2015:

(dollars in thousands)	Less than Twelve Months		Twelve Months or More		Total	
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value
December 31, 2016						
Government Agency Securities	$ (136)	$ 5,317	$ —	$ —	$ (136)	$ 5,317
Mortgage-Backed Securities-						
Government Sponsored Agencies	(221)	16,231	(90)	2,504	(311)	18,735
Corporate Debt Securities	(65)	5,147	—	—	(65)	5,147
Total Available for Sale	$ (422)	$ 26,695	$ (90)	$ 2,504	$ (512)	$ 29,199
December 31, 2015						
Government Agency Securities	$ —	$ —	$ —	$ —	$ —	$ —
Mortgage-Backed Securities- Government Sponsored Agencies	(79)	10,581	(184)	4,448	(263)	15,029
Corporate Debt Securities	(64)	5,387	—	—	(64)	5,387
Total Available for Sale	$ (143)	$ 15,968	$ (184)	$ 4,448	$ (327)	$ 20,416

Unrealized losses have not been recognized into income because the issuer bonds are of high credit quality, management does not intend to sell, it is not more likely than not that management would be required to sell the securities prior to their anticipated recovery and the decline in fair value is largely due to changes in interest rates. The fair value is expected to recover as the bonds approach maturity.

NOTE 4 - LOANS

The Company's loan portfolio consists primarily of loans to borrowers within Los Angeles and Orange County, California. Although the Company seeks to avoid concentrations of loans to a single industry or based upon a single class of collateral, real estate and real estate associated businesses are among the principal industries in the Company's market area and, as a result, the Company's loan and collateral portfolios are, to some degree, concentrated in those industries.

A summary of the changes in the allowance for loan losses as of December 31 follows:

(dollars in thousands)	2016	2015	2014
Beginning Balance	$10,023	$ 8,848	$7,549
Additions to the Allowance Charged to Expense	4,974	1,386	1,446
Recoveries on Loans Charged-Off	—	211	95
	14,997	10,445	9,090
Less Loans Charged-Off	(835)	(422)	(242)
Ending Balance	$14,162	$10,023	$8,848

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 4 - LOANS - Continued

The following table presents the recorded investment in loans and impairment method as of December 31, 2016, 2015 and 2014 and the activity in the allowance for loan losses for the years then ended, by portfolio segment:

(dollars in thousands) December 31, 2016	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 5,788	$ 4,235	$ 10,023
Provisions	2,323	2,651	4,974
Charge-offs	—	(835)	(835)
Recoveries	—	—	—
	$ 8,111	$ 6,051	$ 14,162
Reserves:			
Specific	$ —	$ 1,782	$ 1,782
General	8,111	4,269	12,380
Loans Acquired with Deteriorated Credit Quality	—	—	—
	$ 8,111	$ 6,051	$ 14,162
Loans Evaluated for Impairment:			
Individually	$ 2,556	$ 3,577	$ 6,133
Collectively	744,349	359,234	1,103,583
Loans Acquired with Deteriorated Credit Quality	730	—	730
	$ 747,635	$ 362,811	$ 1,110,446
December 31, 2015			
Allowance for Loan Losses:			
Beginning of Year	$ 5,696	$ 3,152	$ 8,848
Provisions	(108)	1,494	1,386
Charge-offs	—	(422)	(422)
Recoveries	200	11	211
	$ 5,788	$ 4,235	$ 10,023
Reserves:			
Specific	$ —	$ —	$ —
General	5,788	4,235	10,023
Loans Acquired with Deteriorated Credit Quality	—	—	—
	$ 5,788	$ 4,235	$ 10,023
Loans Evaluated for Impairment:			
Individually	$ 1,482	$ 4,630	$ 6,112
Collectively	519,963	264,610	784,573
Loans Acquired with Deteriorated Credit Quality	1,677	—	1,677
	$ 523,122	$ 269,240	$ 792,362

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 4 - LOANS - Continued

(dollars in thousands) December 31, 2014	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 5,108	$ 2,442	$ 7,550
Provisions	493	952	1,445
Charge-offs	—	(242)	(242)
Recoveries	95	—	95
	$ 5,696	$ 3,152	$ 8,848
Reserves:			
Specific	$ —	$ —	$ —
General	5,696	3,152	8,848
Loans Acquired with Deteriorated Credit Quality	—	—	—
	$ 5,696	$ 3,152	$ 8,848
Loans Evaluated for Impairment:			
Individually	$ 3,216	$ 593	$ 3,809
Collectively	517,873	176,821	694,694
Loans Acquired with Deteriorated Credit Quality	1,933	—	1,933
	$ 523,022	$ 177,414	$ 700,436

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as commercial real estate and commercial and industrial loans. This analysis is performed on an ongoing basis as new information is obtained. The Company uses the following definitions for risk ratings:

Pass - Loans classified as pass include loans not meeting the risk ratings defined below.

Special Mention - Loans classified as special mention have a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution’s credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Impaired - A loan is considered impaired, when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Additionally, all loans classified as troubled debt restructurings are considered impaired.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 4 - LOANS - Continued

The risk category of loans by class of loans was as follows as of December 31, 2016 and 2015:

(dollars in thousands) December 31, 2016	Pass	Special Mention	Substandard	Impaired	Total
Real Estate:					
Construction and Land Development	$ 87,174	$ 1,932	$ —	$ 303	$ 89,409
Residential Real Estate	258,415	13,950	6,272	—	278,637
Commercial Real Estate	353,290	4,562	19,484	2,253	379,589
Commercial:					
Other	194,227	—	9,616	—	203,843
SBA	151,066	1,934	2,391	3,577	158,968
	$1,044,172	$22,378	$ 37,763	$ 6,133	$1,110,446
December 31, 2015					
Real Estate:					
Construction and Land Development	$ 67,278	$ —	$ —	$ 315	$ 67,593
Residential Real Estate	231,771	—	—	—	231,771
Commercial Real Estate	218,844	—	3,747	1,167	223,758
Commercial:					
Other	157,394	999	2,086	—	160,479
SBA	103,846	—	285	4,630	108,761
	$ 779,133	$ 999	$ 6,118	$ 6,112	$ 792,362

The following tables present the recorded investment in non-accrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2016 and December 31, 2015:

	Non-Accrual		Loans Past Due Over 90 Days Still Accruing	
(dollars in thousands)	2016	2015	2016	2015
Commercial:				
SBA	$3,577	$4,365	$ —	$ —

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 4 - LOANS - Continued

The following table presents the aging of the recorded investment in past-due loans as of December 31, 2016 and 2015 by class of loans:

(dollars in thousands) December 31, 2016	30-59 Days Past Due	60-89 Days Past Due	Greater Than 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Real Estate:						
Construction and Land Development	$ —	$ —	$ —	$ —	$ 89,409	$ 89,409
Residential Real Estate	—	—	—	—	278,637	278,637
Commercial Real Estate	—	—	—	—	379,589	379,589
Commercial:						
Other	343	—	—	343	203,500	203,843
SBA	—	—	3,577	3,577	155,391	158,968
	$ 343	$ —	$ 3,577	$ 3,920	$1,106,526	$1,110,446
December 31, 2015						
Real Estate:						
Construction and Land	$ —	$ —	$ —	$ —	$ 67,593	$ 67,593
Development	—	—	—	—	231,771	231,771
Residential Real Estate	—	—	—	—	223,758	223,758
Commercial:						
Other	271	—	—	271	160,208	160,479
SBA	—	—	4,365	4,365	104,396	108,761
	$ 271	$ —	$ 4,365	$ 4,636	$ 787,726	$ 792,362

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 4 - LOANS - Continued

Information relating to individually impaired loans presented by class of loans was as follows as of December 31, 2016 and 2015:

(dollars in thousands) December 31, 2016	Unpaid Principal Balance	Recorded Investment	Average Balance	Interest Income	Related Allowance
With no Related Allowance Recorded					
Construction and Land Development	$ 303	$ 303	$ 309	$ 21	$ —
Commercial Real Estate	2,253	2,253	1,710	280	—
Commercial - SBA	18	18	93	—	—
Subtotal	2,574	2,574	2,112	301	—
With an Allowance Recorded					
Commercial - SBA	3,559	3,559	3,559	—	1,782
Total	$ 6,133	$ 6,133	$5,671	$ 301	$ 1,782
December 31, 2015					
With no Related Allowance Recorded					
Construction and Land Development	$ 315	$ 315	$ 320	$ 4	$ —
Commercial Real Estate	1,167	1,167	1,145	195	—
Commercial - SBA	4,630	4,630	4,545	14	—
Total	$ 6,112	$ 6,112	$6,010	$ 213	$ —
December 31, 2014					
With no Related Allowance Recorded					
Construction and Land Development	$ 702	$ 697	$1,382	$ 216	$ —
Commercial Real Estate	2,519	2,519	2,507	327	—
Commercial - SBA	593	593	588	9	—
	$ 3,814	$ 3,809	$4,477	$ 552	$ —

No interest income was recognized on a cash basis as of December 31, 2016, 2015 and 2014.

The Company had six and seven loans identified as troubled debt restructurings (“TDR’s”) at December 31, 2016 and 2015, respectively. A specific reserve for $1,782,000 has been allocated for one loan as of December 31, 2016. There are no commitments to lend additional amounts as of December 31, 2016 and 2015, respectively, to customers with outstanding loans that are classified as TDR’s.

During the year ended December 31, 2016, the terms of certain loans were modified as TDR’s. The modification of the terms generally included loans where a moratorium on loan payments was granted. Such moratoriums ranged from three months to six months on the loans restructured in 2016.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 4 - LOANS - Continued

The following table presents loans by class modified as TDR's that occurred during the year ended December 31, 2016:

(dollars in thousands) December 31, 2016	Number of Loans	Pre-Modification Recorded Investment	Post-Modification Recorded Investment
Commercial Real Estate	1	$ 1,047	$ 1,047
December 31, 2015			
Commercial - SBA	3	$ 4,606	$ 4,606

Two loans to the same customer which were modified in 2015 later defaulted. Default for this purpose is defined as the loan being 90 days or more past due under the modified terms. The total carrying value of those two loans as of December 31, 2015 was approximately $4,365,000, of which approximately $4,163,000 was supported by SBA guarantees.

The Company has purchased loans as part of its whole bank acquisitions, for which there was at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected.

The outstanding balance and carrying amount of purchased credit-impaired loans as of December 31 were as follows:

(dollars in thousands)	2016	2015
Outstanding Balance	$878	$2,444
Carrying Amount	$730	$1,677

For these purchased credit-impaired loans, the Company did not increase the allowance for loan losses during 2016 or 2015 as there were no significant reductions in the expected cash flows.

Below is a summary of activity in the accretable yield on purchased credit-impaired loans for 2016 and 2015:

(dollars in thousands)	2016	2015	2014
Balance, Beginning of Year	$ 349	$ 574	$ 771
Disposals	—	(99)	—
Restructuring as TDR	(22)	—	—
Accretion of Income	(185)	(126)	(197)
Balance, End of Year	$ 142	$ 349	$ 574

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 5 - LOAN SERVICING

Mortgage and SBA loans serviced for others are not reported as assets. The principal balances as of December 31 are as follows:

(dollars in thousands)	2016	2015
Loans Serviced for Others:		
Mortgage Loans	$ 259,207	$ 106,866
SBA Loans	$ 110,263	$ 74,371

Activity for servicing assets follows:

	2016		2015		2014	
(dollars in thousands)	Mortgage Loans	SBA Loans	Mortgage Loans	SBA Loans	Mortgage Loans	SBA Loans
Servicing Assets:						
Beginning of year	$ 298	$1,807	$ —	$ 720	$ —	$ 128
Additions	912	1,353	329	1,268	—	724
Amortized to expense	(208)	(458)	(31)	(181)	—	(132)
End of year	$ 1,002	$2,702	$ 298	$1,807	$ —	$ 720

The fair value of servicing assets for mortgage loans was $1,184,000 and $298,000 as of December 31, 2016 and 2015, respectively. The fair value of servicing assets for SBA loans was $3,142,000 and $2,305,000 as of December 31, 2016 and 2015, respectively.

Servicing fees net of servicing asset amortization totaled $615,000, $272,000, and $54,000 for the years ended December 31, 2016, 2015, and 2014, respectively.

NOTE 6 - PREMISES AND EQUIPMENT

A summary of premises and equipment as of December 31 follows:

(dollars in thousands)	2016	2015
Land and Buildings	$ 5,423	$ 5,424
Leasehold Improvements	2,885	2,728
Furniture, Fixtures, and Equipment	2,950	2,675
	11,258	10,827
Less Accumulated Depreciation and Amortization	(4,673)	(3,967)
	$ 6,585	$ 6,860

Depreciation and amortization expense was $750,000, $625,000, and $591,000 for 2016, 2015, and 2014, respectively.

19 The Company leases several of its operating facilities under various noncancellable operating leases expiring at various dates through 2022. The Company is also responsible for common area maintenance, taxes and insurance at the various branch locations.

NOTE 6 - PREMISES AND EQUIPMENT - Continued

Future minimum rent payments on the Company's leases were as follows as of December 31, 2016:

(dollars in thousands)	
2017	$1,568
2018	1,270
2019	704
2020	440
2021	330
Thereafter	129
	$4,441

The minimum rent payments shown above are given for the existing lease obligation and are not a forecast of future rental expense. Total rental expense, recognized on a straight-line basis, was $1.6 million, $1.2 million, and $1.2 million for 2016, 2015, and 2014, respectively.

NOTE 7 - DEPOSITS

At December 31, 2016 the scheduled maturities of time deposits are as follows:

(dollars in thousands)	
One year	$ 668,913
Two to three years	12,879
	$ 681,792

NOTE 8 - LONG-TERM DEBT

At December 31, 2016 long-term debt was as follows:

(dollars in thousands)	Principal	Unamortized Debt Issuance Costs
6.5% fixed to floating rate subordinated debentures, due March 31, 2026	$50,000	$ 617

In March 2016, the Company issued $50 million of 6.5% fixed to floating rate subordinated debentures, due March 31, 2026. The interest rate is fixed through March 31, 2021 and floats at 3 month LIBOR plus 516 basis points thereafter. The sub-debt is considered Tier-two capital at the Company. The Company allocated $35 million to the Bank as Tier-one capital.

NOTE 9 - SUBORDINATED DEBENTURES

The Company, through the acquisition of TFC Bancorp, acquired TFC Statutory Trust. The Trust contained a pooled private offering of 5,000 trust preferred securities with a liquidation amount of $1,000 per security. TFC Bancorp issued $5,000,000 of subordinated debentures to the trust in exchange for ownership of all of the common security of the trust and the proceeds of the preferred securities sold by the trust. The Company is not considered the primary beneficiary of this trust (variable interest entity), therefore the trust is not consolidated in

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 9 - SUBORDINATED DEBENTURES - Continued

the Company's financial statements, but rather the subordinated debentures are shown as a liability at market value as of the close of the acquisition which was $3,255,000. There was a $1,900,000 valuation reserve recorded to arrive at market value which is treated as a yield adjustment and is amortized over the life of the security. The amount of amortization expense recognized in 2016 was $79,000. The Company also purchased an investment in the common stock of the trust for $155,000 which is included in other assets. The Company may redeem the subordinated debentures, subject to prior approval by the Federal Reserve Bank on or after March 15, 2012, at 100% of the principal amount, plus accrued and unpaid interest. The subordinated debentures mature on March 15, 2037. The Company has the option to defer interest payments on the subordinated debentures from time to time for a period not to exceed five consecutive years. The Company has been paying interest on a quarterly basis. The subordinated debentures may be included in Tier I capital (with certain limitations applicable) under current regulatory guidelines and interpretations. The subordinated debentures have a variable rate of interest equal to the three month London Interbank Offered Rate (LIBOR) plus 1.65%, which was 2.61% at December 31, 2016.

NOTE 10 - BORROWING ARRANGEMENTS

The Company has established secured and unsecured lines of credit. The Company may borrow funds from time to time on a term or overnight basis from the Federal Home Loan Bank of San Francisco ("FHLB"), the Federal Reserve Bank of San Francisco ("FRB") and other financial institutions as indicated below.

*Federal Funds Arrangements with Commercial Bank*s. As of December 31, 2016 the Company may borrow on an unsecured basis, up to $20 million, $10 million, $12 million and $5 million overnight from Zions Bank, Wells Fargo Bank, First Tennessee National Bank, and Pacific Coast Bankers' Bank, respectively.

Letter of Credit Arrangements. As of December 31, 2016 the Company had an unsecured commercial letter of credit line with Wells Fargo Bank for $2 million.

FRB Secured Line of Credit. The secured borrowing capacity of $15 million at December 31, 2016 is collateralized by loans pledged with a carrying value of $25.6 million.

FHLB Secured Line of Credit. The secured borrowing capacity of $387.3 million at December 31, 2016 is collateralized by loans pledged with a carrying value of $434.6 million.

There were no amounts outstanding under any of the arrangements above as of December 31, 2016 and 2015.

NOTE 11 - INCOME TAXES

The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 11 - INCOME TAXES - Continued

Income tax expense consists of the following:

(dollars in thousands)	2016	2015	2014
Current:			
Federal	$ 9,359	$5,662	$5,580
State	2,841	1,973	1,775
	12,200	7,635	7,355
Deferred	1,289	1,361	(218)
	$13,489	$8,996	$7,137

A comparison of the federal statutory income tax rates to the Company's effective income tax rates at December 31 follows:

	2016		2015		2014	
(dollars in thousands)	Amount	Rate	Amount	Rate	Amount	Rate
Statutory Federal Tax	$11,399	35.0%	$7,469	34.0%	$5,972	34.0%
State Franchise Tax, Net of Federal Benefit	2,281	7.0%	1,550	7.1%	1,224	7.0%
Tax-Exempt Income	(202)	(0.6%)	(203)	(0.9%)	(213)	(1.2%)
Other Items, Net	11	0.0%	180	0.8%	154	0.9%
Actual Tax Expense	$13,489	41.4%	$8,996	41.0%	$7,137	40.6%

Deferred taxes are a result of differences between income tax accounting and generally accepted accounting principles with respect to income and expense recognition. The following is a summary of the components of the net deferred tax asset accounts recognized in the accompanying balance sheets at December 31:

(dollars in thousands)	2016	2015
Deferred Tax Assets:		
Pre-Opening Expenses	$ 287	$ 321
Allowance For Loan Losses	5,954	4,076
Stock-Based Compensation	2,576	2,345
Off Balance Sheet Reserve	254	132
Operating Loss Carryforwards	693	796
Other Real Estate Owned	17	13
Acquisition Accounting Fair Value Adjustments	1,779	457
Unrealized Loss on AFS Securities	186	134
Other	2,520	1,905
	14,266	10,179
Deferred Tax Liabilities:		
Depreciation	(917)	(1,024)
Other	(2,252)	(1,706)
	(3,169)	(2,730)
Net Deferred Tax Assets	$11,097	$ 7,449

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 11 - INCOME TAXES - Continued

The Company has net operating loss carryforwards from acquisitions of approximately $697,000 for federal income and approximately $6.4 million for California franchise tax purposes. Net operating loss carry forwards, to the extent not used will begin to expire in 2027. Net operating loss carryforwards available from acquisitions are substantially limited by Section 382 of the Internal Revenue Code and benefits not expected to be realized due to the limitation have been excluded from the deferred tax asset and net operating loss carryforward amounts noted above. The Company is subject to federal income tax and franchise tax of the state of California. Income tax returns for the years ended after December 31, 2012 are open to audit by the federal authorities and for the years ended after December 31, 2011 are open to audit by California state authorities.

NOTE 12 - COMMITMENTS

In the ordinary course of business, the Company enters into financial commitments to meet the financing needs of its customers. These financial commitments include commitments to extend credit, unused lines of credit, commercial and similar letters of credit and standby letters of credit. Those instruments involve to varying degrees, elements of credit and interest rate risk not recognized in the Company’s financial statements.

The Company’s exposure to loan loss in the event of nonperformance on these financial commitments is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for loans reflected in the financial statements.

As of December 31, 2016 and 2015, the Company had the following financial commitments whose contractual amount represents credit risk:

	2016		2015	
(dollars in thousands)	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Commitments to Make Loans	$ 54,812	$13,191	$31,597	$ 10,613
Unused Lines of Credit	38,943	53,435	48,351	37,723
Commercial and Similar Letters of Credit	8,966	—	10,424	—
Standby Letters of Credit	1,100	150	780	205
	$103,821	$66,776	$91,152	$ 48,541

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. The Company evaluates each client’s credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company is based on management’s credit evaluation of the customer.

The Company is involved in various matters of litigation which have arisen in the ordinary course of business and accruals for estimates of potential losses have been provided when necessary and appropriate under generally accepted accounting principles. In the opinion of management, the disposition of such pending litigation will not have a material effect on the Company’s financial statements.

NOTE 13 - RELATED PARTY TRANSACTIONS

Loans to principal officers, directors, and their affiliates were as follows:

(dollars in thousands)	2016	2015
Balance, Beginning of Year	$ 3,971	$ 9,283
New Loans and Advances	1,274	11,888
Repayments	(1,800)	(17,200)
Balance, End of Year	$ 3,445	$ 3,971

Loan commitments outstanding to executive officers, directors and their related interests with whom they are associated totaled approximately $2.3 million and $2.1 million as of December 31, 2016 and 2015, respectively.

Deposits from principal officers, directors, and their affiliates at year-end 2016 and 2015 were $37.2 million and $42.1 million.

NOTE 14 - STOCK OPTION PLAN

Under the terms of the Company’s 2010 Stock Option Plan, officers and key employees may be granted both nonqualified and incentive stock options and directors and organizers, who are not also an officer or employee, may only be granted nonqualified stock options. The Plan provides for options to purchase up to 30 percent of the outstanding common stock at a price not less than 100 percent of the fair market value of the stock on the date of the grant. Stock options expire no later than ten years from the date of the grant and generally vest over three years. The Company recognized stock-based compensation expense of $894,000, $1.5 million, and $1.6 million in 2016, 2015, and 2014 and recognized income tax benefits on that expense of $267,000, $482,000, and $454,000, respectively.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions presented below:

	2016	2015
Expected Volatility	35.0%	35.0%
Expected Term	6.0 Years	6.0 Years
Expected Dividends	None	None
Risk Free Rate	1.93%	1.84%
Grant Date Fair Value	$ 6.76	$ 6.29

Since the Company has a limited amount of historical stock activity the expected volatility is based on the historical volatility of similar banks that have a longer trading history. The expected term represents the estimated average period of time that the options remain outstanding. Since the Company does not have sufficient historical data on the exercise of stock options, the expected term is based on the “simplified” method that measures the expected term as the average of the vesting period and the contractual term. The risk free rate of return reflects the grant date interest rate offered for zero coupon U.S. Treasury bonds over the expected term of the options.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 14 - STOCK OPTION PLAN - Continued

A summary of the status of the Company's stock option plan as of December 31, 2016 and changes during the year then ended is presented below:

(dollars in thousands, except for share amounts)	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at Beginning of Year	2,374,657	$ 10.68		
Granted	210,000	$ 18.25		
Exercised	(57,232)	$ 10.22		
Forfeited or Expired	(32,291)	$ 15.81		
Outstanding at End of Year	2,495,134	$ 11.26	4.7 Years	$ 17,449
Options Exercisable	2,166,308	$ 10.35	4.1 Years	$ 17,123

As of December 31, 2016 there was approximately $1,453,000 of total unrecognized compensation cost related to outstanding stock options that will be recognized over a weighted-average period of 1.5 years. The intrinsic value of options exercised was $216,000, $231,000, and $609,000 in 2016, 2015, and 2014, respectively.

NOTE 15 - REGULATORY MATTERS

Holding companies (with assets over $1 billion at the beginning of the year) and banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory – and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements.

In July, 2013, the federal bank regulatory agencies approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. The new rules became effective on January 1, 2015, with certain of the requirements phased-in over a multi-year schedule. Under the rules, minimum requirements increased for both the quantity and quality of capital held by the Bank. The rules include a new common equity Tier 1 ("CET1") capital to risk-weighted assets ratio with minimums for capital adequacy and prompt corrective action purposes of 4.5% and 6.5%, respectively. The minimum Tier 1 capital to risk-weighted assets ratio was raised from 4.0% to 6.0% under the capital adequacy framework and from 6.0% to 8.0% to be well-capitalized under the prompt corrective action framework. In addition, the rules introduced the concept of a "conservation buffer" of 2.5% applicable to the three capital adequacy risk-weighted asset ratios (CET1, Tier 1, and Total). The conservation buffer will be phased-in on a pro rata basis over a four year period beginning in 2016. If the capital adequacy minimum ratios plus the phased-in conservation buffer amount exceed actual risk-weighted capital ratios, then dividends, share buybacks, and discretionary bonuses to executives could be limited in amount.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total, Tier 1 and CET1 capital (as defined

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 15 - REGULATORY MATTERS - Continued

in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). The capital conservation buffer for 2016 is 9.057%. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes, as of December 31, 2016 and 2015, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2016, the most recent notification from the FDIC categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action (there are no conditions or events since that notification that management believes have changed the Bank's category). To be categorized as well-capitalized, the Bank must maintain minimum ratios as set forth in the table below.

The following table sets forth RBB Bancorp's consolidated and the Bank's actual capital amounts and ratios and related regulatory requirements for the Bank as of December 31, 2016:

			Amount of Capital Required			
	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2016:						
Total Capital (to Risk-Weighted Assets)						
Consolidated	$217,244	19.2%	NA	NA	NA	NA
Bank	$192,784	17.1%	$90,417	8.0%	$113,021	10.0%
Tier 1 Capital (to Risk-Weighted Assets)						
Consolidated	$153,682	13.6%	NA	NA	NA	NA
Bank	$178,645	15.8%	$67,813	6.0%	$ 90,417	8.0%
CET1 Capital (to Risk-Weighted Assets)						
Consolidated	$150,786	13.3%	NA	NA	NA	NA
Bank	$178,645	15.8%	$50,860	4.5%	$ 73,464	6.5%
Tier 1 Capital (to Average Assets)						
Consolidated	$153,682	11.0%	NA	NA	NA	NA
Bank	$178,645	12.8%	$55,777	4.0%	$ 69,722	5.0%

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 15 - REGULATORY MATTERS - Continued

The following table sets forth RBB Bancorp's consolidated and the Bank's actual capital amounts and ratios and related regulatory requirements for the Bank as of December 31, 2015:

			Amount of Capital Required			
	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Provisions	
(dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2015:						
Total Capital (to Risk-Weighted Assets)						
Consolidated	$168,851	21.5%	NA	NA	NA	NA
Bank	$154,468	19.7%	$62,625	8.0%	$78,281	10.0%
Tier 1 Capital (to Risk-Weighted Assets)						
Consolidated	$159,020	20.2%	NA	NA	NA	NA
Bank	$144,675	18.5%	$46,969	6.0%	$62,625	8.0%
CET1 Capital (to Risk-Weighted Assets)						
Consolidated	$159,020	20.2%	NA	NA	NA	NA
Bank	$144,675	18.5%	$35,227	4.5%	$50,883	6.5%
Tier 1 Capital (to Average Assets)						
Consolidated	$159,020	15.3%	NA	NA	NA	NA
Bank	$144,675	13.9%	$41,514	4.0%	$51,893	5.0%

The California Financial Code generally acts to prohibit banks from making a cash distribution to its shareholders in excess of the lesser of the bank's undivided profits or the bank's net income for its last three fiscal years less the amount of any distribution made by the bank's shareholders during the same period.

The California general corporation law generally acts to prohibit companies from paying dividends on common stock unless its retained earnings, immediately prior to the dividend payment, equals or exceeds the amount of the dividend. If a company fails this test, then it may still pay dividends if after giving effect to the dividend the company's assets are at least 125% of its liabilities.

Additionally, the Federal Reserve Bank has issued guidance which requires that they be consulted before payment of a dividend if a bank holding company does not have earnings over the prior four quarters of at least equal to the dividend to be paid, plus other holding company obligations.

NOTE 16 – FAIR VALUE MEASUREMENTS

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Securities: The fair values of securities available for sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1) or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

Other Real Estate Owned: Nonrecurring adjustments to certain commercial and residential real estate properties classified as other real estate owned are measured at the lower of carrying amount or fair value, less

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 16 – FAIR VALUE MEASUREMENTS - Continued

costs to sell. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized. Fair values are generally based on third party appraisals of the property which are commonly adjusted by management to reflect an expectation of the amount to be ultimately collected and selling costs (Level 3).

Appraisals for other real estate owned are performed by state licensed appraisers (for commercial properties) or state certified appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. When a Notice of Default is recorded, an appraisal report is ordered. Once received, a member of the credit administration department reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison to independent data sources such as recent market data or industry wide-statistics for residential appraisals. Commercial appraisals are sent to an independent third party to review. The Company also compares the actual selling price of collateral that has been sold to the most recent appraised value to determine what additional adjustments, if any, should be made to the appraisal values on any remaining other real estate owned to arrive at fair value. If the existing appraisal is older than twelve months a new appraisal report is ordered. No significant adjustments to appraised values have been made as a result of this comparison process as of December 31, 2016.

The following table provides the hierarchy and fair value for each major category of assets and liabilities measured at fair value at December 31, 2016 and 2015:

(dollars in thousands)	Fair Value Measurements Using:			
December 31, 2016	Level 1	Level 2	Level 3	Total
Assets Measured at Fair Value:				
On a Recurring Basis:				
Securities Available for Sale	$ —	$ 39,277	$ —	$39,277
On a Non-Recurring Basis:				
Other Real Estate Owned	$ —	$ —	$ 833	$ 833
December 31, 2015				
Assets Measured at Fair Value:				
On a Recurring Basis:				
Securities Available for Sale	$ —	$ 20,416	$ —	$20,416
On a Non-Recurring Basis:				
Other Real Estate Owned	$ —	$ —	$ 293	$ 293

No write-downs to OREO were recorded in 2016 or 2015.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 16 – FAIR VALUE MEASUREMENTS - Continued

Quantitative information about the Company's non-recurring Level 3 fair value measurements as of December 31, 2016 and 2015 is as follows:

(dollars in thousands)	Fair Value Amount	Valuation Technique	Unobservable Input	Adjustment Range	Weighted-Average Adjustment
December 31, 2016					
Other Real Estate Owned	$ 833	Third Party Appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	10% - 15%	12%
December 31, 2015					
Other Real Estate Owned	$ 293	Third Party Appraisals	Management Adjustments to Reflect Current Conditions and Selling Costs	13%	13%

NOTE 17 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the asset or obligation could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire holdings of a particular financial instrument. Because no market value exists for a significant portion of the financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on financial instruments both on and off the balance sheet without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Additionally, tax consequences related to the realization of the unrealized gains and losses can have a potential effect on fair value estimates and have not been considered in many of the estimates.

The following methods and assumptions were used to estimate the fair value of significant financial instruments not previously presented:

Cash and Cash Equivalents

The carrying amounts of cash and short-term instruments approximate fair values.

Time Deposits in Other Banks

Fair values for time deposits with other banks are estimated using discounted cash flow analyses, using interest rates currently being offered with similar terms.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 17 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Loans

For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying amounts. The fair values for all other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

Deposits

The fair values disclosed for demand deposits, including interest and non-interest demand accounts, savings, and certain types of money market accounts are, by definition based on carrying value. Fair value for fixed-rate certificates of deposit is estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits. Early withdrawal of fixed-rate certificates of deposit is not expected to be significant

Long-Term Debt

The fair values of the Company's long-term borrowings are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 2 classification.

Subordinated Debentures

The fair values of the Company's Subordinated Debentures are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

Off-Balance Sheet Financial Instruments

The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements. The fair value of these financial instruments is not material.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 17 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The fair value hierarchy level and estimated fair value of significant financial instruments at December 31, 2016 and 2015 are summarized as follows:

(dollars in thousands)	Fair Value Hierarchy	2016 Carrying Value	2016 Fair Value	2015 Carrying Value	2015 Fair Value
Financial Assets:					
Cash and Due From Banks	Level 1	$ 74,213	$ 74,213	$ 80,391	$ 80,391
Federal Funds Sold and Other Cash Equivalents	Level 1	44,500	44,500	33,500	33,500
Interest-Bearing Deposits in Other Financial Institutions	Level 1	345	345	7,462	7,462
Investment Securities - AFS	Level 2	39,277	39,277	20,416	20,416
Investment Securities - HTM	Level 2	6,214	6,553	6,678	7,144
Mortgage Loans Held for Sale	Level 1	44,345	45,433	41,496	42,096
Loans, Net	Level 3	1,096,284	1,095,944	782,339	807,290
Financial Liabilities:					
Deposits	Level 2	$ 1,152,763	$ 1,140,707	$ 853,417	$ 848,639
Long-Term Debt	Level 2	49,383	48,447	—	—
Subordinated Debentures	Level 3	3,334	3,334	—	—

NOTE 18 - EARNINGS PER SHARE ("EPS")

The following is a reconciliation of net income and shares outstanding to the income and number of shares used to compute EPS:

(dollars in thousands)	2016 Income	2016 Shares	2015 Income	2015 Shares	2014 Income	2014 Shares
Net Income as Reported	$ 19,079		$ 12,973		$ 10,428	
Shares Outstanding at Year End		12,827,803		12,770,571		12,720,659
Impact of Weighting Shares						
Purchased During the Year		(26,813)		(8,739)		(78,599)
Used in Basic EPS	19,079	12,800,990	12,973	12,761,832	10,428	12,642,060
Dilutive Effect of Outstanding						
Stock Options		894,910		790,850		528,625
Used in Dilutive EPS	$ 19,079	13,695,900	$ 12,973	13,552,682	$ 10,428	13,170,685

Stock options for 321,000, 139,225, and 159,400 shares of common stock were not considered in computing diluted earnings per common share for 2016, 2015, and 2014, respectively, because they were anti-dilutive.

NOTE 19 - STOCK DIVIDENDS

The Company issued a 2.5% and a 5% stock dividend in 2015, and 2014 respectively. No stock dividend was issued in 2016. The per share data in the statements of income and the footnotes have been adjusted to give retroactive effect to these dividends.

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 20 - QUALIFIED AFFORDABLE HOUSING PROJECT INVESTMENTS

The Company began investing in qualified housing projects in 2016. At December 31, 2016 the balance of the investment for qualified affordable housing projects was $986,000. This balance is reflected in the accrued interest and other assets line on the consolidated balance sheets. Total unfunded commitments related to the investments in qualified housing projects totaled $840,000 at December 31, 2016. The Company expects to fulfill these commitments during the year ending 2027.

During the year ending December 2016, the Company recognized amortization expense of $14,000, which was included within income tax expense on the consolidated statements of income.

Additionally, during the year ended December 31, 2016, the Company recognized tax credits and other benefits from its investment in affordable housing tax credits of $12,000.

NOTE 21 - PARENT ONLY CONDENSED FINANCIAL INFORMATION

December 31, 2016 and 2015

(Dollars in Thousands)	2016	2015
ASSETS		
Cash and Cash Equivalents	$ 17,497	$ 8,852
Investment in Bank Subsidiary	209,727	149,300
Investment in Royal Asset Management (“RAM”)	6,125	5,851
Other Assets	1,455	106
Total Assets	$234,804	$164,109
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Long Term Debt	49,383	—
Subordinated Debentures	3,334	—
Other Liabilities	8	(30)
Total Liabilities	52,725	(30)
Shareholders’ Equity:		
Common Stock	142,651	141,873
Additional Paid-in Capital	8,417	7,706
Retained Earnings	31,278	14,753
Accumulated Other Comprehensive Income (Loss)	(267)	(193)
Total Shareholders’ Equity	182,079	164,139
Total Liabilities and Shareholders’ Equity	$234,804	$164,109

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 21 - PARENT ONLY CONDENSED FINANCIAL INFORMATION - Continued

CONDENSED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
Years Ended December 31, 2016, 2015 and 2014

(Dollars in Thousands)	2016	2015	2014
Interest Expense	$ 2,728	$ —	$ —
Noninterest Expense	123	298	117
Loss Before Equity in Undistributed Income of Subsidiaries	(2,851)	(298)	(117)
Equity in Undistributed Income of:			
Royal Business Bank	20,483	12,310	10,037
Royal Asset Management	274	804	450
Income before Income Taxes	17,906	12,816	10,370
Income Tax Benefit	1,173	125	48
Net Income	19,079	12,941	10,418
Other Comprehensive Income (Loss)	(74)	(141)	238
Total Comprehensive Income	$19,005	$12,800	$10,656

CONDENSED STATEMENTS OF CASH FLOW
Years Ended December 31, 2016, 2015 and 2014

(Dollars in Thousands)	2016	2015	2014
Cash Flows from Operating Activities:			
Net Income	$ 19,079	$ 12,941	$ 10,418
Provision for deferred income taxes	(1,172)	(125)	(49)
Undistributed Income of Subsidiaries	(20,757)	(13,114)	(10,487)
Change in Other Assets and Liabilities	29	135	(9)
	(2,821)	(163)	(127)
Cash Flows from Investment Activities:			
Outlays for business acquisitions	(839)	—	—
Investment in Subsidiaries	(35,000)	5,000	(10,000)
	(35,839)	5,000	(10,000)
Cash Flows from Financing Activities:			
Issuance of Subordinated Debentures, net of issuance costs	49,274	—	—
Dividends Paid	(2,554)	(3,114)	—
Issuance of Common Stock	585	470	1,645
	47,305	(2,644)	1,645
Increase (Decrease) in Cash and Cash Equivalents	8,645	2,193	(8,482)
Cash and Cash Equivalents Beginning of Year	8,852	6,659	15,141
Cash and Cash Equivalents End of Year	$ 17,497	$ 8,852	$ 6,659

RBB BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014

NOTE 22 - SUBSEQUENT EVENTS

On January 18, 2017, the Company announced that the Board of Directors had declared a cash dividend of $0.30 per common share. The cash dividend is payable on February 28, 2017 to stockholders of record at the close of business on February 15, 2017 in the amount of $3,848,000.

We have evaluated events that have occurred subsequent to December 31, 2016 through March 22, 2017, and have concluded there are no subsequent events that would require recognition in the accompanying consolidated financial statements.

Table of Contents

Shares

Common Stock

PROSPECTUS

Sandler O'Neill + Partners, L.P.

Keefe, Bruyette & Woods
A Stifel Company

, 2017

Through and including , 2017 (25 days after the date of this prospectus), all dealers that effect transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Table of Contents

PART II - INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, in connection with the sale of shares of our common stock being registered, all of which will be paid by us. All amounts shown are estimates, except for the SEC registration fee, the FINRA filing fee and the NASDAQ listing fee.

	Amount
SEC registration fee	$
FINRA filing fee	
NASDAQ listing fee	
Legal fees and expenses	
Accounting fees and expenses	
Printing fees and expenses	
Transfer agent and registrar fees and expenses	
Miscellaneous	
Total	$

Item 14. Indemnification of Directors and Officers.

Under Section 317 of the California Corporations Code, or the CGCL, a California corporation has the power to indemnify any person who was or is a party, or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor) by reason, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was an agent of the corporation, against expenses (including attorneys' fees), judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding if that person acted in good faith and in a manner he or she reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

In addition, an California corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was an agent of the corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of the action if the person acted in good faith, in a manner the person believed to be in the best interests of the corporation and its shareholders, provided that no indemnification shall be made for any of the following (1) with respect to any claim, issue, or matter as to which such person has been adjudged to have been liable to the corporation in the performance of that person's duty to the corporation and its shareholders, unless and only to the extent that the court in which the proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall determine; (2) of amounts paid in settling or otherwise disposing of a pending action without court approval; or (3) of expenses incurred in defending a pending action which is settled or otherwise disposed of without court approval.

Section 317 of the CGCL also provides that, to the extent that an agent of a corporation has been successful on the merits in the defense of any proceeding referred to in either of the foregoing paragraphs or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Section 317 of the GCGL also provides that to the extent that an agent of a corporation has been successful on the merits in defense of any proceeding referred to above or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

Except as provided in the paragraph above, any indemnification under this section shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth above, by any of the following: (1) a majority vote of a quorum consisting of directors who are not parties to such proceeding, (2) if such a quorum of directors is not obtainable, by independent legal counsel in a written opinion, (3) approval of the shareholders (Section 153), with the shares owned by the person to be indemnified not being entitled to vote thereon, or (4) The court in which the proceeding is or was pending upon application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not the application by the agent, attorney or other person is opposed by the corporation.

Our articles of incorporation provide that the liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law. Our articles of incorporation and bylaws also provide that we are authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) for breach of duty to the corporation and its shareholders through bylaw provisions or through agreements with agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the Corporations Code, subject to the limits of such excess indemnification set forth in Section 204 of the Corporations Code.

We have also obtained officers' and directors' liability insurance which insures against liabilities that officers and directors may, in such capacities, incur. Section 317 of the GCGL provides that a California corporation shall have power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in any that capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against that liability under CGCL Section 317.

Reference is made to the form of underwriting agreement to be filed as Exhibit 1.1 hereto for provisions providing that the underwriters are obligated under certain circumstances to indemnify our directors, officers and controlling persons against certain liabilities under the Securities Act of 1933, as amended (the "Securities Act").

Item 15. Recent Sales of Unregistered Securities.

The following sets forth information regarding unregistered securities that were sold by the Company within the past three years.

Long Term Debt Offering. On March 31, 2016, the Company entered into certain long term debt agreements and notes with accredited investors, pursuant to which the Company sold $50 million of Fixed-to-Floating Rate Subordinated Notes due March 31, 2026. The subordinated notes bear interest, payable semi-annually, at the rate of 6.5% per annum until March 31, 2021, and on that date, the interest rate will be adjusted to float at a rate equal to the three-month LIBOR rate plus 516 basis points (5.16%) until maturity. The subordinated notes were issued in a private placement exempt from registration pursuant to Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder as a transaction by an issuer not involving any public offering. FIG Partners, LLC served as the placement agents for the private placement.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

The exhibit index attached hereto is incorporated herein by reference.

(b) Financial Statement Schedules

All schedules have been omitted as not applicable or not required under the rules of Regulation S-X.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on , 2017.

RBB BANCORP

By: ______________________________
Name: Yee Phong (Alan) Thian
Title: *Chairman, Chief Executive Officer and President*

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Yee Phong (Alan) Thian and David Morris and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and to file the same with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Yee Phong (Alan) Thian	Director (Chairman); Chief Executive Officer and President (principal executive officer)	, 2017
David Morris	Executive Vice President; Chief Executive Officer and President (principal executive officer)	, 2017
Peter M. Chang	Director	, 2017
Wendell Chen	Director	, 2017
Pei-Chun (Peggy) Huang	Director	, 2017
James W. Kao	Director	, 2017

[Table of Contents]

Signature	Title	Date
______________________ Ruey-Chyr Kao	Director	, 2017
______________________ Chie-Min (Christopher) Koo	Director	, 2017
______________________ Christopher Lin	Director	, 2017
______________________ Ko-Yen Lin	Director	, 2017
______________________ Paul Lin	Director	, 2017
______________________ Feng (Richard) Lin	Director	, 2017
______________________ Fui Ming (Catherine) Thian	Director	, 2017

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
1.1	Form of Underwriting Agreement[1]
2.1	Agreement and Plan of Merger dated November 10, 2015 between TFC Holding Company, TomatoBank, RBB Bancorp and Royal Business Bank
3.1	Articles of Incorporation of RBB Bancorp
3.2	Bylaws of RBB Bancorp
4.1	Specimen common stock certificate of RBB Bancorp
	The other instruments defining the rights of holders of the long-term debt securities of the Company and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The Company hereby agrees to furnish copies of these instruments to the SEC upon request.
5.1	Opinion of Loren P. Hansen, APC[1]
10.1	Employment Agreement dated April 12, 2017 between RBB Bancorp, Royal Business Bank and Alan Thian[2]
10.2	Employment Agreement dated April 12, 2017 between RBB Bancorp, Royal Business Bank and David Morris[2]
10.3	Employment Agreement dated April 12, 2017 between RBB Bancorp, Royal Business Bank and Simon Pang[2]
10.4	RBB Bancorp 2010 Stock Option Plan[2]
10.5	Form of Stock Option Award under the RBB Bancorp 2010 Stock Option Plan[2]
10.6	RBB Bancorp 2017 Omnibus Stock Incentive Plan[2]
10.7	Form of Stock Option Award Terms under the RBB Bancorp 2017 Omnibus Stock Incentive Plan[2]
10.8	Form of Stock Appreciation Rights Award under the RBB Bancorp 2017 Omnibus Stock Incentive Plan[2]
10.9	Form of Deferred Stock Award Agreement under the RBB Bancorp 2017 Omnibus Stock Incentive Plan[2]
10.10	Form of Restricted Stock Award Agreement under the RBB Bancorp 2017 Omnibus Stock Incentive Plan[2]
10.11	Form of Performance Share Award Agreement under the RBB Bancorp 2017 Omnibus Stock Incentive Plan[2]
10.12	Form of Indemnification Agreements entered into with all of the directors and executive officers of RBB Bancorp[2]
10.13	Form of Indemnification Agreement entered into with all of the former directors and executive officers of TFC Holding Company[2,]
21.1	Subsidiaries of RBB Bancorp
23.1	Consent of Vavrinek Trine Day & Co., LLP
23.2	Consent of Loren P. Hansen, APC (included as part of Exhibit 5.1)[1]
24.1	Power of Attorney[1]

1 To be filed by amendment.
2 Indicates a management contract or compensatory plan.

Exhibit 2.1

Execution version

AGREEMENT AND PLAN OF MERGER

BY AND BETWEEN

RBB BANCORP,

ROYAL BUSINESS BANK,

TFC HOLDING COMPANY

AND

TOMATOBANK

Effective as of November 10, 2015

TABLE OF CONTENTS

		Page
ARTICLE 1 CERTAIN DEFINITIONS		2
SECTION 1.01.	CERTAIN DEFINITIONS	2
ARTICLE II THE MERGERS		10
SECTION 2.01	THE MERGERS	10
SECTION 2.02	EFFECTIVE DATE AND EFFECTIVE TIME	12
ARTICLE III CONSIDERATION; EXCHANGE PROCEDURES		13
SECTION 3.01	EFFECT ON CAPITAL STOCK	13
SECTION 3.02	RESERVATION OF RIGHT TO REVISE TRANSACTION	14
SECTION 3.03	CONVERSION OF TFC COMMON STOCK	14
SECTION 3.04	EXCHANGE PROCEDURES	16
SECTION 3.05	DISSENTING SHARES AND APPRAISAL RIGHTS SHARES	18
ARTICLE IV ACTIONS PENDING ACQUISITION		18
SECTION 4.01	CONDUCT OF TFC’S AND THE BANK’S BUSINESS PRIOR TO THE EFFECTIVE TIME	18
SECTION 4.02	FORBEARANCES OF TFC AND THE BANK	19
SECTION 4.03	CONDUCT OF RBB BANCORP’S AND RBB’S BUSINESS PRIOR TO THE EFFECTIVE TIME	24
SECTION 4.04	FORBEARANCES OF RBB BANCORP AND RBB	24
ARTICLE V REPRESENTATIONS AND WARRANTIES		25
SECTION 5.01	DISCLOSURE SCHEDULES	25
SECTION 5.02	STANDARD	25
SECTION 5.03	REPRESENTATIONS AND WARRANTIES OF TFC AND BANK	25
SECTION 5.04	REPRESENTATIONS AND WARRANTIES OF RBB BANCORP AND RBB	43
ARTICLE VI COVENANTS		48
SECTION 6.01	REASONABLE BEST EFFORTS	48
SECTION 6.02	SHAREHOLDERS’ APPROVALS	48
SECTION 6.03	PRESS RELEASES	48
SECTION 6.04	ACCESS; INFORMATION	49
SECTION 6.05	CONFIDENTIAL INFORMATION	49
SECTION 6.06	ACQUISITION PROPOSALS	50
SECTION 6.07	CERTAIN POLICIES	51
SECTION 6.08	REGULATORY APPLICATIONS	51
SECTION 6.09	INSURANCE	52
SECTION 6.10	BENEFIT PLANS	52
SECTION 6.11	FUTURE EMPLOYMENT	54
SECTION 6.12	NOTIFICATION OF CERTAIN MATTERS	54
SECTION 6.13	HUMAN RESOURCES ISSUES	54
SECTION 6.14	THIRD-PARTY AGREEMENTS	55
SECTION 6.15	TAX TREATMENT OF THE TFC MERGER	55
SECTION 6.16	NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT	56
SECTION 6.17	PRE-CLOSING ADJUSTMENTS	56
SECTION 6.18	FIRPTA CERTIFICATE	56
SECTION 6.19	ADVICE OF CHANGES	56
SECTION 6.20	CURRENT INFORMATION	57
SECTION 6.21	EXECUTION AND AUTHORIZATION OF MERGER AGREEMENTS	57
SECTION 6.22	TRANSACTION EXPENSES OF BANK	57
SECTION 6.23	RESIGNATIONS AND TERMINATIONS	57

ARTICLE VII CONDITIONS TO CONSUMMATION OF THE TFC MERGER AND THE RBB MERGER		58
SECTION 7.01	CONDITIONS TO THE PARTIES' OBLIGATIONS TO EFFECT THE TFC MERGER AND THE RBB MERGER	58
SECTION 7.02	CONDITIONS TO OBLIGATION OF BANK TO EFFECT THE TFC MERGER AND THE RBB MERGER	59
SECTION 7.03	CONDITIONS TO OBLIGATION OF RBB BNACORP TO EFFECT THE TFC MERGER AND THE RBB MERGER	59
ARTICLE VIII TERMINATION		61
SECTION 8.01	TERMINATION	61
SECTION 8.02	EFFECT OF TERMINATION AND ABANDONMENT	63
ARTICLE IX MISCELLANEOUS		65
SECTION 9.01	SURVIVAL	65
SECTION 9.02	WAIVER; AMENDMENT	65
SECTION 9.03	COUNTERPARTS	65
SECTION 9.04	GOVERNING LAW, JURISDICTION AND VENUE	65
SECTION 9.05	EXPENSES	66
SECTION 9.06	NOTICES	66
SECTION 9.07	ENTIRE UNDERSTANDING; NO THIRD PARTY BENEFICIARIES	67
SECTION 9.08	EFFECT	67
SECTION 9.09	SEVERABILITY	67
SECTION 9.10	ENFORCEMENT OF THE AGREEMENT	67
SECTION 9.11	INTERPRETATION	68
SECTION 9.12	TIME	68

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (“Agreement”), effective as of , 2015 by and between RBB Bancorp **(“RBB Bancorp”),** Royal Business Bank **(“RBB”)**, TFC Holding Company **(“TFC”)**, and TomatoBank **(“Bank”)**, is entered into with respect to the following:

RECITALS

A. **RBB Bancorp.** RBB Bancorp is a duly organized and existing California corporation and bank holding company for RBB, its wholly-owned subsidiary, having its principal place of business in Los Angeles, California.

B. **RBB.** RBB is a duly organized and existing California state-chartered commercial bank, having its principal place of business in Los Angeles, California, and whose deposit accounts are insured to the extent allowed by law by the Federal Department Insurance Corporation. In furtherance of this transaction, RBB will cause a subsidiary to be organized as a corporation under applicable California law. RBB is a wholly-owned subsidiary of RBB Bancorp.

C. **TFC.** TFC is a duly organized and existing Delaware corporation and bank holding company for the Bank, its wholly-owned subsidiary, having its principal place of business in Alhambra, California.

D. **The Bank.** The Bank is a duly organized and existing California state-chartered commercial bank, having its principal place of business in Alhambra, California and whose deposit accounts are insured to the extent allowed by law by the Federal Deposit Insurance Corporation.

E. **BOARD DETERMINATIONS**. The respective Boards of Directors of RBB Bancorp, RBB, TFC and the Bank have determined that it is in the best interests of their respective companies and shareholders for RBB Bancorp’s newly formed subsidiary **(“Subsidiary”)** merge with and into TFC **(the “TFC Merger”)**, and all shareholders of TFC shall become entitled to the Merger Consideration; thereafter, TFC will merge with and into RBB Bancorp **(the “RBB Bancorp Merger”)**; thereafter the Bank will merge with and into RBB **(the “RBB Merger”)**, and other transactions contemplated by this Agreement, on the terms and subject to the conditions provided for in this Agreement and applicable law.

F. **TFC MERGER AGREEMENT**. Prior to consummation of the TFC Merger, TFC will, and RBB Bancorp will cause Subsidiary to, enter into a plan of merger, in a form to be mutually agreed upon by the parties **(“TFC Merger Agreement”)**, providing for the TFC Merger, with TFC being the surviving corporation.

G. **RBB BANCORP MERGER AGREEMENT**. Prior to consummation of the RBB Bancorp Merger, TFC and RBB Bancorp will enter into a plan of merger, in a form to be mutually agreed upon by the parties **(“RBB Bancorp Merger Agreement”)**, providing for the RBB Bancorp Merger, with RBB Bancorp being the surviving corporation.

H. **RBB MERGER**. Prior to the consummation of the RBB Merger, RBB and the Bank will enter into a plan of merger in a form to be mutually agreed upon by the parties **("RBB Merger Agreement")**, providing for the RBB Merger, with RBB being the surviving bank.

I. **BOARD OF DIRECTOR ACTIONS**. The respective Boards of Directors of RBB Bancorp, RBB, TFC and the Bank have adopted by at least a majority vote resolutions approving and authorizing the TFC Merger, the RBB Bancorp Merger, the RBB Merger, this Agreement and the transactions contemplated herein.

J. **SHAREHOLDER AGREEMENT**. As a condition to, and simultaneously with the execution of this Agreement, the Directors and executive officers of TFC and the Bank have executed and delivered to RBB a Shareholder Agreement in the form of Exhibit A hereto **("Shareholder Agreement")**.

K. **INTENTIONS OF THE PARTIES**. It is the intention of the parties to this Agreement that the business combination contemplated hereby be accounted for under the purchase accounting method and be treated as a "reorganization" under Section 368(a) of the Internal Revenue Code of 1986, as amended **("Code")**.

L. **NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT**. A non-solicitation and confidentiality agreement, in the form attached hereto as Exhibit B **("Non-Solicitation and Confidentiality Agreement")**, shall be executed by the Persons listed on Exhibit B-1 hereto.

M. **REQUIRED APPROVALS**. The TFC Merger, the RBB Bancorp Merger, and the RBB Merger, require certain shareholder and regulatory approvals and may be effected only after the necessary approvals have been obtained.

N. **NO CONTROL OF TFC OR THE BANK**. Subject to any specific provisions of this Agreement, it is the intent of the parties that RBB Bancorp, the subsidiary it will form, RBB , or any affiliate of RBB, by reason of this Agreement shall not (until consummation of the TFC Merger) control, and shall not be deemed to control TFC or the Bank or any of their subsidiaries, directly or indirectly, and shall not exercise or be deemed to exercise, directly or indirectly, a controlling influence over the management or policies of TFC or the Bank or any of their subsidiaries;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, representations, warranties and agreements contained herein the parties agree as follows:

ARTICLE 1

CERTAIN DEFINITIONS

SECTION 1.01. CERTAIN DEFINITIONS.

The following terms are used in this Agreement with the meanings set forth below:

"Acquisition Proposal" has the meaning set forth in Section 6.06.

“Affiliate” means, with respect to a Person, any Person that, directly or indirectly, controls, is controlled by or is under common control with such Person; for purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” or “under common control with”), as applied to any Person, means the possession, directly or indirectly, of (i) ownership, control or power to vote twenty-five percent (25%) or more of the outstanding shares of any class of voting securities of such Person, (ii) control, in any manner, over the election of a majority of the directors, trustees or general partners (or individuals exercising similar functions) of such Person or (iii) the power to exercise a controlling influence over the management or policies of such Person.

“Agreement” means this Agreement, as amended or modified from time to time in accordance with Section 9.02.

“Antitakeover Law” has the meaning set forth in Section 4.02(z).

“Appraisal Rights” means shares of TFC Common Stock held by a TFC shareholder with respect to which such shareholder in accordance with Section 262 of the DGCL perfects such shareholder’s right for an appraisal of the fair value of the shares due to the TFC Merger.

“Appraisal Rights Shares” shall have the meaning set forth in Section 3.01(c).

“Appraisal Rights Shareholder” means the holder of shares of TFC Common Stock who has Appraisal Rights.

“Bank” has the meaning set forth in the preamble to this Agreement.

“Bank-ALLL” has the meaning set forth in Section 5.03(v).

“Bank-ALLL Adjustment Amount” means the amount, if any, of any loan loss provisions necessary to increase the BANK-ALLL at the Calculation Date to an amount which is equal to the Minimum BANK-ALLL set forth in Section 7.03(e) plus an additional amount provided by RBB to TFC and the Bank.

“Bank Articles” means the Articles of Incorporation of the Bank.

“Bank Bylaws” means the Bylaws of Bank, as amended.

“Bank Commercial Real Estate Loans” means disbursed and non-disbursed exposures secured by raw land, land development and construction (including 1-4 family residential construction), other land loans, 1-4 family residential properties for investment purposes, multi-family property, hotel/motel properties, and non-farm nonresidential property where the primary or a significant source of repayment is derived from rental income associated with the property (that is, loans for which 50 percent or more of the source of repayment comes from third party, non-affiliated, rental income) or the proceeds of the sale, refinancing, or permanent financing of the property. SBA loans secured by any of the above property types, loans to REITs and unsecured loans to developers would also be considered CRE loans.

“Bank Common Stock” means the common stock, no par value, of the Bank.

“Bank Loan Property” has the meaning set forth in Section 5.03(p).

“Bank Minimum Capital and Leverage Ratio” means Bank Tangible Book Value of a minimum of $55.0 million and a Tier 1 Leverage Capital Ratio of 13.25%.

“Bank Secrecy Act” means the Currency and Foreign Transaction Reporting Act (31 U.S.C. §5311 et seq.), as amended.

“Bank Tangible Book Value” means the stockholders’ equity of the Bank as determined in accordance with GAAP, less the sum of goodwill and other intangible assets.

“Benefit Plans” has the meaning set forth in Section 5.03(n).

“Brokered Deposits” means any deposit as defined as a brokered deposit under Section 29 of the Federal Deposit Insurance Act as implemented by FDIC regulation Section 337.6. Brokered Deposits does not include internet deposits or deposits from deposit originators.

“Business Day” means Monday through Friday of each week, except a legal holiday recognized as such by the U.S. Government or any day on which banking institutions in the State of California are authorized or obligated to close.

“Calculation Date” means the last day of the month preceding the Effective Date, unless RBB and Bank mutually agree to another day.

“California Secretary” means the California Secretary of State.

“CFC” means the California Financial Code.

“CGCL” means the California General Corporation Law.

“Code” has the meaning set forth in the recitals to this Agreement.

“Commissioner” means the Commissioner of Business Oversight.

“Community Reinvestment Act” means the Community Reinvestment Act of 1977, as amended.

“Core Deposits” means the sum of demand deposits, NOW deposits, money market demand accounts and savings accounts at the Bank.

“Day” means Business Day unless otherwise indicated.

“DBO” means the California Department of Business Oversight.

“Deposit Insurance Fund” means the Deposit Insurance Fund maintained by the FDIC.

“Derivatives Contract” has the meaning set forth in Section 5.03(r).

“DGCL” means the Delaware General Corporations Law.

“Disclosure Schedules” has the meaning set forth in Section 5.01.

“Dissenters’ Set Aside” has the meaning set forth in Section 3.03(a).

“Dissenting Shares” means shares of TFC Common Stock held by a shareholder of TFC with respect to which such shareholder in accordance with Section 1300 et. seq. of the California Corporations Code perfects such shareholder’s right to dissent to the TFC Merger.

“Dissenting Shareholder” means any holder of Dissenting Shares.

“DOL” means the Department of Labor.

“Effective Date” has the meaning set forth in Section 2.02.

“Effective Time” has the meaning set forth in Section 2.02.

“Employment Agreements” has the meaning set forth in Section 6.10(d).

“Environmental Laws” has the meaning set forth in Section 5.03(p).

“Equal Credit Opportunity Act” means the Equal Credit Act (15 U.S.C. §1691 et seq.), as amended and any regulations promulgated thereunder.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended and any regulations promulgated thereunder.

“ERISA Affiliate” has the meaning set forth in Section 5.03(n).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Agent” means Computershare or such other entity as the parties may agree upon.

“Exchange Fund” has the meaning set forth in Section 3.04(a).

“Fair Housing Act” means the Fair Housing Act (420 U.S.C. §3601, et seq.), as amended and any regulations promulgated thereunder.

“FDIC” means the Federal Deposit Insurance Corporation.

"FIS" means Fidelity Information Systems.

"Former TFC and Bank Employee(s)" has the meaning set forth in Section 6.10(b).

"FRB" means the Board of Governors of the Federal Reserve System.

"GAAP" means generally accepted accounting principles.

"Governmental Authority" means any court, administrative agency or commission or other federal, state or local governmental authority or instrumentality.

"Hazardous Substance" has the meaning set forth in Section 5.03(p).

"Home Mortgage Disclosure Act" means the Home Mortgage Disclosure Act (12 U.S.C. Section 2801 et seq.), as amended and any regulations promulgated thereunder.

"Immigration Laws" has the meaning set forth in Section 5.03(k).

"Insurance Policies" has the meaning set forth in Section 5.03(u).

"IRS" means Internal Revenue Service.

"Knowledge" shall mean facts and other information which as of the date of this Agreement the chairman of the board, president, any executive vice president, the chief financial officer, or the chief credit officer (and any officer superior to any of the foregoing) of a party knows as a result of the performance of his or her duties, or that any such officer of a bank or bank holding company reasonably should know in the normal course of his or her duties, and includes such diligent inquiry as is reasonable under the circumstances.

"Laws" means any and all statutes, laws, ordinances, rules, regulation, orders, permits, judgments, injunctions, decrees, case law and other rules of law enacted, promulgated or issued by any Governmental Authority.

"Lien" means any charge, mortgage, pledge, security interest, restriction, claim, lien or encumbrance.

"Material Adverse Effect" means, with respect to RBB, TFC or the Bank, any effect that (i) is or with the passage of time will be material and adverse to the financial position, results of operations, business or prospects of RBB, TFC or the Bank, as the case may be, (including but not limited to a material increase in past due and/or non-accrual loans since September 30, 2015 (ii) would materially impair the ability of any of RBB, TFC or the Bank to perform their obligations under this Agreement or otherwise materially threaten or materially impede the consummation of the TFC Merger and the other transactions contemplated by this Agreement; provided, however, that a Material Adverse Effect shall not be deemed to include the impact of (a) changes in banking and similar laws of general applicability or interpretations thereof by Governmental Authorities, (b) changes in GAAP or regulatory accounting requirements applicable to banks and their holding companies generally, (c) changes in general economic conditions affecting banks and their holding companies generally, except to the extent such changes disproportionately affect RBB, TFC or the

Bank; and (d) any modifications or changes to valuation policies and practices in connection with the TFC Merger or restructuring charges taken in connection with the TFC Merger, in each case in accordance with GAAP. **"Material Adverse Effect"** also means, with respect to TFC and the Bank only, (a) the net amount of loans on non-accrual status increases by more than $1,000,000 from its level at September 30, 2015; (b) the net amount of loans past due 90 days or more increases by more than $2,000,000 from its level at September 30, 2015; (c) the net amount of non-performing assets (which includes OREO and loans on non-accrual status) increases by more than $1,000,000 from its level at September 30, 2015; (d) demand deposits and money market deposits decrease by more than $20.0 million from its aggregate level at September 30, 2015; (e) average daily Core Deposits for the 90 days preceding Closing shall not have declined more than 50% from the 90 day average daily Core Deposits as of September 30, 2015, (f) any Brokered Deposits, internet deposits or deposits from loan originators with a maturity longer than 180 days that have been acquired or renewed as of and after the date of this Agreement, (g) any increase in borrowings from the FHLB or other financial institution or entity outside the ordinary course of business as measured from September 30, 2015, and (h) amounts or ratios less than the amounts or ratios contained in the definitions of Bank Minimum Capital and Leverage Ratio, and the TFC Minimum Capital and Leverage Ratio, after reflecting all accruals required by GAAP, including Reductions (except for Item (vi) in the definition of Reductions) and Bank—ALLL Adjustment Amount, as of the Calculation Date.

"Merger Consideration" has the meaning set forth in Section 3.03(a).

"Minimum Bank-ALLL" has the meaning set forth in Section 7.03(e)

"National Labor Relations Act" means the National Labor Relations Act, as amended and any regulations promulgated thereunder.

"New Bank Plan" has the meaning set forth in Section 6.11(b).

"New RBB Plan" has the meaning set forth in Section 6.11(b).

"NLRB" has the meaning set forth in Section 5.03(k).

"Non-Solicitation and Confidentiality Agreements" has the meaning set forth in the recitals to this Agreement.

"Operating Loss" has the meaning set forth in Section 5.03(aa).

"Pension Plan" has the meaning set forth in Section 5.03(n).

"Per Share Merger Consideration" has the meaning set forth in Section 3.03(a).

"Person" means any individual, bank, corporation, partnership, association, joint-stock company, business trust, limited liability company or unincorporated organization.

"Pre-Closing Adjustments" is defined in Section 6.17.

“Proxy Materials” means the proxy statement to be used in soliciting the approval of TFC’s stockholders at the Special Meeting.

“RBB” has the meaning set forth in the preamble to this Agreement.

“RBB Bancorp” has the meaning set forth in the preamble to this Agreement..

“RBB Bancorp Merger” has the meaning set forth in the recitals to this Agreement.

“RBB Bancorp Merger Agreement” has the meaning set forth in the recitals to this Agreement.

“RBB Bancorp Common Stock” means the common stock of RBB Bancorp.

“RBB Bancorp and RBB Disclosure Schedule” has the meaning set forth in Section 5.01.

“RBB Merger” has the meaning set forth in the recitals to this Agreement.

“RBB Merger Agreement” has the meaning set forth in the recitals to this Agreement.

“RBB Plan” has the meaning set forth in Section 6.10(c).

“**Reductions”** means the sum of (i) actual termination costs as estimated by FISERV and FIS, but not conversion costs, associated with the termination of the core processing contracts of FISERV and FIS, and any other vendor contract termination costs; (ii) any change in control and termination without cause payments, to the extent that they exceed $300,000, which are to be paid to Mr. Charles Fenton, Mr. Chris Chan, Ms. Li Chen Herman, Mr. Peter Lam and Mr. David Bicking under their employment agreements with the Bank; (iii) any retention bonuses such as the New Bank Plan in Section 6.11(b); (iv) any other severance or other similar payments, including those payments described in Section 6.10(d), other than change in control payments described in (ii) above; (v) directors’ and officers’ tail insurance premiums to the extent that such premiums exceed $50,000, including those insurance premium payments provided in Section 6.09, (vi) mark-to-market adjustments of $3,548,345 that shall be used only in connection with the calculation of the Merger Consideration contained in Section 3.03(a)(i) of this Agreement; (vii) the amount of the actual contractual lease costs for the City of Industry Branch less the amount for a short term lease, if the Bank does not enter into a short term lease for a term equal to or less than six (6) months, and (viii) transaction costs and other expenses determined in due diligence incurred or to be incurred in connection with the transaction contemplated by this Agreement, including but not limited to investment bankers’ fees and costs, success fees and costs, and legal expenses and costs.

“Regulatory Filings” has the meanings set forth in Sections 5.03(h) and 5.04(h).

“Rights” means, with respect to any Person, securities or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, or any options, calls or commitments relating to, or any stock appreciation right or other instrument the value of which is determined in whole or in part by reference to the market price or value of, shares of capital stock of such Person.

“SEC” means the United States Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“Shareholder Agreement” has the meaning set forth in the recitals to this Agreement.

“Special Meeting” means the special meeting of TFC stockholders to be held to approve the TFC Merger, the RBB Merger and this Agreement.

“Subordinated Debentures” means the $5,000,000 subordinated debentures issued to TFC Statutory Trust I, a trust formed by TFC, pursuant to an Indenture dated December 28, 2006.

“Subsidiary” shall have the meaning given such term in the Recitals.

“Superior Proposal” has the meaning set forth in Section 6.06.

“Surviving Bank” has the meaning set forth in Section 2.01(a).

“Surviving Corporation” has the meaning set forth in Section 2.01(a).

“Tax” and “Taxes” mean all federal, state, local or foreign taxes, charges, fees, levies or other assessments, however denominated, including, without limitation, all net income, gross income, gains, gross receipts, sales, use, ad valorem, goods and services, capital, production, transfer, franchise, windfall profits, license, withholding, payroll, employment, disability, employer health, excise, estimated, severance, stamp, occupation, property, environmental, unemployment or other taxes, custom duties, fees, assessments or charges of any kind whatsoever, imposed on the income, properties or operations of RBB or the Bank, as applicable, by any taxing authority whether arising before, on or after the Effective Date, together with any interest, additions or penalties thereto and any interest in respect of such interest and penalties.

“Tax Returns” means any return, amended return or other report (including elections, declarations, disclosures, schedules, estimates and information returns) required to be filed on or before the Effective Date with respect to any Taxes of either RBB or the Bank, as applicable.

“Termination Date” has the meaning set forth in Section 8.01(d)

“Termination Fee” has the meaning set forth in Section 8.02(b).

“TFC Articles” means the Certificate of Incorporation of TFC.

“TFC” has the meaning set forth in the preamble to this Agreement

“TFC Bylaws” means the Bylaws of TFC, as amended.

"TFC and Bank Disclosure Schedule" has the meaning set forth in Section 5.01.

"TFC Closing Statement" shall have the meaning set forth in Section 3.03(c).

"TFC Common Stock" means the common stock, $0.005 par value, of TFC.

"TFC Merger" has the meaning set forth in the Recitals to this Agreement.

"TFC Merger Agreement" has the meaning set forth in the Recitals to this Agreement.

"TFC Minimum Capital and Leverage Ratio" means TFC Tangible Book Value of a minimum of $50.0 million and a Tier 1 Leverage Capital Ratio of 12.5%.

"TFC Tangible Book Value" means the stockholders' equity of TFC as determined in accordance with GAAP, less the sum of goodwill and other intangible assets.

"USA Patriot Act" means the USA PATRIOT Act (Pub. L. No. 107-56) and any regulations promulgated thereunder.

"Vavrinek" means Vavrinek, Trine, Day & Co., LLP.

"WARN" has the meaning set forth in Section 5.03(k).

ARTICLE II

THE MERGERS

SECTION 2.01 THE MERGERS.

(a) Subject to receipt of all necessary regulatory and shareholder approvals, TFC and RBB Bancorp agree that they will use their best efforts, with all necessary cooperation of the Bank, for Subsidiary to merge into TFC (the "TFC Merger"), and for shareholders of TFC to be entitled to the Merger Consideration, in accordance with Section 1100 et. seq. of the CGCL, and Section 252 of the DGCL at the Effective Time, with TFC as the Surviving Corporation (the **"Surviving Corporation")**. Following the TFC Merger and as soon as possible thereafter, subject to the terms and conditions of this Agreement, TFC and RBB Bancorp shall consummate the RBB Bancorp Merger pursuant to Section 1100 et. seq. of the CGCL and Section 252 of the DGCL with RBB Bancorp as the surviving corporation in accordance with the procedures specified in the CGCL and the DGCL. Following the RBB Bancorp Merger and as soon as possible thereafter, the Bank and RBB shall consummate the RBB Merger in accordance with the procedures specified in the CFC pursuant to CFC Section 4887. RBB will be the Surviving Bank (the **"Surviving Bank")**, it shall continue to exist as a California state-chartered banking corporation with all its rights, privileges, immunities, powers and franchises continuing unaffected by the RBB Merger, and the separate corporate existence of Bank shall cease.

(b) Filings. Subject to the satisfaction or waiver of the conditions set forth in Article VII, the TFC Merger shall become effective upon the Effective Time on the Effective Date as specified in the TFC Merger Agreement, and TFC shall be the Surviving Corporation, in accordance with Section 252 of the DGCL and Section 1100 et. seq. of the CGCL.

(c) Articles of Incorporation and Bylaws.

(i) The articles of incorporation and bylaws of the Surviving Corporation immediately after the TFC Merger shall be those of TFC as in effect immediately prior to the Effective Time.

(ii) The articles of incorporation and bylaws of the RBB Bancorp immediately after the RBB Bancorp Merger shall be those of RBB Bancorp as in effect immediately prior to the Effective Time. The articles of incorporation and bylaws of the RBB immediately after the RBB Merger shall be those of RBB as in effect immediately prior to the Effective Time.

(d) Directors and Officers of the Surviving Corporation and Surviving Bank.

(i) The directors and officers of the Surviving Corporation immediately after the TFC Merger shall be the directors and officers of the Subsidiary immediately prior to the Effective Time, until such time as their successors shall be duly elected and qualified.

(ii) The directors and officers of RBB Bancorp immediately after the RBB Bancorp Merger shall be the directors and officers of RBB Bancorp immediately prior to the Effective Time, until such time as their successors shall be duly elected and qualified.

(iii) The directors and officers of RBB immediately after the RBB Merger shall be the directors and officers of RBB immediately prior to the Effective Time, until such time as their successors shall be duly elected and qualified.

(e) Effect of the TFC Merger.

(i) At the Effective Time, the effect of the TFC Merger shall be as provided in the DGCL and the CGCL , including any regulations or rules promulgated thereunder. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of TFC shall vest in the Surviving Corporation, all debts, liabilities, obligations, restrictions, disabilities and duties of the TFC shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Corporation.

(ii) After the Effective Time, the effect of the RBB Bancorp Merger shall be as provided in the CGCL and the DGCL, including any regulations or rules promulgated thereunder. Without limiting the generality of the foregoing, and subject thereto, all the property, rights, privileges, powers and franchises of TFC shall vest in RBB Bancorp, all debts, liabilities, obligations, restrictions, disabilities and duties of the TFC shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the RBB Bancorp.

(iii) After the Effective Time, the effect of the RBB Merger shall be as provided in the CFC, including any regulations or rules promulgated thereunder. Without limiting the generality of the foregoing, and subject thereto, all the property, rights, privileges, powers and franchises of the Bank shall vest in RBB, all debts, liabilities, obligations, restrictions, disabilities and duties of the Bank shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the RBB and the charter of the Bank as a commercial bank shall continue in the Surviving Bank.

(f) Further Actions.

(i) If, at any time after the Effective Time, the Surviving Corporation shall consider that any further assignments or assurances in law or any other acts are necessary or desirable to (i) vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of TFC acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the TFC Merger, or (ii) otherwise carry out the purposes of this Agreement, TFC, and its proper officers and directors, shall be deemed to have granted to the Surviving Corporation an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Corporation and otherwise to carry out the purposes of this Agreement, and the proper officers and directors of the Surviving Corporation are fully authorized in the name of the Surviving Corporation or otherwise to take any and all such action.

(ii) If, at any time after the Effective Time, the Surviving Bank shall consider that any further assignments or assurances in law or any other acts are necessary or desirable to (i) vest, perfect or confirm, of record or otherwise, in the Surviving Bank its right, title or interest in, to or under any of the rights, properties or assets of the Bank acquired or to be acquired by the Surviving Bank as a result of, or in connection with, the RBB Merger, or (ii) otherwise carry out the purposes of this Agreement, the Bank, and its proper officers and directors, shall be deemed to have granted to the Surviving Bank an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Bank and otherwise to carry out the purposes of this Agreement, and the proper officers and directors of the Surviving Bank are fully authorized in the name of the Surviving Bank or otherwise to take any and all such action.

SECTION 2.02 EFFECTIVE DATE AND EFFECTIVE TIME.

Subject to the satisfaction or waiver of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the consummation of the TFC Merger, but subject to the fulfillment or waiver of those conditions), the parties shall cause the filings contemplated by Section 2.01 to be made (i) no later than the tenth Business Day after such satisfaction or waiver or (ii) such other date to which the parties may agree in writing. The TFC Merger provided for herein shall become effective upon such filing or filings and on such date as may be specified therein and in accordance with the DGCL and the CGCL. The date of such effectiveness is herein called the **“Effective Date”**. The **“Effective Time”** of the TFC Merger shall be the time as set forth in such filing, but in no event more than fifteen (15) days from the Effective Date.

ARTICLE III

CONSIDERATION; EXCHANGE PROCEDURES

SECTION 3.01 EFFECT ON CAPITAL STOCK.

Subject to the other provisions of this Article III, at the Effective Time, by virtue of the TFC Merger and without any additional action on the part of the holders of shares of TFC Common Stock:

(a) RBB Common Stock. Each share of RBB Bancorp Common Stock issued and outstanding immediately prior to the Effective Time shall remain an issued and outstanding share of common stock and shall not be affected by the TFC Merger;

(b) TFC Common Stock. Each share of TFC Common Stock issued and outstanding immediately prior to the Effective Time (other than any Dissenting Shares or shares entitled to Appraisal Rights, as defined herein) shall be cancelled and converted into the right to receive in cash the Per Share Merger Consideration, without interest, as provided in Section 3.03;

(c) Dissenting Shares and Appraisal Rights Shares.

(i) Any shares of TFC Common Stock held by a Person who dissents from the TFC Merger in accordance with the provisions of Section 1300 et. seq. of the CGCL (**"Dissenting Shares"**) shall not be converted into cash hereunder unless and until such shares have lost their status as Dissenting Shares under 1300 et. seq. of the CGCL, at which time such shares shall be converted into cash pursuant to Section 3.03; notwithstanding any other provision of this Agreement, any Dissenting Shares shall not, after the Effective Time, be entitled to vote for any purpose or receive any dividends or other distributions and shall be entitled only to such rights as are afforded in respect of Dissenting Shares pursuant to applicable law. The Per Share Merger Consideration for any Dissenting Shares shall be paid over to RBB Bancorp by the Exchange Agent pending the determination as to the rights of any Dissenting Share to consideration under applicable laws.

(ii) Any shares of TFC Common Stock held by a Person who is entitled to Appraisal Rights in the TFC Merger in accordance with the provisions of Section 262 of the DGCL (**"Appraisal Rights Shares"**) shall not be converted into cash hereunder unless and until such shares have lost their status as Appraisal Rights Shares under 262 of the DGCL, at which time such shares shall be converted into cash pursuant to Section 3.03; notwithstanding any other provision of this Agreement, any Appraisal Rights Shares shall not, after the Effective Time, be entitled to vote for any purpose or receive any dividends or other distributions and shall be entitled only to such rights as are afforded in respect of Appraisal Rights Shares pursuant to applicable law. The Per Share Merger Consideration for any Appraisal Rights Shares shall be paid over to RBB by the Exchange Agent pending the determination as to the rights of any Appraisal Rights Shares to consideration under applicable laws.

(d) Cancellation of Certain Shares. Any shares of TFC Common Stock held by RBB Bancorp (or any of its Subsidiaries) or by the Bank, other than those held in a fiduciary capacity or as a result of debts previously contracted, shall be cancelled and retired at the Effective Time and no Per Share Merger Consideration shall be paid or issued in exchange therefore.

(e) Subsidiary Stock. Each share of common stock of Subsidiary issued and outstanding immediately prior to the Effective Time owned by RBB Bancorp will be converted into and exchanged for one validly issued, fully paid share of Surviving Corporation's common stock. Each stock certificate of Subsidiary evidencing ownership of any such shares will from and after the Effective Time evidence ownership of shares of the TFC's common stock.

SECTION 3.02 RESERVATION OF RIGHT TO REVISE TRANSACTION.

RBB Bancorp and RBB may, at any time prior to the Effective Time of the TFC Merger (subject to any necessary regulatory approvals and including, to the extent permitted by applicable law, after TFC's shareholders and/or RBB's shareholder have approved the principal terms of this Agreement), change the method of effecting the TFC Merger, the RBB Bancorp Merger, or the RBB Merger (including, without limitation, the provisions of this Article III) if and to the extent it deems such change to be necessary, appropriate or desirable; provided, however, that no such change shall (a) alter or change the amount or form of consideration to be issued to the holders of TFC Common Stock as provided for in this Agreement, (b) impede or unreasonably delay consummation of the transactions contemplated by this Agreement, (c) otherwise be materially prejudicial to the interests of the shareholders of the TFC, or (d) extend the Termination Date.

SECTION 3.03 CONVERSION OF TFC COMMON STOCK.

(a) The Process. At the Effective Time, the conversion of each outstanding share of TFC Common Stock shall proceed as follows:

(i) The terms used herein shall have the following meanings:

"Dissenters' Set Aside" shall mean the aggregate dollar amount in cash necessary to satisfy the claims in full of the Dissenting Shares in accordance with Section 1300 et. seq. of the CGCL and the Appraisal Rights Shares in accordance with Section 262 of the DGCL.

"Merger Consideration" shall be an amount in cash equal to the sum of (i) 1.60 times TFC Tangible Book Value as of October 31, 2015 for that amount of the TFC Tangible Book Value equal to 10% of the TFC's tier-1 leveraged capital, but excluding loans secured by certificates of deposit from the calculation, as determined on the Calculation Date, (ii) one (1) times the remaining TFC Tangible Book Value as of October 31, 2015 on the remaining TFC Tangible Book Value, (iii) the Bank net income after October 31, 2015 to the Calculation Date, and (iv) one (1) times the amount that Bank ALLL is above $7,040,920, minus the Reductions and the Bank-ALLL Adjustment Amount, provided, however, that (x) if the TFC Tangible Book Value on the Calculation Date is less than the TFC Minimum Capital amount

contained in the definition of TFC Minimum Capital and Leverage Ratio, then in lieu of terminating this Agreement pursuant to Section 8.01(h), RBB Bancorp, in its sole discretion, may elect to reduce the Merger Consideration by one dollar for each dollar that the TFC Tangible Book Value is less than the TFC Minimum Capital amount, and (y) if Bank Commercial Real Estate Loans as of the Calculation Date total in excess of Bank Commercial Real Estate Loans as of October 31, 2015, then RBB Bancorp, in its sole discretion, may elect that for every 1% that the total amount of Bank Commercial Real Estate Loans as of the Calculation Date are in excess of Bank Commercial Real Estate Loans as of October 31, 2015, the Bank shall increase its Bank-ALLL Adjustment Amount by one (1) basis point.

"Per Share Merger Consideration" shall be the amount of the Merger Consideration divided by the total number of shares of TFC Common Stock outstanding immediately prior to the Effective Time (including Dissenting Shares).

(ii) At the Effective Time, each share of TFC Common Stock (except for Appraisal Rights shares or Dissenting Shares) shall, by virtue of the TFC Merger and without any action on the part of the holder thereof, be cancelled and converted into the right to receive in cash the Per Share Merger Consideration and the holders of certificates formerly representing shares of TFC Common Stock shall cease to have any rights as TFC shareholders. Except as provided above, until such certificates are surrendered for exchange, the certificates of each holder shall, after the Effective Time, represent for all purposes only the right to receive the Per Share Merger Consideration.

(iii) RBB Bancorp shall set aside from the Merger Consideration an amount of cash equal to the Dissenters' Set Aside. RBB Bancorp shall deliver to the Exchange Agent the remaining cash.

(b) Stock Transfer Books and Exchange. At the Effective Time, the stock transfer books of the TFC shall be closed as to holders of TFC Common Stock immediately prior to the Effective Time and no transfer of TFC Common Stock by any such holder shall thereafter be made or recognized on the stock transfer books of the TFC as the Surviving Corporation. If, after the Effective Time, certificates are properly presented in accordance with Article III of this Agreement to the Exchange Agent, such certificates shall be canceled and exchanged for a check representing the amount of cash into which TFC Common Stock represented thereby was converted in the TFC Merger, plus any payment for a fractional share of TFC Common Stock.

(c) Calculations. Within five (5) Business Days after the Calculation Date, TFC shall provide to RBB Bancorp (i) TFC's unaudited financial statements as of the Calculation Date, (ii) a Certificate of the TFC's chief financial officer as to the accuracy of such financial statements, and confirming that, except as set forth in the Certificate, TFC and the Bank are not aware that such financial statements require any material modifications in order to comply with GAAP or the terms of this Agreement, including regulatory guidelines and requirements with respect to loan and OREO classifications, appraisals and the adequacy of the Bank-ALLL as of such date, and (iii) any additional information requested by RBB Bancorp. Within five (5) Business Days after receipt by RBB Bancorp of the information described in the previous sentence, RBB Bancorp shall provide TFC with a calculation of the TFC Tangible Book Value, the Reductions and the components thereof, the Bank-ALLL Adjustment Amount and the components thereof, and the Merger Consideration (**"TFC Closing Statement"**). RBB Bancorp, RBB, TFC

and the Bank shall be allowed to completely review the financial statements and all elements of the TFC Closing Statement without any limitations, including such calculations with respect thereto, the supporting Certificate, and access to any and all supporting books, records, work papers, documents and personnel. All calculations pursuant to this Agreement shall be rounded to the nearest cent.

(d) Dispute Resolution. TFC and the Bank shall have up to five (5) Business Days after receipt of the TFC Closing Statement to review the TFC Closing Statement as calculated by RBB Bancorp. If TFC and the Bank disagree with the TFC Closing Statement, TFC and the Bank shall notify RBB Bancorp in writing, and TFC and the Bank shall provide reasonable detail of the nature of each disputed item on the TFC Closing Statement, including all supporting documentation thereto. The parties shall first use commercially reasonable efforts to resolve such dispute between themselves and make such revisions to the TFC Closing Statement necessary to reflect such resolution. If the parties are unable to resolve any material dispute(s) that in the aggregate total the amount of $100,000 or more within forty-eight (48) hours, the parties shall submit the dispute to Vavrinek for a recommended resolution that is non-binding on the parties. The parties shall each pay one-half (1/2) of the fees and costs of Vavrinek, and the fees paid to Vavrinek by TFC or the Bank shall be deducted from the TFC Tangible Book Value. If the dispute cannot be resolved within forty-eight (48) hours after non material disputes cannot be resolved by the parties, or after receiving the recommendation on material disputes from Vavrinek, then either party may terminate the Agreement. The parties agree that they will, and agree to cause their respective representatives and independent accountants to, cooperate and assist in the preparation of the TFC Closing Statement and in the conduct of the audits and review referred to in this Section 3.03(d) including, without limitation, making available books, records, work papers and personnel as shall be necessary to attempt to resolve the dispute.

SECTION 3.04 EXCHANGE PROCEDURES.

(a) Exchange Agent. No later than the Effective Time, RBB Bancorp shall deposit with the Exchange Agent cash in an amount equal to the Merger Consideration (the **“Exchange Fund”**).

(b) Exchange of Certificates and Cash. Each holder of a certificate formerly representing TFC Common Stock (other than Dissenting Shares) who surrenders or has surrendered such certificate (or customary affidavits and indemnification regarding the loss or destruction of such certificate), together with duly executed transmittal materials, to the Exchange Agent shall, upon acceptance thereof, be entitled to cash into which the shares of TFC Common Stock shall have been converted pursuant hereto. The Exchange Agent shall accept such TFC certificate upon compliance with such reasonable and customary terms and conditions as the Exchange Agent may impose to cause an orderly exchange thereof in accordance with normal practices. TFC shall be afforded an opportunity to consent to the Exchange Agent agreement and the form of transmittal materials before they are mailed, which consents shall not be unreasonably withheld. Until surrendered as contemplated by this Section 3.04, each certificate representing TFC Common Stock shall be deemed from and after the Effective Time to evidence only the right to receive cash upon such surrender. RBB Bancorp shall not be obligated to deliver the consideration to which any former holder of TFC Common Stock is entitled as a result of the TFC Merger until such holder surrenders a certificate or certificates representing such shares of TFC Common Stock for exchange as provided herein.

(c) No Liability. Notwithstanding the foregoing, neither the Exchange Agent nor any party hereto shall be liable to any former holder of TFC Common Stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(d) TFC Common Stock. Until surrendered for exchange in accordance with the provisions of this Section 3.04, each certificate previously representing shares of TFC Common Stock (other than Dissenting Shares) shall from and after the Effective Time represent for all purposes only the right to receive the Per Share Merger Consideration, as set forth in this Agreement.

(e) Withholding Rights. RBB Bancorp or the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of TFC Common Stock such amounts as RBB Bancorp or the Exchange Agent is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by RBB Bancorp or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of TFC Common Stock in respect of which such deduction and withholding was made by RBB Bancorp or the Exchange Agent.

(f) Six Month Anniversary. At any time following the six-month anniversary of the Effective Time, RBB Bancorp shall be entitled to require the Exchange Agent to deliver to it any remaining portion of the Exchange Fund not distributed to holders of shares of TFC Common Stock that was deposited with the Exchange Agent at the Effective Time (including any interest received with respect thereto and other income resulting from investments by the Exchange Agent, as directed by RBB Bancorp), and such holders shall be entitled to look only to RBB Bancorp (subject to abandoned property, escheat or other similar laws) with respect to the Merger Consideration, without any interest thereon. Notwithstanding the foregoing, neither RBB Bancorp nor the Exchange Agent shall be liable to any holder of a TFC Stock Certificate entitled to receive the Merger Consideration (or dividends or distributions with respect thereto), or cash from the Exchange Fund in each case delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

(g) Lost, Stolen or Destroyed Certificates. In the event any certificate of TFC Common Stock shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate(s) of TFC Common Stock to be lost, stolen or destroyed, and if required by RBB Bancorp or the Exchange Agent, the posting by such Person of a bond in such sum as RBB Bancorp may reasonably direct as indemnity against any claim that may be made against it or the Surviving Corporation with respect to such certificate(s) of TFC Common Stock, RBB Bancorp shall cause the Exchange Agent to issue the Merger Consideration deliverable in respect of the shares of TFC Common Stock represented by such lost, stolen or destroyed certificates of TFC Common Stock.

SECTION 3.05 DISSENTING SHARES AND APPRAISAL RIGHTS SHARES.

(a) Any Dissenting Shareholder that shall be entitled to be paid the value of such shareholder's shares of TFC Common Stock as provided in Section 1300 et. seq. of the CGCL, and any Appraisal Rights Shareholder that shall be entitled to be paid the value of such shareholder's shares of TFC Common Stock as provided in Section 262 of the DGCL, shall not be entitled to the Per Share Merger Consideration in respect thereof provided for under Section 3.03, unless and until such Dissenting Shareholder or Appraisal Rights Shareholder shall have failed to perfect or shall have effectively withdrawn or lost such Dissenting Shareholder's right to dissent from the TFC Merger under Section 1300 et. seq. of the CGCL, or such Appraisal Rights Shareholder from the TFC Merger under Section 262 of the DGCL, and shall be entitled to receive only the payment provided for by CGCL Chapter 13 with respect to such Dissenting Shares or DGCL Section 262 with respect to the Appraisal Rights Shares.

(b) If any Dissenting Shareholder shall fail to perfect or shall have effectively withdrawn or lost such right to dissent, each share of TFC Common Stock of such Dissenting Shareholder shall be converted into the right to receive the Per Share Merger Consideration. If any Appraisal Rights Shareholder shall fail to perfect or shall have effectively withdrawn or lost such right to dissent, each share of TFC Common Stock of such Appraisal Rights Shareholder shall be converted into the right to receive the Per Share Merger Consideration.

(c) TFC shall give RBB Bancorp prompt notice upon receipt by the Bank of any written demands by Dissenting Shareholders or Appraisal Rights Shareholders, withdrawal of such demands, and any other documents received or instruments served relating to Dissenting Shares or Appraisal Rights Shareholders and shall give RBB Bancorp the opportunity to direct all negotiations and proceedings with respect to such demands. The Bank shall not voluntarily make any payment with respect to any demands by Dissenting Shareholders or Appraisal Rights Shareholders and shall not, except with the prior written consent of RBB Bancorp, settle or offer to settle such demands. Each Dissenting Shareholder or Appraisal Rights Shareholder who becomes entitled to payment for his or her Dissenting Shares or Appraisal Rights Shareholder shall receive payment therefore from RBB Bancorp, and such Dissenting Shares or Appraisal Rights Shares shall be canceled.

ARTICLE IV

ACTIONS PENDING ACQUISITION

SECTION 4.01 CONDUCT OF TFC'S AND THE BANK'S BUSINESS PRIOR TO THE EFFECTIVE TIME.

Except as expressly provided in this Agreement, or with the prior written consent of RBB Bancorp and RBB, which consent shall not be unreasonably withheld, during the period from the date of this Agreement to the Effective Time, TFC and the Bank shall, (a) conduct their business in the usual, regular and ordinary course, consistent with past practices and consistent with prudent banking practices; (b) use their commercially reasonable efforts to maintain and preserve intact their business organization, employees and advantageous customer relationships and to continue to develop such customer relationships and retain the services of their officers and key employees;

(c) maintain and keep their properties in as good repair and condition as at present except for obsolete properties and for deterioration due to ordinary wear and tear; (d) maintain in full force and effect insurance comparable in amount and scope of coverage to that now maintained by them; (e) perform in all material respects all of their obligations under contracts, leases and obligations relating to and affecting their assets, properties and businesses except such obligations as they may in good faith reasonably dispute; (f) charge off all loans, leases and other assets, or portions thereof, deemed uncollectible in accordance with GAAP or applicable law or regulation, classified as "loss", "impaired" or as directed by their regulators; (g) maintain the Bank-ALLL in accordance with GAAP and consistent with past practices and methodology, (h) properly accrue for all vacation days of TFC's and the Bank's employees; and (i) give notice to and consult with RBB Bancorp and RBB prior to hiring any employees or independent contractors; (j) give notice to and consult with RBB Bancorp and RBB before acquiring any security or investment for the Bank's investment portfolio; and (k) substantially comply with and perform all material obligations and duties imposed upon them by all federal and state laws, statutes and rules, regulations and orders imposed by any Governmental Authority applicable to their business.

SECTION 4.02 FORBEARANCES OF TFC AND THE BANK.

From the date hereof until the Effective Time, except as expressly contemplated by this Agreement, without the prior written consent of RBB Bancorp and RBB, in their sole discretion, TFC and the Bank shall not:

(a) Ordinary Course. Conduct the business of TFC and the Bank other than in the ordinary and usual course or fail to use their best efforts to preserve intact their business organizations and assets and maintain their rights, franchises and existing relations with customers, suppliers, employees and business associates, take any action that would materially adversely affect or delay the ability of TFC, the Bank, RBB Bancorp or RBB to perform any of their obligations on a timely basis under this Agreement, or take any action that would be reasonably likely to have a Material Adverse Effect on TFC or the Bank.

(b) Capital Stock. (i) Receive any new capital contribution other than upon the exercise of stock options exercisable into TFC Common Stock specified on the TFC and Bank Disclosure Schedule 4.02(b); (ii) issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of stock or any Rights other than the exercise of options specified on the TFC and Bank Disclosure Schedule 4.02(b), (iii) enter into any agreement with respect to the foregoing, or (iv) permit any additional shares of stock to become subject to grants of employee or director stock options, other Rights or similar stock-based employee rights.

(c) Dividends; Etc. (i) Make, declare, pay or set aside for payment any dividend on or in respect of, or declare or make any distribution on any shares of stock, or (ii) directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire, any shares of its capital stock.

(d) Compensation; Employment Agreements; Etc. Enter into, amend, renew, or make any severance or change of control payments under, any employment, consulting, severance or similar agreements or arrangements with any director, officer or employee of TFC or the Bank or any of its subsidiaries or grant any salary or wage increase or increase any employee benefit (including incentive or bonus payments), except (i) for changes that are required by

applicable law, (ii) to satisfy contractual or other obligations existing as of the date hereof and set forth in TFC and Bank Disclosure Schedule 4.02(d), or (iii) for amendments specifically required or permitted under this Agreement.

(e) Hiring and Terminations. Hire any person as an employee of TFC or Bank or promote any employee, except (i) to satisfy contractual or regulatory obligations existing as of the date hereof and set forth in the TFC and Bank Disclosure Schedule 4.02(e) and (ii) to fill any vacancies only in branch operations arising after the date hereof and whose employment is terminable at the will of the Bank, other than any person to be hired who would have a base salary, including any guaranteed bonus or any similar bonus, considered on an annual basis of less than $25,000.

(f) Benefit Plans. Enter into, establish, adopt or amend (except (i) as may be required by applicable law or specifically required under this Agreement (ii) to satisfy contractual obligations existing as of the date hereof and set forth in TFC and Bank Disclosure Schedule 4.02(f) or (iii) payments under any TFC or Bank profit sharing plan paid in accordance with TFC's or Bank's past practices), any pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any employee, officer, director, consultant or other service provider of TFC or Bank or take any action to accelerate the vesting or exercisability of any stock options, restricted stock or other compensation or benefits payable thereunder.

(g) Dispositions. Except as set forth in TFC and Bank Disclosure Schedule 4.02(g), except as permitted by Section 4.02(a) and in accordance with Section 5.02, and except for nonaccrual loans and Bank Commercial Real Estate Loans that will allow the Bank to remain at or below the amount of Bank Commercial Real Estate Loans as of October 31, 2015, sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its assets, deposits, business or properties. TFC or Bank may not sell any loan without submitting a complete sale package information to the chief credit officer of RBB for review and comment, which comments shall be received within three (3) business days of receipt of the loan package.

(h) Acquisitions. Acquire or enter into any new line of business (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice) all or any portion of the assets, business, deposits or properties of any other entity except in the ordinary course of business consistent with past practice and in a transaction that, together with all other such transactions, is not material to TFC, Bank or any of their Subsidiaries.

(i) Capital Expenditures. Make any capital expenditures.

(j) Governing Documents. Amend the TFC Articles, Bank Articles, TFC Bylaws or the Bank Bylaws or any other governing documents, or enter into a plan of consolidation, merger, share exchange or reorganization with any Person, or a letter of intent or agreement in principle with respect thereto.

(k) Accounting Methods. Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP or regulatory accounting requirements.

(l) Contracts. Enter into, renew or terminate, or make any payment not then required under, any contract, lease or agreement and which is not terminable at will or with 30 calendar days' or less notice without payment of a premium or penalty, other than loans and other transactions made in the ordinary course of the banking business.

(m) Claims. Enter into any settlement or similar agreement with respect to, or take any other significant action with respect to the conduct of, any action, suit, proceeding, order or investigation to which TFC, Bank or any of their Subsidiaries are or become a party after the date of this Agreement, which settlement, agreement or action involves payment by TFC or the Bank or any of their Subsidiaries and/or would impose any material restriction on the business of the Surviving Bank or create precedent for claims that are reasonably likely to be material to TFC, the Bank or any of their Subsidiaries.

(n) Banking Operations. Enter into any new line of business; introduce any significant new products or services; change its lending, investment, underwriting, pricing, servicing, risk and asset liability management and other material banking and operating policies, except as required by applicable law, regulation or policies imposed by any Governmental Authority, or the manner in which its investment securities or loan portfolio is classified or reported; or file any application or enter into any contract with respect to the opening, relocation or closing of, or open, relocate or close, any branch, office servicing center or other facility.

(o) Marketing. Introduce any marketing campaigns or any new sales compensation or incentive programs or arrangements.

(p) Derivatives Contracts. Enter into any Derivatives Contract.

(q) Adverse Actions. Take any action which is intended or which is reasonably likely to result in, or omit to take any actions, the omission of which is intended to or reasonably likely to result in, (i) any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect at any time at or prior to the Effective Time, (ii) any of the conditions to the transactions contemplated hereby set forth in this Agreement not being satisfied, (iii) a material violation of any provision of this Agreement except as may be required by applicable law or regulation, (iv) a material and adverse delay in or impair consummation of the transactions contemplated hereby beyond the time period contemplated by this Agreement, or (v) the transactions contemplated by this Agreement from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

(r) Risk Management. Except as required by applicable law or regulation, (i) implement or adopt any material change in its interest rate and other risk management policies, procedures or practices, (ii) fail to follow its existing policies or practices in any material way with respect to managing its exposure to interest rate and other risk or (iii) fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to interest rate risk or other risk.

(s) Indebtedness. Incur any indebtedness for borrowed money (other than deposits, Federal Funds borrowings and borrowings from the Federal Home Loan Bank of San Francisco or otherwise in the ordinary and usual course) or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person.

(t) Loans.

(i) Make any loan or other extension of credit, loan commitment or letter of credit, including any renewals, extensions and modifications, exceeding $1.0 million to any Person without first submitting complete loan package information to the chief credit officer of RBB for review and comment, which comments shall be received within three (3) Business Days of receipt of the loan package.

(ii) Make any new loans to, or modify the terms of any existing Loan to, or engage in any other transactions (other than routine banking transactions) with, any Affiliated Person of the Bank without first submitting complete loan package information to the chief credit officer of RBB for review and comment, which comments shall be received within three (3) Business Days of receipt of the loan package.

(u) Investments. (i) Other than in the ordinary course of business consistent with past practice in individual amounts not to exceed $100,000 or in securities transactions as provided in (ii) below, make any investment either by contributions to capital, property transfers or purchase of any property or assets of any Person, (ii) other than purchases of direct obligations of the United States of America or obligations of U.S. government agencies which are entitled to the full faith and credit of the United States of America, in any case with a remaining maturity at the time of purchase of three months or less, purchase or acquire securities of any type; provided, however, that in the case of investment securities, TFC or the Bank may purchase investment securities if, within three (3) Business Days after the Bank first submits in writing (which shall describe in detail the investment securities to be purchased and the price thereof) complete information on such purchase to the chief financial officer of RBB for review and comment, with such comments shall be received by the Bank within three (3) Business Days of the receipt of the information, or RBB has not responded in writing to such request, or (iii) make any equity investment or commitment to make such an investment in real estate or in any real estate development project, other than in connection with foreclosure, settlements in lieu of foreclosure, or troubled loan or debt restructuring, in the ordinary course of business consistent with past banking practices.

(v) Taxes. (i) File or amend any material Tax Return except in the ordinary course of business; (ii) settle or compromise any material Tax liability; (iii) make, change or revoke any material Tax election except to the extent consistent with past practice or as required by law; (iv) change any material method of Tax accounting, except as required by law; or (v) take any action which would materially adversely affect the Tax position of TFC or the Bank, and of its Subsidiaries or their respective successors after the TFC Merger.

(w) Participations. Except as provided in Section 4.02(g), make, acquire a participation in, reacquire an interest in a participation sold or sell any loan or lease unless it is in response to the recommendations of TFC’s or the Bank’s regulators; or renew, extend the maturity of, or alter any of the material terms of any such loan or lease for a period of greater than six months.

(x) Real or Personal Property. Sell, purchase, enter into a lease, relocate, open or close any banking or other office, or file an application pertaining to such action with any Governmental Authority, or any actions related to TFC or Bank-OREO other than the sale of TFC or Bank-OREO at a price at or above its then current book value, any asset disposition outside the ordinary course of business, or enter into a long term lease of the City of Industry branch.

(y) Deposits. Incur deposit liabilities or increase the rate of interest paid on interest-bearing deposits or on certificates of deposit, other than in the ordinary course of business consistent with past practices, including deposit pricing policies and otherwise consistent with general economic and competitive conditions in TFC's and the Bank's market area, which would not change the risk profile of TFC or the Bank based on its existing deposit and lending policies.

(z) Antitakeover Statutes. Take any action (i) that would cause this Agreement or the transactions contemplated hereby to be subject to the provisions of any state antitakeover law or state or territorial law that purports to limit or restrict business combinations or the ability to acquire or vote shares **("Antitakeover Law")** or (ii) to exempt or make not subject to the provisions of any Antitakeover Law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any Person or any action taken thereby, which Person or action would have otherwise been subject to the restrictive provisions thereof and not exempt therefrom.

(aa) Affiliate Transactions. Enter into any transaction, commitment, arrangement or other activity with a related entity, Affiliate or Subsidiary.

(bb) Negative Provision. Make a negative provision to the Bank-ALLL.

(cc) Commitments. Agree or commit to do any of the foregoing.

(dd) The consent of RBB Bancorp to any action by TFC or the Bank that is not permitted by any of the preceding clauses (a) through (bb) shall be evidenced by a writing signed by the President or any Executive Vice President of RBB Bancorp.

(ee) Notwithstanding that the Bank believes it has established all reserves and taken all provisions for possible loan losses required by GAAP and applicable Laws, TFC and the Bank recognizes that RBB Bancorp and RBB may have different loan, accrual and reserve policies (including loan classifications and levels of reserves for possible loan losses). In that regard, and in general, from and after the date of this Agreement to the Effective Time, TFC, the Bank, RBB Bancorp and RBB shall consult and cooperate with each other in order to formulate the plan of integration for the TFC Merger, including, among other things, with respect to conforming, based upon such consultation, TFC's and the Bank's loan, accrual and reserve policies to those policies of RBB Bancorp and RBB to the extent appropriate; provided however, except as specifically provided herein for adjustment of Bank Tangible Book Value, no such changes shall result in a change to the Merger Consideration.

SECTION 4.03 CONDUCT OF RBB BANCORP'S AND RBB'S BUSINESS PRIOR TO THE EFFECTIVE TIME.

Except as expressly provided in this Agreement, or with the prior written consent of TFC, which consent shall not be unreasonably withheld, during the period from the date of this Agreement to the Effective Time, RBB Bancorp or RBB shall, (a) conduct their business in the usual, regular and ordinary course, consistent with past practices and consistent with prudent banking practices; (b) use their commercially reasonable efforts to maintain and preserve intact their business organizations, employees and advantageous customer relationships and to continue to develop such customer relationships and retain the services of its officers and key employees; (c) maintain and keep its properties in as good repair and condition as at present except for obsolete properties and for deterioration due to ordinary wear and tear; (d) maintain in full force and effect insurance comparable in amount and scope of coverage to that now maintained by it; (e) perform in all material respects all of its obligations under contracts, leases and obligations relating to and affecting its assets, properties and businesses except such obligations as it may in good faith reasonably dispute; (f) charge off all loans, leases and other assets, or portions thereof, deemed uncollectible in accordance with GAAP or applicable law or regulation, classified as "loss", "impaired" or as directed by its regulators; (g) maintain its allowances for loan and lease losses; (h) form Subsidiary in connection with the transactions contemplated by this Agreement; and (i) substantially comply with and perform all material obligations and duties imposed upon it by all federal and state laws, statutes and rules, regulations and orders imposed by any Governmental Authority applicable to its business.

SECTION 4.04 FORBEARANCES OF RBB BANCORP AND RBB.

From the date hereof until the Effective Time, except as expressly contemplated by this Agreement, without the prior written consent of the TFC Bank, which consent shall not be unreasonably withheld, RBB Bancorp nor RBB will:

(a) Ordinary Course. Take any action reasonably likely to have an adverse effect on RBB Bancorp's or RBB's ability to perform any of their material obligations under this Agreement.

(b) Adverse Actions. Knowingly take any action that is intended or is reasonably likely to result in (i) any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect at any time at or prior to the Effective Time, (ii) any of the conditions to the transactions contemplated hereby set forth in this Agreement not being satisfied, (iii) a material violation of any provision of this Agreement except as may be required by applicable law or regulation, (iv) a material and adverse delay in or impair consummation of the transactions contemplated hereby beyond the time period contemplated by this Agreement.

(c) Commitments. Agree or commit to do any of the foregoing.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

SECTION 5.01 DISCLOSURE SCHEDULES.

TFC and Bank shall deliver a schedule to RBB (the **"TFC and Bank Disclosure Schedule"**) and RBB Bancorp and RBB shall deliver a schedule to the Bank (the **"RBB Bancorp and RBB Disclosure Schedule"**), (collectively, the **"Disclosure Schedules"**) prior to the effective date of this Agreement, setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision of this Agreement or as an exception to one or more representations or warranties contained in Section 5.03 or Section 5.04, respectively, or to one or more of their respective covenants contained in Article VI.

SECTION 5.02 STANDARD.

No representation or warranty of TFC, Bank, RBB or RBB Bancorp contained in Sections 5.03 or 5.04, respectively, shall be deemed untrue or incorrect, and no party hereto shall be deemed to have breached a representation or warranty, as a consequence of the existence of any fact, event or circumstance unless such fact, circumstance or event, individually or taken together with all other facts, events or circumstances inconsistent with any representation or warranty contained in Section 5.03 or 5.04, has had or is reasonably likely to have a Material Adverse Effect on the party making such representation or warranty.

SECTION 5.03 REPRESENTATIONS AND WARRANTIES OF TFC AND BANK.

Subject to Sections 5.01 and 5.02 and except as set forth in the TFC and Bank Disclosure Schedule, TFC and the Bank hereby represents and warrants to RBB Bancorp and RBB:

(a) Organization, Standing and Authority.

TFC is a Delaware corporation duly organized and validly existing in good standing under the laws of the State of Delaware, is registered with the FRB as a bank holding company and it has the corporate power and authority to carry on its business as presently conducted. TFC has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted. The nature of its operations and the business transacted by it as of the date hereof make licensing and qualification in any other state or jurisdiction unnecessary. TFC has delivered to RBB Bancorp true and correct copies of its Certificate of Incorporation and Bylaws each as amended and as in effect as of the date hereof.

The Bank is a California state-chartered banking corporation, duly licensed by and in good standing with the California Secretary and the DBO and validly existing under the laws of the state of California, and its deposits are insured by the FDIC through the Deposit Insurance Fund in the manner and to the fullest extent provided by law. The Bank is a member of the FRB. The Bank has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted. The nature of its operations and the

business transacted by it as of the date hereof make licensing and qualification in any other state or jurisdiction unnecessary. Bank has heretofore delivered to RBB Bancorp true, correct and complete copies of the Articles of Incorporation and Bylaws of the Bank each as amended and as in effect as of the date hereof.

(b) TFC Capital Stock.

The authorized capital stock of TFC consists of 10,000,000 shares of common stock, $0.005 par value, of which 5,545,710 shares are outstanding on the date hereof, all validly issued, fully paid and nonassessable, and 5,000,000 shares of preferred stock, $0.001 par value, none of which are outstanding. Except as provided in TFC and Bank Disclosure Schedule, no unissued shares of TFC Common Stock or any other securities of TFC are subject to any warrants, options, rights or commitments of any character, kind or nature and TFC is not obligated to issue or repurchase any shares of TFC Common Stock or any other security to or from any person except in accordance with the terms of the TFC Stock Option Plan and Agreements pursuant thereto. TFC and Bank Disclosure Schedule sets forth the name of each holder of a TFC Stock Option, the number of shares of TFC Common Stock covered by each such holder's award, the date of grant of each such holder's award, the exercise price per share, the vesting schedule for each such holder's award, and the expiration date of each such holder's award.

As of the date hereof, the only authorized capital stock of Bank consists of 25,000,000 shares of common stock, no par value per share, of which 4,060,000 shares are issued and outstanding on the date hereof, all validly issued, fully paid and nonassessable, and 5,000,000 shares of preferred stock, no par value, none of which are outstanding. As of the date hereof, no shares of Bank Common Stock were held in treasury by the Bank or otherwise owned by the Bank. The Bank has no stock option plan, restricted stock or other equity incentive plan nor any stock option issued, granted, outstanding or exercisable except as provided in the TFC and Bank Disclosure Schedule 5.03(b). The outstanding shares of Bank Common Stock have been duly authorized and are validly issued and outstanding, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). There are no authorized shares of Bank Common Stock that are reserved for issuance except as provided in the TFC and Bank Disclosure Schedule 5.03(b). Except as disclosed in TFC and Bank Disclosure Schedule 5.03(b), Bank does not have any other Rights issued or outstanding with respect to Bank Common Stock and the Bank does not have any commitment to authorize, issue or sell any shares of Bank Common Stock.

(c) Subsidiaries; Equity Investments.

(i) Other than the Bank and TFC Statutory Trust I, TFC has no Subsidiaries. Bank has no subsidiaries.

(ii) Neither TFC or the Bank owns beneficially, directly or indirectly, any equity securities or similar interests of any Person or any interests of any Person or any interest in a partnership or joint venture of any kind, except as shown on TFC and Bank Disclosure Schedule 5.03(c).

(d) Corporate Power. TFC and the Bank have the corporate power and authority to carry on their businesses as they are now being conducted and to own all their properties and assets; and TFC and the Bank have the corporate power and authority and have

taken all corporate action necessary to execute, deliver and, subject to approval by the TFC Common Stock shareholders, perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

(e) Corporate Authority and Approvals. Subject to approval hereof by the TFC Common Stock shareholders, this Agreement has been authorized by all necessary corporate action of TFC and the Bank. Subject to receipt of the required approvals, consents or waivers of Governmental Authorities referred to in Section 5.03(g), this Agreement is a valid and binding agreement of TFC and the Bank enforceable against them in accordance with its terms, subject as to enforcement in bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights, general equity principles and 12 U.S.C. 1818(b)(6)(D).

(i) The affirmative vote or written consent of a majority of the outstanding shares of TFC Common Stock and Bank Common Stock are the only shareholder votes or consents required for approval of this Agreement and consummation of the TFC Merger and the RBB Merger and the other transactions contemplated hereby.

(ii) TFC and Bank Disclosure Schedule 5.03(e)(ii) lists all directors and officers of TFC and the Bank, and identifies all of the Bank's loans to and deposits from any director and/or officers and, to the Knowledge of TFC and the Bank, identifies all of the Bank's loans to and deposits from affiliates or companies controlled by any director and/or officers.

(f) Board Resolutions. As of the date hereof, with respect to each of clauses (i), (ii) and (iii) below, TFC's and the Bank's boards of directors, by resolutions duly adopted at meetings duly called and held, have duly (i) determined that this Agreement, the TFC Merger and the RBB Merger are advisable and fair to and in the best interests of TFC and its shareholders, and the Bank and its shareholders, (ii) approved this Agreement, the TFC Merger and the RBB Merger and (iii) recommended that its shareholders approve this Agreement, the TFC Merger and the RBB Merger.

(g) Regulatory Approvals; No Violations.

(i) No consents or approvals of, or waivers by, or filings or registrations with, any Governmental Authority or with any third party are required to be made or obtained by TFC, the Bank or any Subsidiary of TFC in connection with the execution, delivery or performance by TFC and the Bank of this Agreement or to consummate the TFC Merger and the RBB Merger except for (A) filings of applications or notices with, and approvals or waivers by, the FDIC, the DBO and any other Governmental Authority, as may be required, (B) filings with state securities authorities, and (C) the approval of this Agreement by the holders of at least a majority of the outstanding shares of TFC Common Stock and Bank Common Stock in accordance with Section 252 of the DGCL, Section 1100 et. seq. of the CGCL and Section 4825 of the CFC. As of the date hereof, TFC and the Bank are not aware of any reason why the approvals set forth in Section 7.01(b) will not be received without the imposition of a condition, restriction or requirement of the type described in Section 7.01(b), except as described on TFC and Bank Disclosure Schedule 5.03(g).

(ii) Subject to receipt of the approvals referred to in Section 5.03(g)(i), and the expiration of related waiting periods, and required filings under federal and state securities laws, the execution, delivery and performance of this Agreement by TFC and the Bank and the consummation of the transactions contemplated hereby and thereby do not and will not (A) constitute a breach or violation of, or a default under, or give rise to any Lien, any acceleration of remedies or any right of termination under, any law, rule or regulation or any judgment, decree, order, governmental permit or license, or agreement, indenture or instrument of TFC or the Bank, or to which TFC or the Bank or any of its respective properties is subject or bound and that would have a Material Adverse Effect, (B) constitute a breach or violation of, or a default under, the TFC Articles, the Bank Articles, or the TFC Bylaws, or the Bank Bylaws (or similar governing documents), (C) require any consent or approval under any such law, rule, regulation, judgment, decree, order, governmental permit or license, agreement, indenture or instrument, or (D) constitute a breach or violation of any non-competition agreement or other agreement that purports to limit in any respect either the type of business in which it (or, after giving effect to the TFC Merger, RBB Bancorp or its Subsidiaries) may engage or the manner or locations in which it may so engage in any business.

(h) Financial Reports; Undisclosed Liabilities.

(i) TFC and the Bank have previously delivered to RBB Bancorp true and complete copies of TFC's and the Bank's financial statements. The balance sheet of TFC and the Bank as of December 31, 2013 and 2014, and the related statements of operations, cash flow and changes in shareholders' equity of TFC and the Bank for the two (2) years then ended, audited by Vavrinek, Trine, Day and Co., and the unaudited balance sheet of TFC and the Bank as of September 30, 2015, and the related unaudited statement of income of TFC and the Bank for the period then ended, did not or will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and such balance sheets and each balance sheet included therein (including the related notes and schedules thereto) fairly presents the financial position of TFC and the Bank as of its date, and each of the statements of earnings and changes in shareholders' equity and cash flows or equivalent statements in such financial statements and the other financial statements included therein (including any related notes and schedules thereto) fairly present the financial position, results of operations and cash flows, as the case may be, of TFC and the Bank for the periods to which they relate, in each case in accordance with GAAP consistently applied during the periods involved, except in each case as may be noted therein, subject to normal period-end adjustments in the case of unaudited statements that will not be material in amount or effect. The books and records of TFC and the Bank have been, and are being, maintained in accordance with GAAP and any other applicable legal and accounting requirements.

(ii) Except as disclosed in the TFC and Bank Disclosure Schedule 5.03(h), since December 31, 2014, TFC and the Bank have timely filed all reports, registrations and statements, together with any amendments required to be made with respect thereto, required to be filed with any Governmental Authority (collectively, the **"Regulatory Filings"**) and all other material reports and statements required to be filed, including, without limitation, any report or statement required to be filed pursuant to the laws of the United States and the rules and regulations of the FRB, the DBO and the FDIC, and any other Governmental Authority, and has paid all fees and assessments due and payable in connection therewith. As of their respective dates, such reports, registrations and statements complied in all material respects with all the laws, rules and regulations of the applicable Regulatory Agency with which they were filed.

(iii) Since December 31, 2014, TFC or the Bank have not incurred any liability other than in the ordinary course of business consistent with past practice or as otherwise contemplated by this Agreement.

(iv) Since December 31, 2014, (A) TFC and the Bank have conducted their businesses in the ordinary and usual course consistent with past practice and (B) no event has occurred or circumstance arisen that, individually or taken together with all other facts, circumstances and events (described in any paragraph of this Section 5.03 or otherwise), has had or could be reasonably likely to have a Material Adverse Effect with respect to TFC or the Bank.

(i) Litigation. Except as set forth on TFC and Bank Disclosure Schedule 5.03(i), no litigation, claim or other proceeding before any court or governmental agency is pending against TFC or the Bank, and to the Knowledge of TFC or the Bank, no such litigation, arbitration, claim or other proceeding has been threatened, and there are no facts which could reasonably give rise to such litigation, claim or other proceeding, which could have a Material Adverse Effect on TFC or the Bank.

(j) Regulatory Matters. Except as set forth on TFC and Bank Disclosure Schedule 5.03(j):

(i) Neither TFC nor the Bank is, directly or indirectly, party to or subject to any order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Governmental Authority and has received no written communication from a Governmental Authority requesting that it enter into any of the foregoing. TFC and the Bank have paid all assessments made or imposed by any Governmental Authority.

(ii) TFC or the Bank have not been advised by, nor do they have any Knowledge of facts which could give rise to an advisory notice by, any Governmental Authority that such Governmental Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission.

(k) Compliance With Laws. Except as set forth on the TFC and Bank Disclosure Schedule 5.03(k), 5.03(g) and 5.03(j), TFC and the Bank:

(i) are in material compliance with all applicable federal, state, local and foreign statutes, laws, regulations, ordinances, rules, interagency policy statements, financial institution letters, judgments, orders or decrees applicable thereto or to the employees conducting such businesses, including, without limitation, the Equal Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Bank Secrecy Act, Title III of the USA Patriot Act, the Truth in Lending Act, RESPA, the privacy provisions of the Gramm-Leach-Bliley Act, the Dodd Frank Wall Street Reform and Consumer Protection Act, and all other applicable fair lending laws and other laws relating to discriminatory business practices, bank secrecy and foreign asset controls, including all regulations promulgated thereunder, and the Bank's most recent rating under the Community Reinvestment Act is at least "satisfactory";

(ii) have adopted such procedures and policies as are, in the reasonable judgment of management, necessary or appropriate or comply with the Bank Secrecy Act and Title III of the USA Patriot Act and, to the Knowledge of TFC and the Bank, are in such compliance;

(iii) have all material permits, licenses, authorizations, orders and approvals of, and has made all filings, applications and registrations with, all Governmental Authorities that are required in order to permit it to own or lease its properties and to conduct its businesses as presently conducted; all such permits, licenses, certificates of authority, orders and approvals are in full force and effect and, no suspension or cancellation of any of them is threatened;

(iv) have not received, since December 31, 2014, notification or communication from any Governmental Authority (A) asserting that TFC or the Bank are not in compliance with any of the statutes, regulations, ordinances, enforcement actions or agreements which such Governmental Authority enforces or (B) threatening to revoke any license, franchise, permit or governmental authorization (nor, to TFC or the Bank's Knowledge, do any grounds for any of the foregoing exist);

(v) have not received notice that either TFC or the Bank is in default with respect to any order, writ, injunction or decree of any court, or in default under any orders, license regulation or demand of any Governmental Authority; and

(vi) (i) are in compliance in all material respects with all applicable federal and California or other applicable law respecting employment and employment practices, terms and conditions of employment and wages and hour, and has not and is not engaged in any unfair labor practice as determined by the National Labor Relations Board **("NLRB"**); (ii) there is no unfair labor practice charge or complaint against TFC or the Bank pending before the NLRB; (iii) there is no labor strike, slowdown, stoppage or material labor dispute pending or, to the Knowledge of TFC or the Bank, threatened against or involving TFC or the Bank; (iv) have no Knowledge that a representation question exists respecting the employees of TFC or the Bank; (v) have no Knowledge that a collective bargaining agreement is currently being negotiated by TFC or the Bank, and TFC or the Bank are not and have not been a party to a collective bargaining agreement; (vi) are not experiencing and have not experienced any material labor difficulty during the last three years; (vii) have no grievance or arbitration proceeding pending or to TFC's or the Bank's Knowledge currently threatened; (viii) do not have any Equal Employment Opportunity Commission or any other Governmental Authority charges or other claims of employment discrimination pending or, to TFC's or the Bank's Knowledge, currently threatened against TFC or the Bank; (ix) do not have any wage and hour claim or investigation pending before or by any Governmental Authority, and to their Knowledge no such claim or investigation has been threatened; (x) have not had any occupation health and safety claims against them; (xi) are in compliance in all material respects with the terms and provisions of the Immigration Reform and Control Act of 1986, as amended, and all related regulations promulgated thereunder (the **"Immigration Laws"**); and (xii) have not had any "mass layoff" or "plant closing" as defined in the Federal Workers Adjustment Retraining and Notification Act (**"WARN"**) or state law

equivalent, or any other mass layoff that would trigger notice pursuant to WARN or state law equivalent within 90 days prior to the Effective Date. To the Knowledge of TFC and the Bank, TFC or the Bank have never been the subject of any inspection or investigation relating to its compliance with or violation of the Immigration Laws, nor have they been warned, fined or otherwise penalized by reason of any such failure to comply with the Immigration Laws, nor is any such proceeding pending or to TFC's and the Bank's Knowledge, threatened. Except as set forth in the TFC and Bank Disclosure Schedule, there exists no employment, consulting, severance, indemnification agreement or deferred compensation agreement between TFC, the Bank and any director, officer or employee of TFC and the Bank or any agreement that would give any Person the right to receive payment from TFC or the Bank as a result of the TFC Merger.

(vii) Have not been involved in, or have not had notice of or have no Knowledge of any fraudulent wire transmissions or any failure of TFC or the Bank to comply with all applicable laws regarding electronic banking including obtaining dual authentication where applicable.

(l) Material Contracts; Defaults.

(i) Except as set forth on the TFC and Bank Disclosure Schedule 5.03(1)(1), neither TFC nor the Bank is a party to, bound by or subject to any agreement, contract, arrangement, commitment or understanding (whether written or oral) (a) that is a "material contract" within the meaning of Item 601(b)(10) of SEC Regulation S-K, (b) that provides for any person to provide investment banking, brokerage and/or placement agent services to TFC or the Bank (c) requires a payment over the life of the contract in excess of $25,000, (d) that requires a change of control or severance payment or (e) that materially restricts the conduct of business by TFC or the Bank. TFC or the Bank are not in default under any of the foregoing agreements, contracts, arrangements, commitments or understandings or any contract, agreement, commitment, arrangement, lease, insurance policy or other instrument to which they are a party, by which their assets, business, or operations may be bound or affected, or under which they or their assets, business, or operations receives benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default. No power of attorney or similar authorization given directly or indirectly by TFC or the Bank is currently outstanding. TFC and the Bank Disclosure Statement 5.03(1)(i) also sets forth a true and complete list of all contracts, agreements, commitments, arrangements, leases, insurance policy or other instrument to which TFC or the Bank are a party. TFC and the Bank Disclosure Schedule 5.03(1)(i) sets forth a true and complete list of all third party consents or waivers required to be obtained so as not to be in default under any contract, agreement, commitment, arrangement, lease, insurance policy or other instrument to which TFC or the Bank are parties as a result of the transaction contemplated hereby.

(ii) Except as set forth on the TFC and Bank Disclosure Schedule 5.03(1)(ii), neither TFC nor the Bank is a party to any oral or written (A) consulting agreement not terminable without penalty on 30 days' or less notice, (B) agreement with any executive officer or other key employee of TFC or the Bank the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving TFC or the Bank of the nature contemplated by this Agreement, (C) agreement with respect to any employee of TFC or the Bank providing any term of employment or compensation guarantee, (D) agreement or plan, including any stock option plan, stock appreciation rights plan, restricted stock plan or stock

purchase plan, any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement, (E) agreement which requires the payment of referral fees or commissions or other fees in connection with deposits, loans or any other business, (F) agreement containing covenants that limit the ability of TFC or the Bank to compete in any line of business or with any person, or that involves any restriction on the geographic area in which, or method by which, TFC or the Bank may carry on their business (other than as may be required by law or any Regulatory Authorities) or exclusive dealing contract that limits the ability of TFC or the Bank to contract with certain persons or to directly engage in certain activities, or (G) agreement which requires further payments over the remaining term of the contract in excess of $25,000.

(m) No Brokers. Except as set forth on the TFC and Bank Disclosure Schedule 5.03(m), no action has been taken by TFC or the Bank that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the transactions contemplated by this Agreement.

(n) Employee Benefit Plans.

(i) TFC and Bank Disclosure Schedule 5.2(n)(i) lists all benefit and compensation plans, contracts, policies or arrangements covering current or former employees of TFC and the Bank and current or former directors or independent contractors of TFC and the Bank, including, but not limited to, "employee benefit plans" within the meaning of Section 3(3) of ERISA, and severance, employment, change in control, fringe benefit, deferred compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive and bonus plans, agreements, programs, policies or other arrangements (the **"Benefit Plans"**). TFC and the Bank have previously made available to RBB true and complete copies of (A) all Benefit Plans including, but not limited to, any trust instruments and insurance contracts forming a part of any Benefit Plans and all amendments thereto; (B) the most recent annual report (Form 5500), together with all schedules, as required, filed with the IRS or DOL, as applicable, and any financial statements and opinions required by Sections 103(a)(3) and 103(e) of ERISA with respect to each Benefit Plan; (C) for each Benefit Plan which is a "top-hat" plan, a copy of filings with the DOL; (D) the most recent determination letter issued by the IRS (or, in the case of an Benefit Plan maintained pursuant to the adoption of a prototype or volume submitter document a copy of an opinion or notification letter issued by the IRS to the sponsor of the prototype or volume submitter document upon which TFC and the Bank are entitled to rely stating that the form of the prototype or volume submitter plan document is acceptable for the establishment of a qualified retirement plan), for each Benefit Plan that is intended to be "qualified" under Section 401(a) of the Code; (E) the most recent summary plan description and any summary of material modifications, as required, for each Benefit Plan; (F) the most recent actuarial report, if any relating to each Benefit Plan; (G) the most recent actuarial valuation, study or estimate of any retiree medical and life insurance benefits plan or supplemental retirement benefits plan; and (H) the most recent summary annual report for each Benefit Plan required to provide summary annual reports by Section 104 of ERISA.

(ii) Each Benefit Plan has been established and administered to date in all material respects in accordance with the applicable provisions of ERISA, the Code and applicable law and with the terms and provisions of all documents, contracts or agreements

pursuant to which such Benefit Plan is maintained. Each Benefit Plan which is an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA (a **"Pension Plan"**) and which is intended to be qualified under Section 401(a) of the Code, has received a favorable determination letter from the IRS, and TFC and the Bank are not aware of any circumstances likely to result in revocation of any such favorable determination letter or the loss of the qualification of such Pension Plan under Section 401(a) of the Code. Neither TFC nor the Bank has received any correspondence or written or verbal notice from the IRS, DOL, any other governmental agency, any participant in or beneficiary of, a Benefit Plan, or any agent representing any of the foregoing that brings into question the qualification of any such Benefit Plan. There is no material pending or, to TFC's and the Bank's Knowledge, threatened litigation relating to the Benefit Plans. Neither TFC nor the Bank has engaged in a transaction with respect to any Benefit Plan or Pension Plan that could subject it to a tax or penalty imposed by either Section 4975 of the Code or Section 502(i) of ERISA in an amount which would be material. There are no matters pending before the IRS, DOL or other governmental agency with respect to any Benefit Plan. No Benefit Plan or related trust has been the subject of an audit, investigation or examination by a Governmental Authority.

(iii) No liability under Title IV of ERISA has been or is expected to be incurred by TFC or the Bank with respect to any ongoing, frozen or terminated "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by any of them or the single-employer plan of any entity which is considered one employer with TFC or the Bank under Section 4001 of ERISA or Section 414 of the Code (an **"ERISA Affiliate"**). Neither TFC nor the Bank has incurred, or expects to incur, any withdrawal liability with respect to a multiemployer plan (as defined in 4001(a)(3) of ERISA) under of Title IV of ERISA (regardless of whether based on contributions of an ERISA Affiliate). No notice of a "reportable event," within the meaning of Section 4043 of ERISA for which the 30-day reporting requirement has not been waived, has been required to be filed for any Pension Plan or by any ERISA Affiliate or will be required to be filed in connection with the transactions contemplated hereby. There has been no termination or partial termination, as defined in Section 411(d) of the Code and the regulations thereunder, of any Pension Plan.

(iv) All contributions required to be made under the terms of any Benefit Plan have been timely made. Neither any Pension Plan nor any single-employer plan of an ERISA Affiliate has an "accumulated funding deficiency" (whether or not waived) within the meaning of Section 412 of the Code or Section 302 of ERISA and no ERISA Affiliate has an outstanding funding waiver. Neither TFC nor the Bank has provided, and neither is required to provide, security to any Pension Plan or to any single-employer plan of an ERISA Affiliate pursuant to Section 401(a)(29) of the Code.

(v) Neither TFC nor the Bank has any obligations for retiree health and life benefits under any Benefit Plan, other than coverage as may be required under Section 4980B of the Code or Part 6 of Subtitle B of Title I of ERISA, or under the continuation of coverage provisions of the laws of any state or locality. TFC and the Bank may amend or terminate any such Benefit Plan in accordance with and to the extent permitted by their terms at any time without incurring any liability thereunder. No event or condition exists with respect to a Benefit Plan that could subject TFC or the Bank to a material tax under Section 4980B of the Code.

(vi) Except as set forth on the TFC and Bank Disclosure Schedule 5.03(n)(vi), neither the execution of this Agreement nor consummation of the transactions contemplated hereby, either alone or in connection with a subsequent event, (A) entitle any current or former employee, officer, director, consultant, independent contractor or other service provider of TFC or the Bank to severance pay or any other payment or benefit, or any increase in severance pay or any other payment or benefit upon any termination of employment or other relationship after the date hereof, (B) accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any of the Benefit Plans, (C) result in any breach or violation of, or a default under, any of the Benefit Plans, (D) result in any payment that would be a "parachute payment" to a "disqualified individual" as those terms are defined in Section 280G of the Code, without regard to whether such payment is reasonable compensation for personal services performed or to be performed in the future, or (E) result in any payment or portion of any payment that would not be deductible by TFC or the Bank under Section 162(m) of the Code when paid.

(vii) All required reports and descriptions (including but not limited to Form 5500 annual reports and required attachments, Forms 1099-R, summary annual reports, Forms PBBGC-1 and summary plan descriptions) have been filed or distributed appropriately with respect to each Benefit Plan. All required tax filings with respect to each Benefit Plan have been made, and any taxes due in connection with such filings have been paid. All contributions required to be made under the terms of any Benefit Plan have been timely made. All contributions to each Benefit Plan in respect of all current and prior plan years have been accrued in accordance with GAAP and are reflected in TFC's or the Bank's financial statements.

(viii) No Benefit Plan is or has been funded by, associated with, or related to a "voluntary employee's beneficiary association" within the meaning of Section 501(c)(9) of the Code, a "welfare benefit fund" within the meaning of Section 419 of the Code, a "qualified asset account" within the meaning of Section 419A of the Code or a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA.

(ix) Each Benefit Plan which is a "nonqualified deferred compensation plan" (within the meaning of Section 409A of the Code) has been operated in compliance with Section 409A of the Code and the guidance issued by the IRS with respect to such plans. To the Knowledge of TFC and the Bank, no Benefit Plan that is subject to Section 409A of the Code fails to meet any requirement of Section 409A of the Code that would result in any Benefit Plan participant having liability for additional interest or the 20% addition to tax under such section of the Code.

(x) Neither TFC nor the Bank has any obligation to provide any current or former employee, officer, director, consultant or other service provider any health, disability or life benefits beyond his or her retirement or other termination of service under any Benefit Plan, other than healthcare continuation coverage mandated by applicable law. Except as set forth on the TFC and Bank Disclosure Schedule 5.03(n)(x), TFC and the Bank have the right to prospectively modify and terminate benefits under the Benefit Plans with respect to both retired and active employees.

(xi) Other than as set forth on the TFC and Bank Disclosure Schedule 5.03(n)(xi), there is no pending or, to the Knowledge of TFC and the Bank, threatened or planned (A) disciplinary action against, employment dispute, action, suit, arbitration, proceeding or other litigation involving, any current or former employees, including officers, of TFC or the Bank, or current or former directors, consultants and other service providers, or (B) action, suit, arbitration, proceeding or other litigation or right of action brought against or relating to the Benefit Plans.

(xii) A full, accurate and complete list of shareholders of TFC Common Stock and the Bank Common Stock and any Preferred Stock, as of the date hereof including the full, complete and accurate name and address of each such shareholders, have been provided to RBB and will be updated promptly upon request by RBB.

(o) Labor Matters.

(i) Set forth on Section 5.02(o) of the TFC and Bank Disclosure Schedule is a true and complete list of the names, titles, annual salaries, other compensation and wage and hour exemption status of all employees of TFC and the Bank and a summary of all contracts or commitments by TFC and the Bank to increase the compensation or to modify the conditions or terms of employment of any of its or their employees.

(ii) To the Knowledge of TFC and the Bank, all TFC and Bank employees are authorized to work in the United States of America and a Form I-9 has been properly completed and retained with regard to each such employee.

(iii) There are no agreements with, or pending petitions for recognition of, a labor union or association as the exclusive bargaining agent for any of the employees of TFC or the Bank and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or threatened to be brought or filed with the National Labor Relations Board or any other comparable foreign, state or local labor relations tribunal or authority. There are no organizing activities, labor strikes, work stoppages, slowdowns, lockouts, material arbitrations or material grievances or other material labor disputes, other than routine grievance matters, now pending or threatened against or involving TFC or the Bank and there have not been any such labor strikes, work stoppages or other labor troubles, other than routine grievance matters, with respect to TFC or the Bank at any time within five (5) years of the date of this Agreement.

(iv) Neither TFC nor the Bank is currently or at any time since January 1, 2012 has been a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Authority relating to employees or employment practices. TFC and the Bank are in material compliance with all applicable state, federal and local Laws relating to labor, employment, termination of employment or similar matters, including but not limited to Laws relating to discrimination, disability, labor relations, hours of work, payment of wages and overtime wages, pay equity, immigration, workers compensation, working conditions, employee scheduling, occupational safety and health, family and medical leave and employee terminations, and has engaged in any unfair labor practices or similar prohibited practices. Except as would not result in any material liability to TFC or the Bank, there are no complaints, lawsuits, arbitrations, administrative proceedings or other proceedings of any nature pending or, to the Knowledge of TFC or the Bank, threatened against TFC or the Bank brought by any current or former employee or their eligible dependents or beneficiaries.

(v) No Person has claimed, or to TFC's and the Bank's Knowledge has valid reason to claim, that any employee or former employee of TFC or the Bank: (x) is in violation of any material term of any employment agreement, confidentiality agreement, non-competition agreement or any restrictive covenant with such Person; (y) has disclosed or utilized any trade secret, confidential or proprietary information or documentation belonging to such Person in connection with employment with TFC or the Bank; or (z) has interfered in the employment relationship with such Person and any of its present or former employees in violation of any law or enforceable agreement between such Person and the applicable employee.

(vi) To TFC's and the Bank's Knowledge, no employee of TFC or the Bank is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, non-competition, or proprietary rights agreement, between such Person and any other Person that could reasonably be expected to (x) prohibit the performance by such Person of his/her duties for or on behalf of TFC or the Bank; or (y) adversely affect the ability of TFC or the Bank to conduct its or their primary business.

(vii) No executive or group of employees has informed TFC or the Bank of his, her or their intent to terminate employment with TFC or the Bank.

(p) Environmental Matters. (i) TFC and the Bank have complied at all times in all material respects with applicable Environmental Laws; (ii) no real property (including buildings or other structures) currently or formerly owned or operated by TFC or the Bank, or any property in which TFC or the Bank have held a security interest, Lien or a fiduciary or management role (**"Bank Loan Property"**), has been contaminated with, or has had any release of, any Hazardous Substance that could reasonably be expected to result in a material liability to TFC or the Bank arising out of any Environmental Law as defined below; (iii) neither TFC nor the Bank could be deemed the owner or operator of any Bank Loan Property under any Environmental Law which such TFC or Bank Loan Property has been contaminated with, or has had any release of, any Hazardous Substance; (iv) neither TFC nor the Bank is subject to any material liability for any Hazardous Substance disposal or contamination on any third party property; (v) neither TFC nor the Bank has received any notice, demand letter, claim or request for information alleging any violation of, or liability under, any Environmental Law; (vi) neither TFC nor the Bank is subject to any order, decree, injunction or other agreement with any Governmental Authority or any third party relating to any Environmental Law; (vii) there are no circumstances or conditions (including the presence of asbestos, underground storage tanks, lead products, polychlorinated biphenyls, prior manufacturing operations, dry-cleaning, or automotive services) involving TFC or the Bank, any currently or formerly owned or operated property, or any Bank Loan Property, that could reasonably be expected to result in any material claims, liability or investigations against TFC or the Bank, result in any material restrictions on the ownership, use, or transfer of any property pursuant to any Environmental Law, or materially adversely affect the value of any Bank Loan Property and (viii) TFC and the Bank have made available to RBB Bancorp copies of all environmental reports, studies, sampling data, correspondence, filings and other environmental information in its possession or reasonably available to it relating to TFC and the Bank, and any currently or formerly owned or operated property or any Bank Loan Property.

As used herein, the term **“Environmental Laws”** means any federal, state or local law, regulation, order, decree, permit, authorization, opinion, common law or agency requirement relating to: (A) the protection or restoration of the environment, health, safety, or natural resources, (B) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance or (C) noise, odor, wetlands, indoor air, pollution, contamination or any injury or threat of injury to persons or property in connection with any Hazardous Substance and the term **“Hazardous Substance”** means any substance in any concentration that is: (A) listed, classified or regulated pursuant to any Environmental Law, (B) any petroleum product or by-product, asbestos-containing material, lead-containing paint or plumbing, polychlorinated biphenyls, radioactive materials or radon or (C) any other substance which is the subject of regulatory action by any Governmental Authority in connection with any Environmental Law.

(q) Tax Matters.

(i) (A) All Tax Returns that are required to be filed on or before the Effective Date by or with respect to TFC and the Bank have been or shall be timely filed on or before the Effective Date, and all such Tax Returns are or shall be true and complete in all material respects.

(B) All Taxes shown to be due on the Tax Returns referred to in clause (A) have been or shall be timely paid in full.

(C) Neither TFC nor the Bank has received any notice of audit of any of the Tax Returns referred to in clause (A) from the IRS or the appropriate state, local or foreign taxing authority.

(D) No issues have been raised by the relevant taxing authority in connection with any of the Tax Returns referred to in clause (A).

(ii) Any Taxes which have accrued, but for which payment is not yet required, have been adequately reserved for in TFC’s and the Bank’s financial statements, and are properly reflected in such financial statements.

(iii) All estimated Taxes with respect to TFC and the Bank have been or shall be timely paid in full.

(iv) No waivers of statutes of limitation have been given by or requested with respect to any of TFC and the Bank Taxes.

(v) TFC or the Bank shall not be required, as a result of (A) a change in accounting method for a Tax period beginning on or before the Effective Date, to include any adjustment under Section 481(c) of the Code (or any similar provision of state, local or foreign law) in taxable income for any Tax period beginning on or after the Effective Date or (B) any “closing agreement” as described in Section 7121 of the Code (or any similar provision of state, local or foreign Tax law), to include any item of income in or exclude any item of deduction from any Tax period beginning on or after the Effective Date.

(vi) There are no Liens on any of TFC's or the Bank's assets that arose in connection with any failure (or alleged failure) to pay any Tax.

(vii) Except for TFC, the Bank has never been a member of an affiliated, combined, consolidated or unitary Tax group for purposes of filing any Tax Return.

(viii) No closing agreements, private letter rulings, technical advice memoranda or similar agreement or rulings have been entered into or issued by any taxing authority with respect to TFC or the Bank, and no such agreement or ruling has been applied for and is currently pending.

(ix) As a result of the TFC Merger or the RBB Merger, TFC or the Bank shall not be obligated to make a payment to an individual that would be a "parachute payment" to a "disqualified individual" as those terms are defined in Section 280G of the Code without regard to whether such payment is reasonable compensation for personal services performed or to be performed in the future.

(x) Neither TFC nor the Bank has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for Tax-free treatment under Section 355 of the Code since the effective date of Section 355(e) of the Code.

(xi) No audit or other administrative or court proceedings are pending with any Taxing authority with respect to any federal, state or local income or other material Taxes of TFC or the Bank, and no written notice thereof has been received by TFC or the Bank. No issue has been raised by any Taxing authority in writing in any presently pending Tax audit that could be material and adverse to TFC or the Bank for any period after the Effective Date. Neither TFC nor the Bank has any outstanding agreements, waivers or arrangements extending the statutory period of limitations applicable to any claim for, or the period for the collection or assessment of, any federal, state or local income or other material Taxes.

(xii) Neither TFC nor the Bank is currently receiving any material Tax benefit or credit or other favorable material Tax treatment that will not be extended and available to RBB Bancorp following the TFC Merger.

(xiii) No written claim that could give rise to material Taxes has been made to TFC or the Bank within the previous six years by a Taxing authority in a jurisdiction were TFC or the Bank does not file Tax returns that TFC or the Bank are or may be subject to Taxation in that jurisdiction.

(xiv) TFC and the Bank have made available to RBB Bancorp correct and complete copies of (A) all income and franchise Tax Returns of TFC and the Bank for the preceding three taxable years and (B) any audit report issued within the last three years (or otherwise with respect to any audit or proceeding in progress) relating to income or franchise Taxes of TFC and the Bank.

(xv) Neither TFC nor the Bank has entered into any "reportable transactions" within the meaning of Treasury Regulation Section 1.6011-4(b).

(xvi) TFC and the Bank have complied with all applicable information reporting withholding requirements.

(xvii) TFC and the Bank have complied with the requirements of applicable law with respect to abandoned and unclaimed property.

(xviii) There are no deferred intercompany transactions within the meaning of Treasury Regulation Section 1.1502-13.

(xix) Neither TFC nor the Bank is subject to the personal holding company Tax in any years that are open to assessment for such Tax.

(xx) Since December 31, 2013, TFC and the Bank have not amended any Tax Returns or entered into any settlement or compromise of any income tax liability of TFC or the Bank.

(xxi) Neither TFC nor the Bank has granted in writing any power of attorney which is currently in force with respect to any Taxes or Tax Returns.

(r) Risk Management Instruments. Neither TFC nor the Bank is a party to nor have they agreed to enter into an exchange traded or over-the-counter equity, interest rate, foreign exchange or other swap, forward, future, option, cap, floor or collar or any other contract that is not included on the balance sheet and is a derivatives contract (including various combinations thereof) (each, a **"Derivatives Contract"**) or owns securities that (i) are referred to generically as "structured notes," "high risk mortgage derivatives," "capped floating rate notes" or "capped floating rate mortgage derivatives" or (ii) are likely to have changes in value as a result of interest or exchange rate changes that significantly exceed normal changes in value attributable to interest or exchange rate changes, except for those Derivatives Contracts and other instruments legally purchased or entered into in the ordinary course of business, consistent with safe and sound banking practices and regulatory guidance. All of such Derivatives Contracts or other instruments are legal, valid and binding obligations of TFC or the Bank, as the case may be, enforceable in accordance with their terms (except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally), and are in full force and effect. TFC and the Bank have duly performed in all material respects all of their material obligations thereunder to the extent that such obligations to perform have accrued; and, to TFC's and the Bank's Knowledge, there are no breaches, violations or defaults or allegations or assertions of such by any party thereunder.

(s) Books and Records. The books and records of TFC and the Bank, including the list of holders of TFC Common Stock, Preferred Stock and all stock awards, have been fully, properly and accurately maintained in all material respects. There are no material inaccuracies or discrepancies of any kind contained or reflected therein and they fairly present the financial position of TFC or the Bank as of the date hereof.

(t) Loans; Nonperforming and Classified Assets.

(i) Except as set forth on the TFC and Bank Disclosure Schedule 5.03(t), each loan on the books and records of TFC or the Bank was made and has been serviced in all material respects in accordance with its customary lending standards in the ordinary course of business, is evidenced in all material respects by appropriate and sufficient documentation and, to the Knowledge of TFC or the Bank, constitutes the legal, valid and binding obligation of the obligor named therein, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditor's rights or by general equity principles.

(ii) TFC and the Bank have set forth on the TFC and Bank Disclosure Schedule 5.03(t) as of the latest practicable date prior to the date of this Agreement: (A) any loan under the terms of which the obligor is 30 or more days delinquent in payment of principal or interest, or to the Knowledge of TFC or the Bank, in default of any other material provision thereof; (B) each loan which has been classified as "substandard," "doubtful," "loss" or "special mention" (or words of similar import) by TFC or the Bank, or an applicable Governmental Authority; (C) a listing of the OREO acquired by foreclosure or by deed-in-lieu thereof, including the book value thereof; and (D) each loan with any director or executive officer of TFC or the Bank or an Affiliate of TFC or the Bank.

(iii) TFC or the Bank has set forth on the TFC and Bank Disclosure Schedule 5.03(t) a list and description of all loan participations entered into between TFC or the Bank and any third party which are reflected on the books and records of TFC or the Bank. A true and complete copy of each document relating to each loan participation has been delivered to RBB, with the exception of loan files for loans guaranteed or unguaranteed by the SBA or another Governmental Authority and sold in the ordinary course of business.

(u) Insurance. TFC and Bank Disclosure Schedule 5.03(u) sets forth a true and complete list of all of the insurance policies, binders, or bonds maintained by TFC and the Bank (**"Insurance Policies"**). TFC and the Bank are insured with reputable insurers against such risks and in such amounts as the management of TFC and the Bank reasonably has determined to be prudent in accordance with industry practices against such risks as companies engaged in a similar business would customarily be insured. Insurance applications for policies that are currently in force are complete and accurate in all material respects. All the Insurance Policies are in full force and effect; TFC or the Bank are not in default thereunder; and to TFC's and the Bank's Knowledge, all claims thereunder have been filed in due and timely fashion.

(v) Allowance For Loan and Lease Losses. The Bank's Allowance for Loan and Lease Losses (**"Bank-ALLL"**) is, and shall be as of the Effective Date, in compliance with the Bank's existing methodology for determining the adequacy of the Bank-ALLL as well as the standards established by applicable Governmental Authorities and the Financial Accounting Standards Board, is and shall be adequate under all such standards, and shall not be less than the Bank-ALLL of $7,040,920 as of August 31, 2015.

(w) Trust Business. Neither TFC nor the Bank has trust powers and neither engages in any trust business which requires trust powers.

(x) Real Property.

(i) All real property or premises owned by TFC and the Bank, including the Bank-OREO, are, and shall be as of the Effective Date, in compliance with standards established by applicable Governmental Authorities and the Financial Accounting Standards Board, and shall reflect current value less all costs of sale, maintenance and remedial work and other costs and expenses associated with the property. TFC and Bank Disclosure Schedule 5.03(x) contains a complete and correct list of (A) all real property or premises owned, including all Bank-OREO, on the date hereof, in whole or in part by TFC and the Bank and all indebtedness secured by any encumbrance thereon, and (B) all real property or premises leased in whole or in part by TFC or the Bank together with a list of all applicable leases and the name of the lessor. None of such premises or properties has been condemned or otherwise taken by any public authority and to TFC's and the Bank's Knowledge no condemnation or taking is threatened or contemplated, and to TFC and the Bank's Knowledge none thereof is subject to any claim, contract or law which might affect its use or value for the purposes now made of it. To TFC's and the Bank's Knowledge, none of the premises or properties of TFC or the Bank are subject to any current or potential interests of third parties or other restrictions or limitations that would impair or be inconsistent in any material respect with the current use of such property by TFC or the Bank, as the case may be.

(ii) Each of the leases referred to in the TFC and Bank Disclosure Schedule is valid and existing and in full force and effect, and no party thereto is in default and no notice of a claim of default by any party has been delivered to TFC or the Bank or is now pending, and to TFC's and the Bank's Knowledge there does not exist any event that with notice or the passing of time, or both, would constitute a default or excuse performance by any party thereto.

(y) Title to Assets. TFC and Bank Disclosure Schedule 5.03(y) sets forth a summary of all items of personal property and equipment with a book value of $25,000 or more, or having an annual lease payment of $25,000 or more, owned or leased by TFC or the Bank. TFC and the Bank have good and marketable title to all of TFC's and the Bank's properties and assets, free and clear of all Liens except: (a) as set forth in the financial statements of TFC and the Bank; (b) Liens for current taxes not yet due; (c) Liens incurred in the ordinary course of business, if any, that, to the Knowledge of TFC and the Bank, (i) are not substantial in character, amount or extent, (ii) do not materially detract from the value, (iii) do not interfere with present use, of the property subject thereto or affected thereby, and (iv) do not otherwise materially impair the conduct of business of TFC and the Bank; or (d) as set forth in TFC and Bank Disclosure Schedule 5.03(y)

(z) Intellectual Property. TFC and the Bank own or possess valid and binding licenses and other rights to use (without payment) all material trade secrets, trade names, trademarks, service marks, inventions and processes used in their businesses; and TFC or the Bank have not received any notice of conflict with respect thereto that asserts a right of others. TFC and the Bank have in all material respects performed all the obligations required to be performed by them and are not in default in any material respect under any contract, agreement, arrangement or commitment relating to any of the foregoing.

(aa) Operating Losses. TFC and Bank Disclosure Schedule 5.03(aa) sets forth any Operating Loss which has occurred at TFC or the Bank during the period after December 31, 2014. To the Knowledge of TFC and the Bank, no action has been taken or omitted to be taken by

an employee of TFC or the Bank that has resulted in the incurrence by TFC or the Bank of cumulative Operating Losses or that might reasonably be expected to result in cumulative Operating Losses after December 31, 2014, which, net of any insurance proceeds payable in respect thereof, would exceed $25,000. **"Operating Loss"** means any loss exceeding $25,000 resulting from cash shortages, lost or misposted items, disputed clerical and accounting errors, forged checks, payment of checks over stop payment orders, counterfeit money, wire transfers made in error, theft, robberies, defalcations, check kiting, fraudulent use of credit cards or electronic teller machines or other similar acts or occurrences.

(bb) Past Actions. To their Knowledge, neither TFC nor the Bank has extended or renewed any extension of credit in material violation of its applicable policies, applicable laws, regulations or administrative orders or interpretations. Since December 31, 2013, to TFC's and the Bank's Knowledge, there have not been any acts of dishonesty, self-dealing or any breach of any statutory, contractual or fiduciary duties, or duty of loyalty on the part of any of the directors, or officers of TFC or the Bank in connection with their duties and responsibilities at TFC and the Bank, respectively.

(cc) Fairness Opinion. TFC and the Bank have received the written opinion of Sanli, Pastore and Hill to the effect that as of the date hereof the Merger Consideration is fair to the shareholders of TFC and the Bank from a financial point of view, a copy of which opinion has been delivered to RBB Bancorp, and Sanli, Pastore and Hill has consented to the inclusion of the written opinion in the Proxy Materials.

(dd) Non-Reliance. TFC and the Bank acknowledge and agree that in entering into this Agreement, they have not relied and are not relying on any representations, warranties or other statements whatsoever, whether written or oral (from or by RBB Bancorp or any Person acting on RBB Bancorp's behalf), other than those expressly set forth in this Agreement and the RBB Bancorp and RBB Disclosure Schedule.

(ee) Accurate Disclosure.

(i) None of the information supplied or to be supplied by TFC or the Bank for inclusion in the Proxy Materials, or incorporated by reference therein, or any other document to be filed with any Governmental Authority in connection with the transactions contemplated hereby will, in the case of the Proxy Materials (or incorporated by reference therein), contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which such statements are made, not misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not misleading, or, in the case of the Registration Statement and Proxy Materials or any amendment thereof or supplement thereto, at the time of the meeting of shareholders of TFC, be false or misleading with respect to any material fact or omit to state any material fact necessary to correct any statement or remedy any omission in any earlier communication with respect to the solicitation of any proxy for the Special Meeting.

(ii) TFC and the Bank agree that through the Effective Time of the TFC Merger, each of its Regulatory Filings, and other filings required to be filed with any applicable Governmental Authority will comply in all material respects with all of the applicable Rules enforced or promulgated by the Governmental Authority with which it will be filed and none will

contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they will be made, not misleading. Any financial statement contained in any such Regulatory Filing, or other filing that is intended to present the financial position of TFC or the Bank will fairly present the financial position of TFC or the Bank and will be prepared in accordance with GAAP consistently applied during the periods involved.

(ff) Due Diligence. Prior to execution of this Agreement, TFC and the Bank have provided RBB Bancorp with all material information regarding TFC and the Bank requested in RBB Bancorp's various due diligence requests and as requested by RBB Bancorp.

SECTION 5.04 REPRESENTATIONS AND WARRANTIES OF RBB BANCORP AND RBB.

Subject to Sections 5.01 and Section 5.02, RBB Bancorp and RBB hereby represent and warrant to TFC and the Bank as follows:

(a) Organization, Standing and Authority of RBB Bancorp and RBB. RBB Bancorp is a California corporation duly organized and validly existing in good standing under the laws of the state of California, is registered with the FRB as a bank holding company and it has the corporate power and authority to carry on its business as presently conducted. RBB Bancorp has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted. The nature of its operations and the business transacted by it as of the date hereof make licensing and qualification in any other state or jurisdiction unnecessary. RBB Bancorp has delivered to TFC true and correct copies of its Certificate of Incorporation and Bylaws each as amended and as in effect as of the date hereof.

RBB is a California state-chartered banking corporation, duly licensed by and in good standing with the DBO, and its deposits are insured by FDIC through the Deposit Insurance Fund in the manner and to the fullest extent provided by law. RBB has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted. The nature of its operations and the business transacted by it as of the date hereof make licensing and qualification in any other state or jurisdiction unnecessary.

(b) Following its formation, Subsidiary will be a corporation duly organized and validly existing and in good standing under the laws of the State of California.

(c) Subsidiaries. Except as set forth in the RBB Bancorp and RBB Disclosure Schedule 5.04(c), RBB Bancorp has one Subsidiary, RBB.

(d) Corporate Power. RBB Bancorp and RBB have the corporate power and authority to carry on their businesses as they are now being conducted and to own all their properties and assets; RBB Bancorp and RBB have the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

(e) Corporate Authority.

(i) This Agreement and the transactions contemplated hereby have been authorized by all necessary corporate action of the boards of directors of RBB Bancorp and RBB. This Agreement has been duly executed and delivered by RBB Bancorp and RBB, and this Agreement is a valid and legally binding agreement of RBB Bancorp and RBB enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles.

(ii) Immediately prior to the Effective Time, Subsidiary will have full corporate power and authority to execute and deliver the TFC Merger Agreement and, subject to receipt of the required regulatory approvals specified herein, to consummate the transactions contemplated thereby. Immediately prior to the Effective Time, the execution and delivery of the TFC Merger Agreement and the consummation of the transactions contemplated thereby will have been duly and validly approved by the Board of Directors of Subsidiary and by RBB Bancorp as the sole stockholder of Subsidiary. Immediately prior to the Effective Time, all corporate proceedings on the part of Subsidiary necessary to approve the TFC Merger Agreement and to consummate the transactions contemplated thereby will have been taken. The TFC Merger Agreement, upon execution and delivery by Subsidiary, will be duly and validly executed and delivered by Subsidiary and will (assuming due authorization, execution and delivery by the TFC) constitute a valid and binding obligation of Subsidiary in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally.

(f) Board Resolutions. As of the date hereof, with respect to each of clauses (i), (ii) and (iii) below, RBB Bancorp's and RBB's boards of directors, by resolutions duly adopted at meetings duly called and held, have (i) determined that this Agreement the TFC Merger and the RBB Merger are advisable and fair to and in the best interests of RBB Bancorp and its shareholders, (ii) approved this Agreement, the TFC Merger, the RBB Bancorp Merger and the RBB Merger, and (iii) recommended that its shareholder approve the principal terms of this Agreement.

(g) Regulatory Approvals; No Violations.

(i) No consents or approvals of, or waivers by, or filings or registrations with, any Governmental Authority or with any third party are required to be made or obtained by RBB Bancorp in connection with the execution, delivery or performance by RBB Bancorp of this Agreement or to consummate the TFC Merger except for (A) filings of applications or notices with and approvals or waivers by the FRB, the California Secretary and the DBO, as may be required, (B) filings with the FDIC and state securities authorities, as may be required, and (C) the filing of the executed Bank Merger Agreement with the California Secretary. As of the date hereof, RBB Bancorp is not aware of any reason why the approvals set forth in Section 7.01(b) will not be received in a timely manner and without the imposition of a condition, restriction or requirement of the type described in Section 7.01(b).

(ii) Subject to receipt, or the making, of the consents, approvals and filings referred to in the preceding paragraph and expiration of the related waiting periods, the execution, delivery and performance of this Agreement by RBB Bancorp or the TFC Merger Agreement by Subsidiary and the consummation of the transactions contemplated hereby do not and will not (A) constitute a breach or violation of, or a default under, or give rise to any Lien, any acceleration of remedies or any right of termination under, any law, rule or regulation or any judgment, decree, order, governmental permit or license, or agreement, indenture or instrument of RBB Bancorp or Subsidiary, or to which RBB Bancorp or its properties are subject or bound, or Subsidiary will become bound, (B) constitute a breach or violation of, or a default under, the RBB Bancorp or Subsidiary Articles of Incorporation or RBB Bancorp or Subsidiary Bylaws (or similar governing documents) or (C) require any consent or approval under any such law, rule, regulation, judgment, decree, order, governmental permit or license, agreement, indenture or instrument.

(h) Financial Reports; Material Adverse Effect.

(i) RBB Bancorp has previously delivered to TFC and the Bank true and complete copies of RBB Bancorp's financial statements. The balance sheet of RBB Bancorp as of December 31, 2013 and 2014, and the related statements of operations, cash flow and changes in shareholders' equity of RBB Bancorp for the two (2) years then ended, audited by Vavrinek, Trine, Day and Co., and the unaudited balance sheet of RBB Bancorp as of September 30, 2015, and the related unaudited statement of income of RBB Bancorp for the period then ended, did not or will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and such balance sheet and each balance sheet included therein (including the related notes and schedules thereto) fairly presents the financial position of RBB Bancorp as of its date, and each of the statements of earnings and changes in shareholders' equity and cash flows or equivalent statements in such financial statements and the other financial statements included therein (including any related notes and schedules thereto) fairly present the financial position, results of operations and cash flows, as the case may be, of RBB Bancorp for the periods to which they relate, in each case in accordance with GAAP consistently applied during the periods involved, except in each case as may be noted therein, subject to normal period-end adjustments in the case of unaudited statements that will not be material in amount or effect. The books and records of RBB Bancorp have been, and are being, maintained in accordance with GAAP and any other applicable legal and accounting requirements.

(ii) Since December 31, 2014, RBB Bancorp and RBB have timely filed all Regulatory Filings and all other material reports and statements required to be filed, including, without limitation, any report or statement required to be filed pursuant to the laws of the United States and the rules and regulations of the FRB, the FDIC, the DBO, and any other Governmental Authority, and has paid all fees and assessments due and payable in connection therewith. As of their respective dates, such reports, registrations and statements complied in all material respects with all the laws, rules and regulations of the applicable Regulatory Agency with which they were filed.

(iii) Since December 31, 2014, RBB Bancorp or RBB have not incurred any liability other than in the ordinary course of business consistent with past practice or as otherwise contemplated by this Agreement.

(iv) Since December 31, 2014, (A) RBB Bancorp and RBB have conducted their businesses in the ordinary and usual course consistent with past practice and (B) no event has occurred or circumstance arisen that, individually or taken together with all other facts, circumstances and events (described in any paragraph of this Section 5.04 or otherwise), has had or could be reasonably likely to have a Material Adverse Effect with respect to RBB Bancorp or RBB.

(i) Litigation. Except as set forth on RBB Bancorp and RBB Disclosure Schedule 5.04(i), neither RBB Bancorp nor RBB is involved in any material litigation, claim or other proceeding before any court or governmental agency, and to RBB Bancorp's and RBB's Knowledge, no such litigation, claim or other proceeding has been threatened, and there are no facts which could reasonably be expected to give rise to any such litigation, claim or proceeding, which could have a Material Adverse Effect on RBB Bancorp or RBB.

(j) Regulatory Matters. Except as set forth on RBB Bancorp and RBB Disclosure Schedule 5.04(j):

(i) Neither RBB Bancorp nor RBB are, directly or indirectly, a party to or subject to any order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or extraordinary supervisory letter from, any Governmental Authority, and has not received any written communication from a Governmental Authority requesting it enter into any of the foregoing. RBB Bancorp and RBB have paid all assessments made or imposed by any Governmental Authority.

(ii) RBB Bancorp or RBB have not been advised by, nor do they have any Knowledge of facts which could give rise to an advisory notice by, any Governmental Authority that such Governmental Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any such order, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission.

(k) Labor Matters.

(i) There are no agreements with, or pending petitions for recognition of, a labor union or association as the exclusive bargaining agent for any of the employees of RBB Bancorp or RBB and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or threatened to be brought or filed with the National Labor Relations Board or any other comparable foreign, state or local labor relations tribunal or authority. There are no organizing activities, labor strikes, work stoppages, slowdowns, lockouts, material arbitrations or material grievances or other material labor disputes, other than routine grievance matters, now pending or threatened against or involving RBB Bancorp or RBB and there have not been any such labor strikes, work stoppages or other labor troubles, other than routine grievance matters, with respect to RBB Bancorp or RBB at any time within five (5) years of the date of this Agreement.

(ii) Neither RBB Bancorp or RBB is not currently or at any time since January 1, 2012 has not been a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Authority relating to employees or employment practices. RBB Bancorp

and RBB are in material compliance with all applicable state, federal and local Laws relating to labor, employment, termination of employment or similar matters, including but not limited to Laws relating to discrimination, disability, labor relations, hours of work, payment of wages and overtime wages, pay equity, immigration, workers compensation, working conditions, employee scheduling, occupational safety and health, family and medical leave and employee terminations, and has engaged in any unfair labor practices or similar prohibited practices. Except as set forth on the RBB Bancorp and RBB Disclosure Schedule 5.04(k)(ii), there are no complaints, lawsuits, arbitrations, administrative proceedings or other proceedings of any nature pending or, to the Knowledge of RBB Bancorp or RBB, threatened against RBB Bancorp or RBB brought by any current or former employee or their eligible dependents or beneficiaries.

(iii) No Person has claimed, or to RBB Bancorp's and RBB's Knowledge has valid reason to claim, that any employee or former employee of RBB Bancorp or RBB: (x) is in violation of any material term of any employment agreement, confidentiality agreement, non-competition agreement or any restrictive covenant with such Person; (y) has disclosed or utilized any trade secret, confidential or proprietary information or documentation belonging to such Person in connection with employment with RBB Bancorp or RBB; or (z) has interfered in the employment relationship with such Person and any of its present or former employees in violation of any law or enforceable agreement between such Person and the applicable employee.

(iv) To RBB Bancorp's and RBB's Knowledge, no employee of RBB Bancorp or RBB is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, non-competition, or proprietary rights agreement, between such Person and any other Person that could reasonably be expected to (x) prohibit the performance by such Person of his/her duties for or on behalf of RBB Bancorp or RBB; or (y) adversely affect the ability of RBB Bancorp or RBB to conduct its or their primary business.

(v) No executive or group of employees has informed RBB Bancorp or RBB of his, her or their intent to terminate employment with RBB Bancorp or RBB.

(l) RBB Bancorp Information. The information relating to RBB Bancorp and RBB provided by RBB Bancorp and RBB herein or to be provided by RBB Bancorp and RBB and to be included by TFC and the Bank in the Proxy Materials will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they are made, not misleading.

(m) Financing. As of the Effective Time, RBB Bancorp will have sufficient liquid assets available to deposit sufficient cash with the Exchange Agent to allow payments of the Merger Consideration, and RBB Bancorp will have sufficient capital levels in order to complete the TFC Merger.

ARTICLE VI

COVENANTS

SECTION 6.01 REASONABLE BEST EFFORTS.

Subject to the terms and conditions of this Agreement, each of RBB Bancorp, RBB, TFC and the Bank agrees to use their reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the TFC Merger as promptly as practicable and otherwise to enable consummation of the transactions contemplated in this Agreement, including the satisfaction of the conditions set forth in Article VII hereof, and shall cooperate fully with the other parties hereto to that end.

SECTION 6.02 SHAREHOLDERS' APPROVALS.

(a) RBB Bancorp and RBB shall cooperate with TFC and the Bank in the preparation of the Proxy Materials by TFC to be utilized in connection with securing TFC shareholders' approval of the TFC Merger. TFC shall (i) duly call, give notice of, convene, and hold a Special Meeting of its shareholders to be held as soon as practicable following the date hereof for the purpose of obtaining the requisite shareholder approvals required in connection with this Agreement and the transactions contemplated hereby; and (ii) subject to Section 6.06, its board of directors shall recommend to the shareholders approval of such matters. Anything to the contrary contained herein notwithstanding, TFC's Proxy Materials shall not include any information with respect to either party or their affiliates or associates, the form and content of which information shall not have been approved by both TFC and RBB Bancorp prior to such inclusion. TFC and the Bank represent and covenant that the Proxy Materials and any amendment or supplement thereto, at the dates of mailing to shareholders of TFC and the date of the Special Meeting to be held in connection with the Agreement, the TFC Merger will not contain any untrue statement of a material fact or omit to state any material fact required to be stated or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that TFC and the Bank make no representations or covenants with respect to information provided to it in writing by RBB Bancorp specifically for inclusion in the Proxy Materials and RBB Bancorp hereby represents that any such information so provided by it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Certain TFC shareholders have executed the Shareholder Agreement attached hereto as Exhibit A providing that they shall vote all TFC Common Stock in which they have a beneficial interest in favor of the Agreement, the TFC Merger and the other transactions contemplated in this Agreement.

SECTION 6.03 PRESS RELEASES.

RBB Bancorp, RBB, TFC and the Bank shall consult with each other before issuing any press release with respect to the TFC Merger or this Agreement and shall not issue any such press release or make any such public statements without the prior consent of the other parties, which

shall not be unreasonably withheld; provided, however, that a party may, without the prior consent of the other parties (but after such consultation, to the extent practicable in the circumstances), issue such press release or make such public statements as may upon the advice of outside counsel be required by law. RBB Bancorp, RBB, TFC and the Bank shall cooperate to develop all public announcement materials and make appropriate management available at presentations related to the transactions contemplated by this Agreement as reasonably requested by the other party.

SECTION 6.04 ACCESS; INFORMATION.

TFC and the Bank agree that upon reasonable notice from RBB Bancorp and subject to applicable laws relating to the exchange of information, TFC and the Bank shall afford RBB Bancorp, RBB, and their officers, employees, counsel, accountants and other authorized representatives such access during normal business hours throughout the period prior to the Effective Time to the books, records (including, without limitation, Tax Returns and work papers of independent auditors), properties and personnel and to such other information as RBB Bancorp or RBB may reasonably request and, during such period, TFC and the Bank shall furnish promptly to RBB Bancorp and RBB all information concerning their businesses, properties and personnel as RBB Bancorp or RBB may reasonably request. TFC and the Bank further agree that until the Effective Time, TFC and the Bank shall provide the following reports to RBB Bancorp and RBB on a monthly basis: (i) past due loans, (ii) loan risk grade changes, (iii) new and renewed loans, (iv) loan trial balance by risk code, (v) monthly OREO report; (vi) monthly non-accrual loan report; (vii) any problem loan reports; (viii) any internal or external audit reports; (ix) detailed general ledger balance sheet and income statement, (x) monthly ALCO packages and (xi) monthly board packages.

TFC and the Bank shall provide RBB Bancorp and RBB sufficient information to commence the mapping of products and system parameters as soon as possible after the execution of this Agreement. TFC and the Bank shall assist RBB Bancorp with the integration of operations that is expected to begin shortly after this Agreement is executed.

SECTION 6.05 CONFIDENTIAL INFORMATION.

Each party agrees that it will not, and will cause its representatives not to, use any information obtained pursuant hereto (as well as any other information obtained prior to the date hereof in connection with the entering into of this Agreement) for any purpose unrelated to the consummation of the transactions contemplated by this Agreement. Subject to the requirements of law, each party shall keep confidential, and shall cause its representatives to keep confidential, all information and documents obtained pursuant hereto (as well as any other information obtained prior to the date hereof in connection with the entering into of this Agreement) unless such information (i) was already known to such party (except if obtained on a confidential basis), (ii) becomes available to such party from other sources not known by such party to be bound by a confidentiality obligation, (iii) is disclosed with the prior written approval of the party to which such information pertains or (iv) is or becomes readily ascertainable from publicly available sources. In the event that this Agreement is terminated or the transactions contemplated by this Agreement shall otherwise fail to be consummated, (A) each party shall promptly cause all copies of documents or extracts thereof containing information and data as to another party hereto to be returned to the party which furnished the same; (B) TFC or the Bank shall not, on the one hand, nor shall RBB Bancorp or RBB, on the other hand, and each of the parties shall cause its respective

representatives not to, use any confidential information to solicit customers of the other party; and (C) TFC or the Bank shall not, on the one hand, nor shall RBB Bancorp or RBB, on the other hand, and each of the parties shall cause its respective representatives not to use any confidential information to solicit the services of any employee of such other party for purposes of engaging them as an employee, agent, consultant or independent contractor of such soliciting party, provided, however, that neither party will be barred from retaining the services, in any capacity, of any current employee of the other party in the event such employee approaches such party with the intent of securing employment with such party. Notwithstanding the foregoing, nothing herein shall prevent the parties hereto from any general advertising or recruitment activities not directed specifically at the employees of the other party hereto. No investigation by any party of the business and affairs of any other party shall affect or be deemed to modify or waive any representation, warranty, covenant or agreement in this Agreement, or the conditions to any party's obligation to consummate the transactions contemplated by this Agreement.

SECTION 6.06 ACQUISITION PROPOSALS.

TFC and the Bank agree that they, the directors and executive officers, shall not, and that TFC and the Bank shall direct and use their reasonable best efforts to cause all other officers, employees, agents and representatives not to, directly or indirectly, initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation or similar transaction involving TFC or the Bank, or any purchase of all or substantially all of the assets of TFC or the Bank, or more than 10% of the outstanding equity securities of TFC or the Bank (any such proposal or offer being hereinafter referred to as an **"Acquisition Proposal"**). TFC or the Bank further agree that they shall not, and that they shall direct and use their reasonable best efforts to cause their directors, officers, employees, agents and representatives not to, directly or indirectly, engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any Person relating to an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal; provided, however, that nothing contained in this Agreement shall prevent TFC and the Bank, or the TFC Board or the Bank Board, from (A) complying with its disclosure obligations under federal or state law; (B) providing information in response to a request therefor by a Person who has made an unsolicited bona fide written Acquisition Proposal if the TFC Board or the Bank Board receives from the Person so requesting such information an executed confidentiality agreement; (C) engaging in any negotiations or discussions with any Person who has made an unsolicited bona fide written Acquisition Proposal or (D) recommending such an Acquisition Proposal to the shareholders of TFC, if and only to the extent that, in each such case referred to in clause (B), (C) or (D) above, (i) the TFC Board or the Bank Board determines in good faith (after consultation with outside legal counsel) that such action would be required in order for its directors to comply with their respective fiduciary duties under applicable law and (ii) the TFC Board or the Bank Board determines in good faith (after consultation with its financial advisor) that such Acquisition Proposal, if accepted, is reasonably likely to be consummated, taking into account all legal, financial and regulatory aspects of the proposal and the Person making the proposal and would, if consummated, result in a transaction more favorable to TFC's shareholders from a financial point of view than the TFC Merger. An Acquisition Proposal which is received and considered by TFC or the Bank in compliance with this Section 6.06 and which meets the requirements set forth in (i) and (ii) above of the preceding sentence is herein referred to as a **"Superior Proposal."** TFC and the Bank agree that they will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted

heretofore with respect to any Acquisition Proposals. TFC and the Bank agree that they will take the necessary steps to promptly inform the individuals referred to in the foregoing sentence of the obligations undertaken in this Section 6.06. TFC and the Bank agree that they will notify RBB Bancorp and RBB promptly, but in no event later than the second succeeding Business Day, if any such inquiries, proposals or offers are received by, any such information is requested from, or any such discussions or negotiations are sought to be initiated or continued with, any of its representatives, indicating, in connection with such notice, the name of such Person and the material terms and conditions of any proposal or offer.

SECTION 6.07 CERTAIN POLICIES.

Subject to the objection of any Governmental Authorities, after the approval of the Agreement, the TFC Merger by the TFC shareholders, and RBB Bancorp as the sole shareholder of Subsidiary and the receipt of approvals of any applications requested by Governmental Authorities and upon RBB Bancorp's request, prior to the Effective Date, (i) TFC and the Bank shall, consistent with GAAP, the rules and regulations of the FRB, DBO or FDIC (as applicable) and applicable banking laws and regulations, modify or change its loan, OREO, accrual, reserve, tax, litigation and real estate valuation policies and practices (including loan classifications and levels of reserves) so as to be applied on a basis that is consistent with that of RBB Bancorp and RBB, (ii) all TFC and the Bank employees will be paid their accrued vacation on TFC's and the Bank's last payroll, and (iii) TFC and the Bank shall record all merger-related expenses; provided, however, that no accrual or reserve made by TFC or the Bank related to the Bank ALLL pursuant to this Section 6.07 shall constitute or be deemed to be a breach, violation of or failure to satisfy any representation, warranty, covenant, agreement, condition or other provision of this Agreement or otherwise be considered in determining whether any such breach, violation or failure to satisfy shall have occurred, provided, however, except as otherwise provided herein, no such changes shall result in a change to the Merger Consideration The recording of any such adjustments shall not be deemed to imply any misstatement of previously furnished financial statements or information and shall not be construed as concurrence of TFC or the Bank, or their management, with any such adjustments.

SECTION 6.08 REGULATORY APPLICATIONS.

(a) Each of RBB Bancorp, RBB, TFC and the Bank shall cooperate and use their respective reasonable best efforts to prepare and file, or cause to be filed, all documentation, to effect all necessary notices, reports and other filings and to obtain all permits, consents, approvals and authorizations necessary or advisable to be obtained from any third parties and/or Governmental Authorities in order to consummate the TFC Merger, the RBB Bancorp Merger, the RBB Merger, or any of the other transactions contemplated by this Agreement; and any initial filings with Governmental Authorities shall be made by RBB Bancorp or RBB as soon as reasonably practicable after the execution hereof, but in no event later than forty-five (45) days after the date of this Agreement. Each of RBB Bancorp, RBB, TFC and the Bank shall have the right to review in advance, and to the extent practicable each shall consult with the other, in each case subject to applicable laws relating to the exchange of information, with respect to all material written information submitted to any third party and/or any Governmental Authority in connection with the TFC Merger, the RBB Bancorp Merger, the RBB Merger and the other transactions contemplated by this Agreement. In exercising the foregoing right, each of such parties agrees to

act reasonably and as promptly as practicable. Each party hereto agrees that it shall consult with the other parties hereto with respect to the obtaining of all material permits, consents, approvals and authorizations of all third parties and/or Governmental Authorities necessary or advisable to consummate the transactions contemplated by this Agreement and each party shall keep the other parties apprised of the status of material matters relating to completion of the transactions contemplated hereby (including promptly furnishing the other with copies of notices or other communications received by RBB, TFC or the Bank, as the case may be, from any third party and/or Governmental Authority with respect to the TFC Merger, the RBB Bancorp Merger, the RBB Merger and the other transactions contemplated by this Agreement).

(b) Each party agrees, upon request, to furnish the other parties with all information known to it (which Knowledge shall be deemed to include Knowledge which could be acquired after reasonable due inquiry) concerning itself, its Subsidiaries, directors, advisory directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with any filing, notice or application made by or on behalf of such other parties to any third party or Governmental Authority.

SECTION 6.09 INSURANCE

TFC and the Bank shall obtain prior to the Effective Time liability insurance for $10 million which shall provide for a period of five (5) years from the Effective Time, that portion of director's and officer's liability insurance, with RBB named as an insured, that serves to reimburse the present and former officers and directors of TFC and the Bank (as opposed to the portion that serves to reimburse TFC or the Bank) with respect to claims against such directors and officers arising from facts or events which occurred before the Effective Time, which insurance shall contain at least the same coverage and amounts, and contain terms and conditions no less advantageous, as that coverage currently provided by TFC and the Bank; further provided, however, that officers and directors of TFC or the Bank may be required to make application and provide customary representations and warranties to TFC's and the Bank's insurance carrier for the purpose of obtaining such insurance, and further provided that RBB may, in RBB's sole discretion, obtain such coverage prior to the Effective Time if TFC or the Bank shall advise RBB that they cannot obtain such coverage. In addition, TFC and Bank directors will be required as a condition to closing to represent and warrant to RBB that at such time they have no knowledge, personal or otherwise, of a proceeding or pendency of a proceeding, or that a proceeding is contemplated or expected, which would result in a claim against TFC or the Bank.

SECTION 6.10 BENEFIT PLANS.

(a) Prior to the Effective Time, TFC and the Bank shall take all action necessary to terminate any and all equity incentive plans TFC or the Bank maintain. In addition, all TFC options that have not been exercised will be terminated by TFC without liability to RBB, TFC or the Bank. Further, all indemnification agreements will be amended to comply with Supervisory Letter SR 02-17.

(b) RBB will determine its exact staffing needs after this Agreement is executed. RBB agrees that after all officers and employees have resigned or been terminated pursuant to Section 6.24, as of and following the Effective Time, the former officers and employees of TFC and the Bank as of the Effective Time who are then rehired by RBB in its sole

discretion after the Effective Time or who are offered and who accept employment with RBB (collectively, the **"Former TFC and Bank Employee(s)"**) shall be eligible to participate in RBB's employee benefit plans in which the similarly situated employees of RBB participate, to the same extent as such similarly situated employees of RBB participate, subject to the terms and conditions of RBB's applicable plans. Notwithstanding anything in this Agreement to the contrary, no Former TFC Employee or Former Bank Employee shall be entitled to receive any options or rights to purchase or otherwise receive any shares of RBB Common Stock pursuant to the RBB Benefit Plans or RBB Plan (as defined below) by reason of, as a result of or arising out of or in connection with this Merger or the transaction contemplated thereby.

(c) Except for the RBB 401(k) Plan, for which service with TFC or the Bank shall be treated as service with RBB for up to a two (2) year maximum for the purpose of eligibility to participate, vesting and benefits therein,, and except for vacation accruals which have been fully accrued by TFC or the Bank and which shall be paid to TFC or Bank employees by TFC or the Bank, as appropriate, at or prior to close, with respect to each other employee benefit plan, program, policy or arrangement maintained by RBB for the benefit of current employees of RBB (each such plan, program, policy or arrangement, a **"RBB Plan")**, for purposes of determining eligibility to participate, vesting and benefits, service with TFC or the Bank shall not be treated as service with RBB. To the extent permitted by any insurer of a RBB Plan, RBB shall cause such RBB Plan to waive (i) any pre-existing condition restriction that did not apply under the terms of any analogous Benefit Plan immediately prior to the Effective Time and (ii) any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to a Former TFC Employee or Former Bank Employee on or after the Effective Time to the extent such Former TFC Employee or Former Bank Employee had satisfied any similar limitation or requirement under an analogous Benefit Plan prior to the Effective Time and shall cause such RBB Plan to give each Former TFC Employee or Former Bank Employee credit for amounts paid under any analogous Benefit Plan for purposes of applying deductibles, co-payments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the RBB Plan; provided, however, if any Former TFC Employee or Former Bank Employee is denied or delayed coverage RBB shall pay for such Former TFC Employee's or Former Bank Employee's COBRA coverage.

(d) Prior to the Effective Time, TFC and the Bank shall fully satisfy and pay on the last day prior to the Effective Time any and all obligations arising out of or under the employment agreements and in the amounts set forth next to each such agreement and employee listed on TFC and Bank Disclosure Schedule 6.10(d) (**"Employment Agreements"**) to employees of TFC or the Bank and terminate all such Employee Agreements. TFC and the Bank shall also take all reasonable steps to assure that all executive officers and other employees, as identified by RBB, remain in place at TFC or the Bank until the Effective Time. The TFC Board, the Bank Board, TFC and the Bank executive management, officers and employees shall resign or be terminated by TFC or the Bank as of the Effective Time, and employees being retained will be rehired by RBB.

SECTION 6.11 FUTURE EMPLOYMENT.

(a) RBB shall have the right but not the obligation to offer employment immediately following the Effective Time to any and all persons who are officers and employees of TFC or the Bank immediately before the Effective Time. TFC and the Bank will provide RBB with information regarding such persons' current employment arrangements with TFC or the Bank and will otherwise assist RBB in making such offers.

(b) Within sixty (60) days after the date of this Agreement, TFC and the Bank shall establish an employee severance and retention plan **("New Bank Plan")** that is acceptable to RBB for all TFC and Bank employees who are not rehired by RBB, or who do not accept employment with RBB, for payments to be made at the Effective Time of the TFC Merger by TFC or the Bank. In lieu of any other agreement, RBB intends to pay a retention bonus equal to one month's salary to all non-executive officer staff who will be terminated if such non-executive officer staff remain with TFC or the Bank until the Effective Time and then are rehired by RBB following the Effective Time, with a termination date to be determined by RBB **("New RBB Plan")**. Such payments by RBB under the RBB Plan are not expenses of TFC and the Bank and not included in the calculation of Reductions. The New Bank Plan shall replace and be in lieu of any existing employee severance and retention policies of TFC and the Bank. All severance payments under the New Bank Plan shall provide for the execution of a severance agreement satisfactory to RBB as a condition to receipt of payments, which shall provide for (i) release of claims, (ii) confidentiality of information, and (iii) no solicitation of RBB customers or employees for a period of one year after the Effective Time. All retention bonus payments shall under the New Bank Plan provide for the execution of a retention receipt agreement satisfactory to RBB as a condition to receipt of payments, which shall provide for (x) release of claims, (y) confidentiality of information, and (z) no solicitation of the Surviving Bank's customers or employees after the Effective Time.

SECTION 6.12 NOTIFICATION OF CERTAIN MATTERS.

Each of TFC, the Bank and RBB shall give prompt notice to the other of any fact, event or circumstance known to it that (i) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any Material Adverse Effect with respect to it or (ii) would cause or constitute a material breach of any of its representations, warranties, covenants or agreements contained herein.

SECTION 6.13 HUMAN RESOURCES ISSUES.

TFC and the Bank agree to cooperate with RBB with respect to any formal meetings or interviews with one or more employees called or arranged by TFC or the Bank and held for the purpose of discussing the transactions contemplated by this Agreement or their effect on such employees, with RBB given the opportunity to participate in such meetings or interviews. This section is not intended to apply to casual conversations about the transaction or informal meetings initiated by employees, or to prohibit discussion in general, but rather to allow RBB a role in the formal presentation of the transaction to employees, and an opportunity to participate in the significant, formal meetings at which the transaction is explained and discussed.

SECTION 6.14 THIRD-PARTY AGREEMENTS.

(a) TFC or the Bank shall (i) obtain any required material consents from all of its third-party vendors, landlords of all of their leased properties and other parties to material agreements, promptly after the execution of this Agreement, and (ii) obtain the cooperation of such third parties in a smooth transition in accordance with RBB's timetable at or after the Effective Time. TFC and the Bank shall cooperate with RBB in minimizing the extent to which any contracts will continue in effect following the Effective Time, in addition to complying with the prohibition of Section 4.02 hereof.

(b) Without limiting Section 6.14(a), TFC and the Bank shall use all reasonable efforts to provide data processing and other processing support to assist RBB in performing all tasks reasonably required to result in a successful conversion of TFC and the Bank data and other files and records to RBB's production environment at such time as RBB requests prior to or at the Effective Time. Among other things, TFC and the Bank shall:

(i) cooperate with RBB to establish a mutually agreeable project plan to effectuate the conversion;

(ii) use its commercially reasonable efforts to have TFC's and the Bank's outside contractors continue to support both the conversion effort and its needs until the conversion can be established;

(iii) provide, or use its commercially reasonable efforts to obtain from any outside contractors, all data or other files and layouts requested by RBB for use in planning the conversion, as soon as reasonably practicable;

(iv) provide reasonable access to personnel at corporate headquarters, data and other processing centers, all branches and, with the consent of outside contractors, at outside contractors, to enable the conversion effort to be completed on schedule; and

(v) to the extent reasonably practicable, give notice of termination, conditioned upon the completion of the transactions contemplated hereby, of the contracts of outside data and other processing contractors or other third-party vendors when directed to do so by RBB.

(vi) RBB agrees that all actions taken pursuant to this Section 6.14 shall be taken in a manner intended to minimize disruption to the customary business activities of TFC and the Bank.

SECTION 6.15 TAX TREATMENT OF THE TFC MERGER.

The parties intend the Agreement to qualify as a reorganization within the meaning of Section 368(a) of the Code. Each party will both before and after the Effective Time (i) use reasonable efforts to cause the Agreement to so qualify; and (ii) refrain from taking any action that would reasonably be expected to cause the Agreement to fail to so qualify.

SECTION 6.16 NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT.

TFC and the Bank have delivered to RBB Bancorp and RBB Non-Solicitation and Confidentiality Agreements, substantially in the form of Exhibit B hereto, executed by each of the Persons identified on Exhibit B-1 hereto.

SECTION 6.17 PRE-CLOSING ADJUSTMENTS.

At or immediately before the Effective Time, as determined by TFC, the Bank, RBB Bancorp and RBB, TFC and the Bank shall make such accounting entries or adjustments, including additions to Bank ALLL and charge-offs of loans (collectively, **"Pre-Closing Adjustments"**) as RBB shall direct as a result of its ongoing review of TFC and the Bank (including its review of the information provided to it pursuant to Sections 6.05 and 6.14), including the possible sale of a portion or all of its securities as directed by RBB Bancorp or RBB just prior to the Effective Date, or in order to implement its plans following the Effective Time or to reflect expenses and costs related to the TFC Merger; provided, however, that unless the Pre-Closing Adjustment would otherwise be required by applicable law, rule or regulation, or by regulatory accounting principles and GAAP applied on a basis consistent with the financial statements of TFC and the Bank, no such Pre-Closing Adjustment shall (i) violate any law, rule or regulation applicable to TFC or the Bank, (ii) otherwise materially disadvantage TFC or the Bank if the TFC Merger was not consummated, or (iii) result in a change to the Merger Consideration.

SECTION 6.18 FIRPTA CERTIFICATE.

TFC and the Bank shall furnish to RBB Bancorp a certification that TFC and the Bank are not a United States real property holding corporations, dated not more than 30 days prior to the Effective Date, in compliance with Treasury Regulations Sections 1.1445-2(c)(3) and 1.897-2(h), in a form reasonably satisfactory to RBB.

SECTION 6.19 ADVICE OF CHANGES.

TFC, the Bank, RBB Bancorp and RBB shall promptly advise the other parties of any change or event that, individually or in the aggregate, has or would be reasonably likely to have a Material Adverse Effect on it or to cause or constitute a material breach of any of its respective representations, warranties or covenants contained herein. TFC and the Bank shall also promptly notify RBB Bancorp and RBB of any changes in employment status of officers and employees, loan collection activities and other material changes. From time to time prior to the Effective Time, TFC and the Bank will promptly supplement or amend its disclosure schedule delivered in connection with the execution of this Agreement to reflect any matter which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in such disclosure schedule or which is necessary to correct any information in such disclosure schedule which has been rendered inaccurate thereby. No supplement or amendment to such disclosure schedule shall have any effect for the purpose of determining satisfaction of the conditions set forth in Article VII, or the compliance by TFC and the Bank with the covenants set forth in Sections 4.01, 4.02, and Article VI.

SECTION 6.20 CURRENT INFORMATION.

During the period from the date of this Agreement to the Effective Time, TFC and the Bank will cause one or more of its designated representatives to confer on a regular and frequent basis (not less than monthly) with representatives of RBB Bancorp and RBB and to report the status of the ongoing operations of TFC and the Bank. TFC and the Bank will promptly notify RBB Bancorp and RBB of any material change in the normal course of business or in the operation of the properties of TFC and the Bank and, subject to applicable Laws, or any complaints, investigations or hearings (or communications indicating that the same may be contemplated) or any Governmental Authority, or the institution or threat of litigation involving TFC or the Bank, and they will keep RBB Bancorp and RBB fully informed of such events.

SECTION 6.21 EXECUTION AND AUTHORIZATION OF MERGER AGREEMENTS.

Prior to the Effective Date, TFC and the Bank shall execute and deliver, and RBB Bancorp shall cause Subsidiary to execute and deliver, the TFC Merger Agreement and the RBB Merger Agreement, as applicable.

SECTION 6.22 TRANSACTION EXPENSES OF TFC AND THE BANK.

(a) Promptly after the execution of this Agreement, TFC and the Bank shall require all of its attorneys and other professionals to promptly render current and correct invoices for all unbilled time and disbursements. TFC and the Bank shall accrue and/or pay all of such amounts which are actually due and owing as soon as possible.

(b) TFC and the Bank shall advise RBB Bancorp and RBB monthly of all out-of-pocket expenses which TFC and the Bank has incurred in connection with this transaction.

(c) TFC and the Bank, in reasonable consultation with RBB Bancorp and RBB , shall make all arrangements with respect to the printing and mailing of Proxy Materials.

SECTION 6.23 RESIGNATIONS AND TERMINATIONS.

The directors, executive officers and all employees of TFC and the Bank will resign or be terminated from their positions at TFC and the Bank on the Effective Time of the TFC Merger without any severance or change of control payments or any other liability to RBB Bancorp, RBB, TFC or the Bank, except as set forth in the TFC and Bank Disclosure Schedule and except for Section 6.11.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE TFC MERGER AND THE RBB MERGER

SECTION 7.01 CONDITIONS TO THE PARTIES' OBLIGATIONS TO EFFECT THE TFC MERGER AND THE RBB MERGER.

The respective obligations of the parties hereto to consummate the TFC Merger are subject to the fulfillment or written waiver by the parties hereto prior to the Effective Time of each of the following conditions:

(a) Shareholder Approvals. This Agreement, the TFC Merger and the RBB Merger have been duly approved by the affirmative votes of the TFC and the Bank shareholders, the affirmative vote of the RBB shareholder, and the respective boards of directors of TFC, the Bank, RBB Bancorp and RBB in accordance with applicable law. Said approvals shall continue in effect and shall not have been revoked.

(b) Regulatory Approvals. All regulatory approvals required to consummate the transactions contemplated hereby, including the TFC Merger and the RBB Merger, shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired and no such approvals shall contain any conditions, restrictions or requirements which the board of directors of RBB reasonably determines in good faith would (i) following the Effective Time, have a Material Adverse Effect on RBB Bancorp or RBB, or (ii) reduce the benefits of the transactions contemplated hereby to such a degree that RBB Bancorp or RBB would not have entered into this Agreement had such conditions, restrictions or requirements been known at the date hereof.

(c) No Injunction; No Litigation. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and prohibits consummation of the transactions contemplated by this Agreement.

(d) Tax Opinion. In its sole discretion and unless otherwise waived, RBB Bancorp shall have received the opinion of Vavrinek, Trine & Day Co., LLP, dated the Effective Date, in form and substance reasonably satisfactory to RBB Bancorp, to the effect that, on the basis of facts, representations and assumptions set forth in such opinion, that are assumed in the opinion to be consistent with the state of facts existing at the Effective Date, the TFC Merger more likely than not will be treated for federal income tax purposes as a reorganization under Section 368(a) of the Code. In rendering its opinion, Vavrinek, Trine, Day & Co., LLP may require and rely upon representations contained in letters from RBB Bancorp, RBB, TFC or the Bank and/or their officers or principal shareholders as are customary for such opinions.

(e) The Subordinated Debentures shall be transferred by TFC to RBB Bancorp at the Effective Time of the TFC Merger.

SECTION 7.02 CONDITIONS TO OBLIGATION OF TFC AND THE BANK TO EFFECT THE TFC MERGER AND THE RBB MERGER.

The obligation of TFC and the Bank to consummate the TFC Merger and the RBB Merger is also subject to the fulfillment or written waiver prior to the Effective Time of each of the following additional conditions:

(a) Representations and Warranties; Agreements and Covenants. The representations and warranties of RBB Bancorp and RBB set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Date as though made on and as of the Effective Date (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date shall be true and correct as of such date). For purposes of this paragraph, such representations and warranties shall be deemed to be true and correct in all material respects unless the failure or failures of such representations and warranties to be true and correct in all material respects, either individually or in the aggregate, and without giving effect to any materiality, material adverse effect or similar qualifications set forth in such representations and warranties, will have or would reasonably be expected to have a Material Adverse Effect on RBB Bancorp or RBB. RBB Bancorp and RBB shall have performed, in all material respects, each of their covenants and agreements contained in this Agreement, and a Material Adverse Effect with respect to RBB Bancorp or RBB shall not have occurred.

(b) Officers' Certificate. TFC and the Bank shall have received a certificate from RBB Bancorp and RBB, dated the Effective Date, signed by the Chief Executive Officer and the Chief Financial Officer of RBB Bancorp and RBB, verifying that RBB Bancorp and RBB are in compliance with all of the requirements of Section 7.02(a).

(c) Merger Consideration. The Merger Consideration shall have been delivered by RBB Bancorp to the Exchange Agent and the Exchange Agent shall have provided a receipt therefor to TFC and the Bank.

(d) Consents. RBB Bancorp and RBB shall have obtained all material consents.

(e) Indemnification Agreements. RBB Bancorp shall have entered into indemnity agreements with each of the directors and officers of TFC and the Bank in the form attached hereto as Exhibit C; provided that each such director or officer shall have represented and warranted to RBB Bancorp that they have no Knowledge of any proceeding which would result in a claim against TFC or the Bank.

SECTION 7.03 CONDITIONS TO OBLIGATION OF RBB BANCORP TO EFFECT THE TFC MERGER AND THE RBB MERGER.

The obligation of RBB Bancorp to consummate the TFC Merger is also subject to the fulfillment or written waiver prior to the Effective Time of each of the following conditions:

(a) Representations and Warranties; Agreements and Covenants. The representations and warranties of TFC and the Bank set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Date as though made on and as of

the Effective Date (except that representations and warranties that by their terms speak as of the date of this Agreement or some other date shall be true and correct as of such date). For purposes of this paragraph, such representations and warranties shall be deemed to be true and correct in all material respects unless the failure or failures of such representations and warranties to be true and correct in all material respects, either individually or in the aggregate, and without giving effect to any materiality, material adverse effect or similar qualifications set forth in such representations and warranties, will have or would reasonably be expected to have a Material Adverse Effect on TFC or the Bank. TFC and the Bank shall have performed, in all material respects, each of its covenants and agreements contained in this Agreement, and a Material Adverse Effect with respect to TFC and the Bank shall not have occurred.

(b) TFC and Bank Disclosure Schedule. The TFC and Bank Disclosure Schedule shall be updated and made current as of the day prior to the Effective Date and a draft of the updated TFC and Bank Disclosure Schedule shall have been delivered to RBB Bancorp and RBB no later than 72 hours prior to the Effective Date; such update of the TFC and Bank Disclosure Schedule shall not in any way affect the representations and warranties set forth in Section 5.03 and 7.03(a).

(c) Non-Solicitation and Confidentiality Agreements. All the agreements required pursuant to Section 6.17 shall have been executed and delivered to RBB Bancorp and RBB.

(d) Consents. TFC and the Bank shall have obtained each of the material consents listed in TFC and Bank Disclosure Schedule 5.03(l) including, without limitation, the consent of each landlord of each lease to which TFC or the Bank is a tenant for the operation of TFC's and the Bank's business wherever located.

(e) Bank ALLL. The Bank-ALLL shall not be less than $7,040,920 (**"Minimum Bank-ALLL"**), TFC and the Bank shall make such additional increases to the Bank ALLL as are required as a result of any loan review conducted on its portfolio by federal or state regulatory agencies and/or external third party. In addition, for every 1% of Bank Commercial Real Estate Loans over the amount of Bank Commercial Real Estate Loans as of October 31, 2015, TFC and the Bank shall increase the Bank-ALLL Adjustment Amount by one (1) basis point.

(f) Brokered Funds. As of and after the date of this Agreement, including the Effective Date, TFC or the Bank shall not renew or otherwise acquire any Brokered Deposits, any internet deposits or deposits from deposit originators with a maturity longer than 180 days.

(g) FHLB Borrowing. As of the Effective Date, TFC or the Bank shall not have any term borrowings from the Federal Home Loan Bank other than those existing on September 30, 2015, or borrowings with no more than a 90 day period to maturity.

(h) Minimum Closing Tangible Book Value and Leverage Ratios

(A) Immediately prior to and at the Calculation Date, the Bank has at least the amount and ratio contained in the definition of Bank Minimum Capital and Leverage Ratio, and TFC has at least the amount and ratio contained in the definition of TFC Minimum Capital and Leverage Ratio, after reflecting all accruals required by GAAP, including Reductions

(except for Item (vi) in the definition of Reductions) and Bank—ALLL Adjustment Amount. Immediately prior to and at the Calculation Date, if the Bank's amounts or ratios are less than the amount and ratio contained in the definition of Bank Minimum Capital and Leverage Ratio, or TFC's amounts or ratios are less than the amount and ratio contained in the definition of TFC Minimum Capital and Leverage Ratio, after reflecting all accruals required by GAAP, including the Reductions (except for Item (vi) in the definition of Reductions) and the Bank-ALLL Adjustment Amount, RBB in its sole discretion may terminate the TFC Merger and this Agreement.

(i) Change in Control Payments. Any severance or change of control payments in any TFC and Bank employment or change of control agreement will be paid by TFC and the Bank prior to the Effective Time of the TFC Merger, and any such payment will not be required nor will be paid by RBB Bancorp to officers of TFC and the Bank at the Effective Time of the TFC Merger.

(j) Regulatory Action. Except as provided on the TFC and Bank Disclosure Schedule, no Governmental Authority with authority over TFC and the Bank will have issued a written agreement, formal order or cease and desist order with regard to TFC or the Bank or any portion thereof, or any officer, director or, to TFC's and the Bank's Knowledge holder of 5% or more of TFC Common Stock.

(k) Dissenting Shareholders and Appraisal Rights Shareholders. Holders of not more than fifteen percent (15%) of the outstanding shares of TFC Common Stock shall have not voted in favor of the TFC Merger and made written demand under the CGCL relating to Dissenters Rights or under the DGCL relating to Appraisal Rights for the purchase of their shares of TFC Common Stock or Bank Common Stock which demand has not been rescinded or otherwise not perfected under applicable law.

(l) Fairness Opinion. TFC and the Bank shall have received a fairness opinion from Sanli, Pastore and Hill to the effect that the Merger Consideration is fair, from a financial point of view, to the TFC shareholders.

(m) Officers' Certificate. RBB shall have received a certificate from TFC and the Bank, dated the Effective Date, signed by the Chief Executive Officer and the Chief Financial Officer of TFC and the Bank verifying that TFC and the Bank are in compliance with all of the requirements of Sections 7.03(a) through (l).

ARTICLE VIII

TERMINATION

SECTION 8.01 TERMINATION.

This Agreement may be terminated and the TFC Merger, the RBB Bancorp Merger and the RBB Merger may be abandoned:

(a) Mutual Consent. At any time prior to the Effective Time, by the mutual consent of RBB Bancorp, RBB, TFC and the Bank, if the board of directors of each so determines by the vote of a majority of the members of its entire board.

(b) Breach. At any time prior to the Effective Time, by RBB Bancorp and RBB, or TFC and the Bank, if the respective board of directors so determines by the vote of a majority of the members of its entire board, in the event of either (i) a breach by the other party of any representation or warranty contained herein, which breach cannot be or has not been cured within 30 calendar days after the giving of written notice to the breaching party of such breach; or (ii) a breach by the other party of any of the covenants, agreements or conditions contained herein, which breach cannot be or has not been cured within 30 calendar days after the giving of written notice to the breaching party of such breach; provided that any such breach under clause (i) or clause (ii) would entitle the non-breaching party not to consummate the TFC Merger under Article VII hereof.

(c) Adverse TFC or Bank Board Action. At any time prior to the Effective Time, by RBB Bancorp and RBB, if the TFC Board: (i) submits the principal terms of this Agreement to TFC's shareholders without a recommendation for approval thereof or with special and materially adverse conditions on such approval; (ii) otherwise withdraws or materially and adversely modifies (or discloses its intention to withdraw or materially and adversely modify) its recommendation referred to in Section 6.02; (iii) rescinds its notice of the Special Meeting or declines to submit the principal terms of this Agreement to a vote of its shareholders; or (iv) recommends to its shareholders an Acquisition Proposal other than the TFC Merger.

(d) Delay. At any time prior to the Effective Time, by RBB Bancorp and RBB or TFC and the Bank, if its respective board of directors so determines by the vote of a majority of the members of its entire board, in the event that the TFC Merger is not consummated by June 30, 2016 (the **"Termination Date"**), except to the extent that (i) the failure of the TFC Merger to be so consummated arises out of or results from the knowing and willful action or inaction of (A) the party seeking to terminate pursuant to this Section 8.01(d), (B) any of the TFC shareholders that are parties to the Shareholder Agreement (if TFC or the Bank are the parties seeking to terminate), which action or inaction is in violation of its obligations under this Agreement or the Shareholder Agreement, or (ii) June 30, 2016 falls within the 30-calendar day cure period provided in Section 8.01(b) hereof with respect to any breach notified pursuant to such section, in which case the reference to June 30, 2016 shall be replaced with such 30th calendar day.

(e) Denial of Regulatory Approvals. By RBB Bancorp and RBB, or TFC and the Bank, if the boards of directors so determines by the vote of a majority of the members of its entire board, in the event that any court or Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the TFC Merger or the other transactions contemplated by this Agreement that has become final and nonappealable.

(f) Shareholder Approvals. By RBB Bancorp and RBB, or TFC and the Bank, if the boards of directors so determines by the vote of a majority of the members of the entire board, in the event that the approval of the principal terms of this Agreement by the TFC shareholders shall not have been obtained at the Special Meeting.

(g) Superior Proposal. By TFC or the Bank, at any time prior to the time the requisite vote of TFC shareholders is obtained, if (i) TFC and the Bank are not in material breach of any of the terms of this Agreement, (ii) TFC and the Bank board of directors authorizes TFC or the Bank, subject to compliance with the terms of this Agreement, to enter into a definitive agreement (other than a mere confidentiality agreement) with respect to a Superior Proposal and TFC or the Bank notifies RBB Bancorp and RBB in writing that it intends to enter into such an agreement, attaching the most current version of such agreement to such notice, (iii) RBB Bancorp or RBB does not make, within five (5) Business Days of receipt of TFC's or the Bank's written notification of its intention to enter into a binding agreement for a Superior Proposal, an offer that TFC or the Bank board of directors determines, in good faith after consultation with its financial advisors, is at least as favorable, from a financial point of view, to the TFC shareholders as the Superior Proposal and (iv) TFC or the Bank, prior to such termination, pays RBB Bancorp in immediately available funds the Termination Fee required to be paid pursuant to Section 8.02(b). TFC or the Bank shall (x) not enter into the binding agreement referred to in clause (ii) above until at least the sixth Business Day after it has provided the notice to RBB Bancorp and RBB required thereby, (y) notify RBB Bancorp and RBB promptly if its intention to enter into the written agreement referred to in its notification shall change at any time after giving such notification and (z) during such five-Business Day period, negotiate in good faith with RBB Bancorp and RBB with respect to any revisions to the terms of the transaction contemplated by this Agreement proposed by RBB Bancorp and RBB in response to a Superior Proposal, if any.

(h) Minimum Capital and Leverage Ratio Condition or Bank Commercial Real Estate Loan Condition Not Met. By RBB Bancorp and RBB, in their sole discretion, if the Bank has less than the amount and ratio contained in the definition of Bank Minimum Capital and Leverage Ratio, or TFC has less than the amount and ratio contained in the definition of TFC Minimum Capital and Leverage Ratio, including Reductions (except for item (vi) in the definition of Reductions) and the Bank-ALLL Adjustment Amount as of the Calculation Date.

SECTION 8.02 EFFECT OF TERMINATION AND ABANDONMENT.

(a) In the event of termination of this Agreement and the abandonment of the TFC Merger pursuant to this Article VIII, this Agreement shall become void and of no effect (other than as set forth in Section 9.01) with no liability or further obligation on the part of any party hereto (or of any of its Representatives or affiliates), except as otherwise provided in this Section 8.02; provided that, and notwithstanding anything in the foregoing to the contrary, (i) no such termination shall relieve any party hereto of any liability or damages to the other parties hereto resulting from any willful material breach of this Agreement, and (ii) the provisions set forth in Section 9.01 shall survive termination of this Agreement and termination shall not relieve any party of any liability under such provisions.

(b) In the event that (i) a bona fide Acquisition Proposal shall have been made to TFC or the Bank or any of its shareholders or any Person shall have publicly announced an intention (whether or not conditional) to make an Acquisition Proposal with respect to TFC or the Bank (and such Acquisition Proposal or publicly announced intention shall not have been publicly withdrawn without qualification at least (x) 30 calendar days prior to, with respect to any termination pursuant to Section 8.01(c) or Section 8.01(d), the date of termination, or (y) at least

10 Business Days prior to, with respect to a termination pursuant to Section 8.01(f), the date of the Special Meeting); and thereafter this Agreement is terminated by either RBB Bancorp and RBB or TFC and the Bank pursuant to Section 8.01(d), or (ii) this Agreement is terminated (x) by TFC and the Bank pursuant to Section 8.01(g) or (y) by RBB Bancorp and RBB pursuant to Sections 8.01(b), (c), (f) or (h), then TFC or the Bank shall promptly, and in any event no later than two Business Days after the date of such termination (except as provided in Section 8.01(g)(iv)), pay RBB Bancorp a termination fee of $500,000 (the **"Termination Fee"**), payable by wire transfer of same-day funds. TFC's or the Bank's payment shall be the sole and exclusive remedy of RBB Bancorp and RBB for damages against TFC and the Bank and their respective Representatives with respect to the breach of any covenant or agreement giving rise to such payment. For purposes of this Agreement, an Acquisition Proposal shall not be deemed to have been "publicly withdrawn" by any Person if, within 12 months of such termination, TFC or the Bank shall have entered into a definitive agreement (other than a confidentiality agreement) with respect to, or shall have consummated or shall have approved or recommended to TFC's shareholders or otherwise not opposed, an Acquisition Proposal made by or on behalf of such Person or any of its affiliates. In addition, for purposes of this Agreement, and subject to proviso (i) of Section 8.02(a), no damages will be payable by RBB Bancorp if it terminates this Agreement for failure to obtain regulatory approval pursuant to Section 7.01(b) or Section 8.01(e).

In the event this Agreement is terminated by TFC and the Bank pursuant to Section 8.01(b), then RBB Bancorp shall promptly, and in any event no later than two Business Days after the date of such termination, pay TFC the Termination Fee, payable by wire transfer of same-day funds. RBB's payment shall be the sole and exclusive remedy of TFC and the Bank for damages against RBB and their respective Representatives with respect to the breach of any covenant or agreement giving rise to such payment. Further, in the event this Agreement is terminated by RBB Bancorp other than for the reasons in Section 8.02(b), RBB shall pay TFC or the Bank the difference between the amount of the actual lease entered into by the Bank and a long term lease of up to 5 years in length concerning the Bank's City of Industry branch. If TFC or the Bank enters into a long term lease for the City of Industry branch for longer than six (6) months, then the Merger Consideration shall be reduced by the difference between the actual cost of the lease minus the costs of the short term lease of up to six (6) months.

Each of TFC and the Bank, and RBB Bancorp and RBB, acknowledge that the agreement contained in Section 8.02(b) is an integral part of the transactions contemplated by this Agreement and that without the agreement, RBB Bancorp, RBB, TFC and the Bank would not enter into this Agreement; accordingly, if (i) TFC or the Bank fails to pay the Termination Fee pursuant to Section 8.02(b), and, in order to obtain payment of the Termination Fee, RBB Bancorp and RBB commence a suit that results in a judgment against TFC or the Bank for the Termination Fee or any portion thereof, TFC or the Bank shall pay to RBB Bancorp and RBB their costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount of such fee at the publicly announced prime rate of interest published in The Wall Street Journal on the date such payment was required to be made from the date such payment was required to be made through the date of payment.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 SURVIVAL.

The representations, warranties, agreements and covenants contained in this Agreement shall not survive the Effective Time (other than Sections 6.05, 6.09, 6.10, 6.11, 6.15, 6.18, and this Article IX, which shall survive the Effective Time indefinitely unless otherwise specifically provided therein) or the termination of this Agreement if this Agreement is terminated prior to the Effective Time. This Article IX and the covenants contained in Section 8.02 (Effect of Termination and Abandonment) shall survive the termination of this Agreement. All other representations, warranties, covenants and agreements in this Agreement shall not survive the consummation of the TFC Merger or the termination of this Agreement if this Agreement is terminated prior to the Effective Time.

SECTION 9.02 WAIVER; AMENDMENT.

Prior to the Effective Time, any provision of this Agreement may be (i) waived in whole or in part by the party benefited by the provision or by all parties or (ii) amended or modified at any time, by an agreement in writing among the parties hereto executed in the same manner as this Agreement.

SECTION 9.03 COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original but all of which together shall constitute one and the same instrument. Facsimiles containing original signatures shall be deemed for all purposes to be originally signed copies of documents which are the subject of such facsimiles.

SECTION 9.04 GOVERNING LAW, JURISDICTION AND VENUE.

This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of California (however, not to the exclusion of any applicable Federal law), without regard to California statutes or judicial decisions regarding choice of law questions. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of California and the federal courts of the United States of America located in the Southern District of the State of California solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated herein and therein, and hereby waive, and agree to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such documents, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such California state or federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 9.06 or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

SECTION 9.05 EXPENSES.

Each party hereto will bear all expenses incurred by it in connection with this Agreement and the transactions contemplated hereby except as otherwise specifically provided. RBB shall bear all costs associated with obtaining all Regulatory Approvals.

SECTION 9.06 NOTICES.

All notices, requests and other communications hereunder to a party shall be in writing and shall be deemed given if personally delivered, telecopied (with confirmation) or mailed by registered or certified mail (return receipt requested) to such party at its address set forth below or such other address as such party may specify by notice to the parties hereto.

If to TFC and the Bank:

TFC Holding Company
1420 East Valley Boulevard
Alhambra, California 91801
Attention: Mr. Roger Lin, Chairman
Telephone: (310) 874-8998
Facsimile: (424) 652-5988
Email: RYL88-TFC@yahoo.com

With a copy to:

Gary Steven Findley, Esq.
Gary Steven Findley & Associates
3808 East La Palma Avenue
Anaheim, CA 92807
Telephone: (714) 630-7136
Facsimile: (714) 630-7910
Email: gsf@findley-reports.com

If to RBB to:

Royal Business Bank
660 South Figueroa Street, Suite 1888
Los Angeles, California 90017-3433
Attention: Alan Thian, President and Chief Executive Officer
Telephone: (213) 573-7928
Facsimile: (213) 533-7978
Email: athian@rbbusa.com

With a copy to:

Loren P. Hansen, Esq.
Loren P. Hansen, APC
1301 Dove Street, Suite 900
Newport Beach, CA 92660
Telephone: (949) 851-6125
Facsimile: (949) 851-1732
Email: lphansen@lphansenlaw.com

SECTION 9.07 ENTIRE UNDERSTANDING; NO THIRD PARTY BENEFICIARIES.

This Agreement, the Disclosure Schedules attached hereto and incorporated herein, and the exhibits to the Agreement represent the entire understanding of the parties hereto and thereto with reference to the transactions contemplated hereby and thereby and this Agreement, the Disclosure Schedules attached hereto and incorporated herein, and the exhibits to the Agreement, supersede any and all other oral or written agreements heretofore made. Except for Sections 6.10, and 6.11, nothing in this Agreement, expressed or implied, is intended to confer upon any Person, other than the parties hereto or their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 9.08 EFFECT.

No provision of this Agreement shall be construed to require TFC, the Bank, RBB Bancorp RBB or any Subsidiaries, affiliates or directors of any of them to take any action or omit to take any action which action or omission would violate applicable law (whether statutory or common law), rule or regulation.

SECTION 9.09 SEVERABILITY.

Except to the extent that application of this Section 9.09 would have a Material Adverse Effect on TFC and the Bank, or RBB Bancorp and RBB, any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

SECTION 9.10 ENFORCEMENT OF THE AGREEMENT.

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

SECTION 9.11 INTERPRETATION.

When a reference is made in this Agreement to Sections, Exhibits or Disclosure Schedules, such reference shall be to a Section of, or Exhibit or Disclosure Schedule to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”.

SECTION 9.12 TIME.

Time is of the essence of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

RBB Bancorp		TFC Holding Company	
By:	______________________	By:	______________________
Name:	Alan Thian	Name:	______________________
Title:	President and Chief Executive Officer	Title:	______________________
Royal Business Bank		TomatoBank	
By:	______________________	By:	______________________
Name:	Alan Thian	Name:	______________________
Title:	President and Chief Executive Officer	Title:	______________________

EXHIBIT A

FORM OF SHAREHOLDER AGREEMENT

This Shareholder Agreement, effective as of , 2015 (as amended, supplemented or otherwise modified from time to time, this **"Agreement"**), is entered into by and among RBB Bancorp, a California corporation (**"RBB Bancorp"**), Royal Business Bank, a California state-chartered bank (**"RBB"**) TomatoBank, a California state chartered bank (**the "Bank"**), TFC Holding Company, a Delaware corporation (**"TFC"**) and each of the undersigned Shareholders (each, a **"Shareholder"** and, collectively, the **"Shareholders"**) of TFC. Capitalized and other terms used and not otherwise defined herein shall have the respective meanings set forth in the Merger Agreement described below.

RECITALS

WHEREAS, pursuant to an Agreement and Plan of Merger, dated as of the date hereof, between RBB Bancorp, RBB, TFC and the Bank (as amended, supplemented or otherwise modified from time to time, the **"Merger Agreement"**), TFC will be merged with and into a Subsidiary of RBB Bancorp, immediately thereafter, TFC shall merge with and into the RBB Bancorp, and immediately thereafter, the Bank will merge with and into RBB and RBB Bancorp and RBB shall survive.

WHEREAS, as a condition and inducement to RBB Bancorp and RBB to enter into the Merger Agreement and consummate the TFC Merger, the Shareholders desire to execute and deliver to RBB Bancorp and RBB a shareholder agreement upon the terms set forth herein.

WHEREAS, each Shareholder is the registered and beneficial owner of such number of shares of the outstanding capital stock of TFC as is indicated on the signature page of this Agreement under the heading "Total Number of Shares of TFC Common Stock Subject to this Agreement," and such Shareholder desires to make the number of shares indicated on the signature page of this Agreement under the heading "Total Number of Shares of TFC Common Stock Subject to this Agreement" (such shares, together with any other shares of common stock of TFC acquired by such Shareholder after the date hereof and during the term of this Agreement (including through the exercise of any stock options, warrants or similar instruments), being collectively referred to herein as the **"Shares"**) subject to the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Ownership of Shares; Transfer.

(a) Except as otherwise described in Appendix A, each Shareholder represents and warrants to RBB Bancorp and RBB that (i) such Shareholder is the record and beneficial owner of, and has good and marketable title to, the Shares, (ii) the Shares constitute all of such Shareholder's interest in the outstanding capital stock and voting securities of TFC, (iii) the Shares are free and clear of any liens, claims, options, charges or other encumbrances, (iv) the shareholder has the sole right to vote the Shares and, except as contemplated by this Agreement, none of the Shares is subject to any voting trust or other agreement, arrangement or restriction with respect to the voting of such Shares. Such Shareholder's principal residence or place of business is accurately set forth on the signature page hereto.

(b) Other than pursuant to this Agreement or with RBB Bancorp and RBB's prior written consent, from the date hereof through and including the date of the TFC shareholders' meeting at which the terms of the Merger Agreement are considered and voted upon, Shareholder shall not (i) sell, transfer, pledge, assign or otherwise dispose of (including by gift) (collectively, **"Transfer"**), or enter into any contract, agreement, option or other arrangement (including any profit sharing arrangement) with respect to the Transfer of, any Shares to any person (other than pursuant to the TFC Merger) or (ii) enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to any Shares and shall not commit or agree to take any of the foregoing actions. Shareholder shall not, nor shall Shareholder permit any entity under such Shareholder's control to, deposit any Shares in a voting trust. This Section 1(b) shall not prohibit a Transfer of the Shares by Shareholder to any member of Shareholder's immediate family, or to a trust for the benefit of Shareholder or any member of Shareholder's immediate family, or upon the death of Shareholder, provided, that a Transfer referred to in this paragraph shall be permitted if, as a precondition to such Transfer, the transferee agrees in writing to be bound by all of the terms of this Agreement.

2. Agreement to Vote Shares.

(a) As used herein, the term **"Expiration Date"** shall mean the earlier to occur of (i) the Effective Time or (ii) termination of the Merger Agreement in accordance with the terms thereof.

Prior to the Expiration Date, at every meeting of the shareholders of TFC at which the following is considered or voted upon, and at every adjournment or postponement thereof, and on every action or approval submitted to the Shareholders of TFC by written consent with respect to the following, each Shareholder shall vote (or cause to be voted) the Shares in favor of approval of the terms of the Merger Agreement.

(b) Prior to the Expiration Date, at every meeting of the shareholders of TFC at which the following is considered or voted upon, and at every adjournment or postponement thereof, and on every action or approval submitted to the Shareholders of TFC by written consent with respect to any of the following, each Shareholder shall vote (or cause to be voted) the Shares against any merger agreement or merger (other than the Merger Agreement and the TFC Merger), consolidation, combination, share exchange, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by or involving TFC and the Bank. No Shareholder shall commit or agree to take any action inconsistent with the foregoing.

(c) Prior to the Expiration Date, each Shareholder will not take any action to exercise or perfect such Shareholder's right to exercise appraisal rights in connection with the TFC Merger or dissent to the TFC Merger, with respect to or in accordance with the Delaware General Corporations Law or the California General Corporations Law or otherwise.

(d) Shareholder makes no agreement or understanding in this Agreement in Shareholder's capacity as a director or officer of TFC or the Bank, and nothing in this Agreement (a) will limit or affect any actions or omissions taken by Shareholder in Shareholder's capacity as such an officer of director, including in exercising rights under the Merger Agreement, and no such actions or omissions shall be deemed a breach of this Agreement or (b) will be construed to prohibit, limit or restrict Shareholder from exercising Shareholder's fiduciary duties as an officer or director of TFC, the Bank or to its shareholders.

3. Representations, Warranties and Covenants of Shareholder. Each Shareholder hereby represents, warrants and covenants to RBB Bancorp and RBB as follows:

(a) Each Shareholder has full power, authority and legal capacity to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by such Shareholder and constitutes the valid and binding obligation of such Shareholder, enforceable against such Shareholder in accordance with its terms, except as may be limited by (i) the effect of bankruptcy, insolvency, conservatorship, arrangement, moratorium or other laws affecting or relating to the rights of creditors generally, or (ii) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law. The execution and delivery of this Agreement by such Shareholder does not, and the performance of such Shareholder's obligations hereunder will not, result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any right to terminate, amend, accelerate or cancel any right or obligation under, or result in the creation of any lien or encumbrance on any Shares pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which such Shareholder is a party or by which such Shareholder or the Shares are or will be bound or affected. If Shareholder is married and the Shares constitute community property or if there otherwise is a need for spousal or other approval of this Agreement for it to be legal, valid and binding, this Agreement has been duly authorized, executed and delivered by, and constitutes a valid and binding agreement of, Shareholder's spouse, enforceable against such spouse in accordance with its terms.

(b) Until the Expiration Date, each Shareholder, in the Shareholder's capacity as a shareholder of TFC, will not (and will use such Shareholder's reasonable best efforts to cause its affiliates, officers, directors and employees and any investment banker, attorney, accountant or other agent retained by such Shareholder or TFC, not to): (i) initiate or solicit, directly or indirectly, any proposal, plan or offer to acquire all or any material part of the business or properties or capital stock of TFC or the Bank, whether by merger, purchase of assets, tender offer or otherwise, or to liquidate TFC or the Bank or otherwise distribute to the shareholders of TFC all or any substantial part of the business, properties or capital stock of TFC or the Bank (each, an **"Acquisition Proposal"**); (ii) initiate, directly or indirectly, any contact with any person in an effort to or with a view towards soliciting any Acquisition Proposal; (iii) furnish information concerning TFC's or the Bank's business, properties or assets to any corporation, partnership, person or other entity or group (other than RBB Bancorp, RBB, or any affiliate, associate, agent or representative of RBB Bancorp or RBB) under any circumstances that could reasonably be expected to relate to an actual or potential Acquisition Proposal; (iv) negotiate or enter into discussions or an agreement, directly or indirectly, with any entity or group with respect to any potential Acquisition Proposal; or (v) either alone or together with any other shareholder of TFC, request that a special meeting of the shareholders of TFC be held to consider and vote on any Acquisition Proposal. In the event any Shareholder, in such Shareholder's capacity as a shareholder of TFC, shall receive or become aware of any Acquisition Proposal subsequent to the date hereof, such Shareholder shall promptly inform RBB as to any such matter and the details thereof to the extent possible without breaching any other agreement to which such Shareholder is a party.

(c) Each Shareholder understands and agrees that if any Shareholder attempts to vote or provide any other person with the authority to vote any of the Shares held by such Shareholder as of the record date for any meeting at which such Shares are to be voted other than in compliance with this Agreement, TFC shall not, and such Shareholder hereby unconditionally and irrevocably instructs TFC to not, record such vote unless and until such Shareholder shall have complied with the terms of this Agreement.

4. Additional Documents. Each Shareholder hereby covenants and agrees to execute and deliver any additional documents necessary or desirable, in the reasonable opinion of RBB Bancorp and RBB, to carry out the purpose and intent of this Agreement.

5. Consent and Waiver. Each Shareholder hereby consents to and approves the actions taken by the board of directors of TFC and the Bank in approving the TFC Merger and adopting the Merger Agreement and gives any consents or waivers that are reasonably required for the consummation of the TFC Merger under the terms of any agreement to which such Shareholder is a party; provided, however, that such Shareholder shall not be required by this Section 5 to give any consent or waiver in his or her capacity as a director or officer of TFC or the Bank.

6. Termination. This Agreement shall terminate and shall have no further force or effect as of the Expiration Date.

7. Confidentiality. Each Shareholder agrees (i) to hold any information regarding this Agreement and the TFC Merger in strict confidence and (ii) not to divulge any such information to any third person, except to the extent any of the same is hereafter publicly disclosed by RBB Bancorp and RBB.

8. Obligations Attach to Shares; Survival; Acquisition of Additional Shares of Capital Stock of TFC. Each Shareholder agrees that this Agreement and the obligations hereunder shall attach to such Shareholder's Shares and shall be binding upon any person to which or whom legal or beneficial ownership of such Shares shall pass, whether by operation of law or otherwise, including such Shareholder's heirs, guardians, administrators or successors, and that the transfer agent for the Shares shall be instructed not to record any transfer in violation of the terms of the Agreement. All authority herein conferred by a Shareholder shall survive the death or incapacity of such Shareholder and any obligation of a Shareholder hereunder shall be binding upon the heirs, guardians, administrators, personal representatives, successors and assigns of a Shareholder. In the event of any stock split, stock dividend, merger, reorganization, recapitalization or other change in the capital structure of TFC or the Bank affecting the Shares, or the acquisition of additional shares of capital stock of TFC or the Bank by any Shareholder, the number of shares of capital stock of TFC listed under the heading "Total Number of Shares of TFC Capital Stock Subject to this Agreement" shall be adjusted appropriately and this Agreement and the obligations hereunder shall attach to any additional shares of capital stock of TFC issued to or acquired by such Shareholder.

9. Miscellaneous.

(a) Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

(b) Binding Effect and Assignment. No provision of this Agreement shall be construed to require a Shareholder, RBB Bancorp, RBB, TFC, the Bank, or any Subsidiaries, affiliates or directors of any of them to take any action or omit to take any action which action or omission would violate applicable law (whether statutory or common law), rule or regulation. This Agreement is intended to bind each Shareholder solely as a security holder of TFC only with respect to the specific matters set forth herein.

(c) Amendment and Modification. Any provision of this Agreement may be (i) waived in whole or in part by the party benefited by the provision or by all parties or (ii) amended or modified at any time by an agreement in writing among the parties hereto executed in the same manner as this Agreement.

(d) Enforcement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

(e) Notices. All notices, requests and other communications hereunder to a party shall be in writing and shall be deemed given if personally delivered, telecopied (with confirmation), e-mailed (with confirmation) or mailed by registered or certified mail (return receipt requested) to such party at its address set forth below or such other address as such party may specify by notice to the parties hereto.

(i) If to any Shareholder, at the address set forth below such Shareholder’s signature at the end hereof.

(ii) If to RBB Bancorp and RBB, to:

Royal Business Bank
660 South Figueroa Street, Suite 1888
Los Angeles, California 90017-3433
Attention: Alan Thian
President and Chief Executive Officer
Telephone: (213) 573-7928
Facsimile: (213) 533-7978
E-mail: athian@rbbusa.com

(iii) If to TFC:

TFC Holding Company
1420 E. Valley Blvd.
Alhambra, California 91801
Attention: Mr. ,
Telephone: ( )
Facsimile: ( )
Email:

(f) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of California (however, not to the exclusion of any applicable Federal law), without regard to California statutes or judicial decisions regarding choice of law questions. The parties hereby irrevocably submit to the jurisdiction of the courts of the State of California and the federal courts of the United States of America located in the Central District of the State of California solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated herein and therein, and hereby waive, and agree to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such documents, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such California state or federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10 (e) or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

(g) Entire Agreement. This Agreement contains the entire understanding of the parties in respect of the subject matter hereof and supersedes all prior negotiations and understandings between the parties with respect to such subject matter.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original but all of which together shall constitute one and the same instrument. Facsimiles containing original signatures shall be deemed for all purposes to be originally signed copies of the documents which are the subject of such facsimiles.

(i) Effect of Headings. The section headings herein are for convenience only and shall not affect the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

RBB BANCORP		TFC HOLDING COMPANY	
By:	______________________	By:	______________________
Name:	Alan Thian	Name:	______________________
Title:	President and Chief Executive Officer	Title:	______________________

SHAREHOLDER:

By: ______________________________

Name: ______________

Title: ______________________________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

Total Number of Shares of TFC Common Stock Subject to this Agreement________________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________________

Name: ______________________________

Title: ______________________________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________________

Name: ____________________

Title: ____________________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

Total Number of Shares of TFC Common Stock Subject to this Agreement____________________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________________

Name: ____________________

Title: ____________________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

Total Number of Shares of TFC Common Stock Subject to this Agreement____________________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________________

Name: ______________

Title: ______________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

Total Number of Shares of TFC Common Stock Subject to this Agreement______________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________________

Name: ______________

Title: ______________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

Total Number of Shares of TFC Common Stock Subject to this Agreement______________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________________

Name: ______________________________

Title: ______________________________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

Total Number of Shares of TFC Common Stock Subject to this Agreement______________________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________________

Name: ______________________________

Title: ______________________________

Address: ______________________________

____

Attn: ______________________________

Fax: ______________________________

Total Number of Shares of TFC Common Stock Subject to this Agreement______________________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________________

SHAREHOLDER:

By: ______________________

Name: ______________________

Title: ______________________

Address: ______________________

____

Attn: ______________________

Fax: ______________________

Total Number of Shares of TFC Common Stock Subject to this Agreement__________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________

SHAREHOLDER:

By: ______________________

Name: ______________________

Title: ______________________

Address: ______________________

____

Attn: ______________________

Fax: ______________________

Total Number of Shares of TFC Common Stock Subject to this Agreement__________

SHAREHOLDER'S SPOUSE (IF APPLICABLE):

____

Name: ______________________

EXHIBIT A-1

PERSONS EXECUTING SHAREHOLDER AGREEMENT

ALL TFC AND BANK DIRECTORS

ALL TFC AND BANK EXECUTIVE OFFICERS

APPENDIX A

Shareholder Name:

Number of Shares:

Exceptions to Representations:

☐ **Check the box if the following statement is applicable:** The Shareholder is the joint beneficial owner of the Shares, together with the Shareholder's spouse.

☐ **Check the box if the following statement is applicable:** The Shareholder has joint voting power over the Shares, together with the Shareholder's spouse.

Other exceptions:

EXHIBIT B

FORM OF NON-SOLICITATION and CONFIDENTIALITY AGREEMENT

This NON-SOLICITATION, AND CONFIDENTIALITY AGREEMENT (this **"Agreement"**), effective as of   , 2015, is entered into by and between RBB Bancorp and Royal Business Bank (collectively, **"RBB"**), and   (the **"Undersigned"**).

RECITALS

A. RBB, TFC Holding Company, a California corporation **("TFC"),** and TomatoBank, a California commercial banking corporation, (**the "Bank"**), have entered into an Agreement and Plan of Merger dated as of   , 2015 (the **"Merger Agreement"**).

B. The Undersigned is a director, officer or shareholder of TFC or the Bank.

C. As an inducement to and as a condition to RBB's entering into and performing the terms of the Merger Agreement, the Undersigned agrees to restrict his or her activities in accordance with this Agreement (as defined below) for the benefit of any Person or entity other than RBB.

D. Except as otherwise provided herein, each capitalized term shall have the meaning given to such term in the Merger Agreement. As used in this Agreement, the following terms shall have the meanings set forth:

"Customer" shall mean any Person with whom TFC or the Bank has an existing relationship for Financial Services (as defined below) from the date of the Merger Agreement until immediately prior to the Effective Date (as that term is defined in the Merger Agreement) or with whom RBB or the Surviving Bank has an existing relationship for Financial Services at any point from the date of the Merger Agreement.

"Financial Institution" shall mean a "depository institution" as that term is defined in 12 C.F.R. Section 348.2 and any parent, subsidiary or affiliate thereof.

"Financial Services" shall mean the origination, purchasing, selling and servicing of commercial, real estate, residential, construction and consumer loans and the solicitation and provision of deposit services and services related thereto.

"Prospective Customer" shall mean any Person with whom TFC or the Bank has actively pursued a relationship for Financial Services at any time prior to and between the date of the Merger Agreement and the Effective Date; provided, however, TFC's or the Bank's general solicitation for business, such as through television or media advertising, does not constitute active pursuit of a relationship.

"Trade Secrets" shall mean:

(a) All secrets and other confidential information, ideas, knowledge, know-how, techniques, secret processes, improvements, discoveries, methods, inventions, sales, financial information, lists of Customers and Prospective Customers, plans, concepts, strategies or products, as well as all documents, reports, drawings, designs, plans and proposals otherwise pertaining to same or relating to the business and properties of TFC or the Bank, RBB and/or the Surviving Bank of which the Undersigned has acquired, or may hereafter acquire, knowledge and possession as a director, officer or employee, or as a result of the transactions contemplated by the Merger Agreement.

(b) Notwithstanding any other provisions of this Agreement to the contrary, "Trade Secrets" shall not include any (i) information that is or has become available from a third party who learned the information independently and is not or was not bound by a confidentiality agreement with respect to such information, (ii) information readily ascertainable from public, trade or other nonconfidential sources (other than as a result, directly or indirectly, of a disclosure or other dissemination in contravention of a confidentiality agreement).

NOW THEREFORE, in consideration of the premises and respective representations, warranties and covenants, agreements and conditions contained herein and in the Merger Agreement, and intending to be legally bound hereby, the Undersigned, and RBB agree as follows:

ARTICLE I
ACKNOWLEDGMENTS BY THE UNDERSIGNED

The Undersigned acknowledges that:

(a) RBB would not enter into the Merger Agreement unless the Undersigned agrees not to engage in the provision of Financial Services in conjunction with RBB or the Surviving Bank or any of their respective subsidiaries or successors, use Trade Secrets for the benefit of any Person or entity other than RBB or the Surviving Bank or any of their respective subsidiaries or successors and unless the Undersigned agrees not to solicit officers or employees of RBB or the Surviving Bank, or any of their respective subsidiaries or successors. Accordingly, this Agreement is a material inducement for RBB to enter into and to carry out the terms of the Merger Agreement. The Undersigned expressly acknowledges that he or she is entering into this Agreement to induce RBB to enter into and carry out the terms of the Merger Agreement.

(b) By virtue of his or her position with TFC or the Bank, the Undersigned has developed considerable expertise in the business operations of TFC and the Bank and has or will develop considerable expertise in the business operations of RBB and/or the Surviving Bank. Undersigned has had and will have access to Trade Secrets. Undersigned recognizes that RBB would be irreparably damaged, and its substantial investment in TFC and the Bank materially impaired, if the Undersigned were to disclose or make unauthorized use of any Trade Secrets in any way, including but not limited to the use of Trade Secrets to solicit or aid in the solicitation of Customers or Prospective Customers for Financial Services or induce or attempt to induce any Person who is a Customer, Prospective Customer, supplier, or distributor of TFC or the Bank, RBB or the Surviving Bank to terminate such Person's relationships with, or to take any action that

would be disadvantageous to, TFC, the Bank, RBB or the Surviving Bank. Moreover, Undersigned recognizes that TFC, the Bank and RBB would be irreparably damaged, and RBB's substantial investment in TFC and the Bank materially impaired if the Undersigned were to solicit or aid in the solicitation of any Person who is a TFC, the Bank, RBB, or Surviving Bank officer or employee to terminate such Person's employment relationship with, or to take any action that would be disadvantageous to, TFC, the Bank, RBB or the Surviving Bank. Accordingly, the Undersigned expressly acknowledges that he or she is voluntarily entering into this Agreement and that the terms and conditions of this Agreement are fair and reasonable to the Undersigned in all respects.

(c) The Undersigned, a director of the Bank, together with all affiliates and related parties, hereby agrees to use his or her best efforts not to reduce or remove from the Surviving Bank for a minimum of one year from the Effective Date of the TFC Merger.

ARTICLE II
NON-SOLICITATION AND CONFIDENTIALITY

2.1 Trade Secrets. Without limiting the generality of the foregoing and at all times after the date hereof, other than for the benefit of TFC or the Bank and, after the Effective Date, other than for the benefit of RBB and the Surviving Bank, the Undersigned (a) shall make no use of the Trade Secrets, or any other part thereof, for the benefit of any other Person, and if the Undersigned is not continuing his or her service as a director and/or officer of RBB or the Surviving Bank, shall deliver, on and after the Effective Date, all documents, reports, drawings, designs, plans, proposals and other tangible evidence of Trade Secrets, now possessed or hereafter acquired by the Undersigned, to the Surviving Bank.

2.2 Exceptions. Notwithstanding any provision of this Agreement to the contrary, the Undersigned may disclose or reveal any information, whether including in whole or in part any Trade Secrets, that:

(a) The Undersigned is required to disclose or reveal under any applicable law, provided the Undersigned makes a good faith request that the confidentiality of the Trade Secrets be preserved and, to the extent not prohibited by applicable law, gives RBB prompt notice of such requirement in advance of such disclosure.

(b) The Undersigned is otherwise required to disclose or reveal by any Governmental Authority, provided the Undersigned makes a good faith request that the confidentiality of the Trade Secrets be preserved and, to the extent not prohibited by applicable laws, gives RBB prompt notice of such requirement in advance of such disclosure; or

(c) In the opinion of the Undersigned's counsel, the Undersigned is compelled to disclose or else stand liable for contempt or suffer other censure or penalty imposed by any Governmental Authority, provided the Undersigned makes a good faith request that the confidentiality of the Trade Secrets be preserved and, to the extent not prohibited by applicable laws, gives RBB prompt notice of such requirement in advance of such disclosure.

2.3 Non-Solicitation.

(a) Non-Solicitation of Customers and Prospective Customers. From the date hereof and for the period ending [executive officers: one year] [directors: two years] from and after the Effective Date, the Undersigned shall not, directly or indirectly, without the prior written consent of RBB or the Surviving Bank, on behalf of any Financial Institution, use any Trade Secret to solicit or aid in the solicitation of Customers or Prospective Customers for Financial Services or use any Trade Secret to induce or attempt to induce any Person who is a Customer, Prospective Customer, supplier, or distributor of TFC or the Bank, RBB Bancorp, RBB and/or the Surviving Bank as of the date of said solicitation to terminate such Person's relationships with TFC or the Bank, RBB Bancorp or RBB and/or the Surviving Bank. From the date hereof and for any period that the Undersigned is employed by or provides service for TFC, the Bank, RBB Bancorp, RBB or the Surviving Bank, the Undersigned, upon the reasonable request of TFC, the Bank, RBB Bancorp, RBB or the Surviving Bank, agrees to use his or her best efforts to retain the business of the Surviving Bank and promote the acquisition of new business by the Surviving Bank.

(b) Non-Solicitation of Officers or Employees. From the date hereof and for the period ending [executive officers: one year] [directors: two years] from and after the Effective Date, the Undersigned shall not, directly or indirectly, without the prior written consent of RBB Bancorp, RBB or the Surviving Bank, on behalf of any Financial Institution, solicit or aid in the solicitation of any officer or employee or induce or attempt to induce any officer or employee of TFC, the Bank, RBB Bancorp, RBB and/or the Surviving Bank to terminate such Person's relationships with TFC, the Bank, RBB Bancorp, RBB and/or the Surviving Bank. From the date hereof and for any period that the Undersigned is employed by TFC, the Bank, RBB Bancorp, RBB or the Surviving Bank, the Undersigned, upon the reasonable request of TFC, the Bank, RBB Bancorp, RBB or the Surviving Bank, agrees to use his or her best efforts to retain the officers and employees of the Surviving Bank. For purposes of this Section 2.3(b), the terms "officer" and "employee" shall mean the following: (i) for the period of time that the Undersigned is employed by TFC, the Bank, RBB Bancorp, RBB or the Surviving Bank, the terms "officer" and "employee" shall refer to any person employed by TFC, the Bank, RBB Bancorp, RBB and/or the Surviving Bank at the time of the solicitation or attempted solicitation, and/or any person who was employed by TFC, the Bank, RBB Bancorp, RBB and/or the Surviving Bank at any time within the three (3) months prior to the date of said solicitation or attempted solicitation; or (ii) for the period of time following the Undersigned's employment with RBB Bancorp, RBB or the Surviving Bank, the terms "officer" and "employee" shall refer to any person who was employed by RBB Bancorp, RBB and/or the Surviving Bank at the time of the termination of the Undersigned's employment with RBB Bancorp, RBB or the Surviving Bank, or any person who was employed by TFC, the Bank, RBB Bancorp, RBB and/or the Surviving Bank at any time within the three (3) month period immediately preceding the termination of the Undersigned's employment with TFC, the Bank, RBB Bancorp, RBB or the Surviving Bank. This prohibition shall not apply to general solicitations through employment advertisements that are placed in publications of general circulation or in trade journals.

ARTICLE III
INDEPENDENCE OF OBLIGATIONS

The covenants of the Undersigned set forth in this Agreement shall be construed as independent of any other agreement or arrangement between the Undersigned, on the one hand,

and RBB Bancorp, RBB and the Surviving Bank on the other, and the existence of any claim or cause of action by the Undersigned against TFC, the Bank, RBB Bancorp, RBB and/or the Surviving Bank or any of their respective subsidiaries shall not constitute a defense to the enforcement of such covenants against the Undersigned.

ARTICLE IV
GENERAL

4.1 Amendments. To the fullest extent permitted by law, this Agreement may be amended by agreement in writing of the parties hereto at any time.

4.2 Integration. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and (except for other documents to be executed pursuant to the Merger Agreement) supersedes all prior agreements and understanding of the parties in connection therewith.

4.3 Termination.

(a) This Agreement shall terminate automatically without further action in the event that the Merger Agreement is terminated prior to the Effective Time in accordance with its terms.

(b) Unless sooner terminated under subsection (a) of this Section 4.3, and except as provided in subsection (b) of Section 2.3, the obligations of the Undersigned under this Agreement shall terminate only on the mutual agreement of the Undersigned and RBB or the Surviving Bank.

4.4 Specific Performance. Undersigned acknowledges and agrees that irreparable injury will result to RBB and/or the Surviving Bank in the event of a breach of any of the provisions of this Agreement and that RBB and/or the Surviving Bank will have no adequate remedy at law with respect thereto. Accordingly, in the event of a material breach of this Agreement, and in addition to any other legal or equitable remedy RBB and/or the Surviving Bank may have, RBB and/or the Surviving Bank shall be entitled to the entry of a preliminary injunction and a permanent injunction (including, without limitation, specific performance) by a court of competent jurisdiction, to restrain the violation or breach thereof by Undersigned or any affiliates, agents or any other Persons acting for or with Undersigned in any capacity whatsoever, and Undersigned submits to the jurisdiction of such court in any such action. In addition, after discussing the matter with Undersigned, RBB and/or the Surviving Bank shall have the right to inform any third party that RBB and/or the Surviving Bank reasonably believes to be, or to be contemplating, participating with Undersigned or receiving from Undersigned assistance in violation of this Agreement, of the terms of this Agreement and of the rights of RBB and/or the Surviving Bank hereunder, and that participation by any such Persons with Undersigned in activities in violation of Undersigned's agreement with RBB and/or the Surviving Bank set forth in this Agreement may give rise to claims by RBB and/or the Surviving Bank against such third party.

4.5 Severability and Related Matters. If any provision of this Agreement shall be held by a court of competent jurisdiction to be unreasonable as to duration, activity or subject, it shall be

deemed to extend only over the maximum duration, range of activities or subjects as to which such provision shall be valid and enforceable under applicable law. If any provisions shall, for any reason, be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

4.6 Notices. Any notices or communication required or permitted hereunder, shall be deemed to have been given if in writing and (a) delivered in person, (b) delivered by confirmed facsimile transmission, (c) sent by overnight carrier, postage prepaid with return receipt requested or (d) mailed by certified or registered mail, postage prepaid with return receipt requested, addressed as follows:

If to RBB or the Surviving Bank:

Royal Business Bank
Attention: Alan Thian
President and Chief Executive Officer
660 South Figueroa Street, Suite 1888
Los Angeles, California 90017-3433
Telephone: (213) 573-7928
Facsimile: (213) 533-7978
E-mail: athian@rbbusa.com

With a Copy to:

Loren P. Hansen, Esq.
Loren P. Hansen, APC
1301 Dove Street, Suite 900
Newport Beach, California 92660
Telephone: (949) 851-6125
Facsimile: (949) 851-1732
E-mail: lphansen@lphansenlaw.com

If to Undersigned:

____
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____
____

or to such other address and to the attention of such other person as a party may notice to the others in accordance with this Section 4.6. Any such notice or communication shall be deemed received on the date delivered personally or delivered by confirmed facsimile transmission or on the next Business Day after it was sent by overnight carrier, postage prepaid with return receipt requested or on the third Business Day after it was sent by certified or registered mail, postage prepaid with return receipt requested.

4.7 Waiver of Breach. Any failure or delay by RBB and/or the Surviving Bank in enforcing any provision of this Agreement shall not operate as a waiver thereof. The waiver by RBB or the Surviving Bank of a breach of any provision of this Agreement by Undersigned shall not operate or be construed as a waiver of any subsequent breach or violation thereof. All waivers shall be in writing and signed by the party to be bound.

4.8 Assignment. This Agreement may be assignable by RBB only in connection with a sale of all or substantially all of their assets or a merger or reorganization in which they are not the surviving corporations. Any attempted assignment in violation of this prohibition shall be null and void.

4.9 Binding Effect; Benefit to Successors. This Agreement shall be binding upon the Undersigned and upon the Undersigned's successor and representatives and shall inure to the benefit of RBB, the Surviving Bank and their respective successors, representatives and assigns.

4.10 Governing Law. This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California applicable to contracts between California parties made and performed in California.

4.11 Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

4.12 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party hereto and delivered to each party hereto. Facsimiles containing original signatures shall be deemed for all purposes to be originally signed copies of the documents which are the subject of such facsimiles.

IN WITNESS WHEREOF, the parties to this Agreement have caused and duly executed this Agreement as of the day and year first above written.

ROYAL BUSINESS BANK,
a California state-chartered bank

By: ______________________________
Name: Alan Thian
Title: President and Chief Executive Officer

UNDERSIGNED

____
____
____

EXHIBIT B-1

PERSONS EXECUTING NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

All Directors of TFC and the Bank
President and Chief Executive Officer
Chief Financial Officer
Chief Credit Officer

EXHIBIT C

INDEMNITY AGREEMENT

THIS AGREEMENT is made as of the date of , 20 by and between ROYAL BUSINESS BANK, a state-chartered banking corporation (the “RBB”), and (“Indemnitee”), a director and/or officer of TFC Holding Company (“TFC”) or TomatoBank (the “Bank”), with reference to the following facts:

A. Pursuant to Section 7.02(e) of that certain Agreement and Plan of Merger dated , 2015 (the “Merger Agreement”) by and between the RBB, TFC and the Bank, RBB has concluded that it is not only reasonable and prudent but necessary for the RBB to contractually obligate itself to indemnify in a reasonable and adequate manner the TFC and Bank directors and officers and to assume for itself maximum liability for expenses and damages in connection with claims lodged against such directors and officers for their line of duty decisions and actions at TFC and the Bank;

B. The General Corporation Law of the State of California (the “Code”) empowers RBB to indemnify certain persons and further specifies in Code Section 317(g) that the indemnification provisions set forth in the Code “shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent such additional rights to indemnification are authorized in the articles of the corporation”; thus, Section 317 does not by itself limit the extent to which RBB may indemnify persons serving as its officers and directors;

C. In order to give proper effect to the indemnification provisions provided under the Code, the Articles of Incorporation which permit the Bank to indemnify its directors and officers to the fullest extent permissible under the Code, subject to the limitations set forth in Section 204(a) (11) of the Code, as applicable, and as required in Section 7.03(e) of the Merger Agreement, RBB is entering into this Agreement for the benefit of Indemnitee.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below and based on the premises set forth above, RBB and Indemnitee do hereby agree as follows:

1. Definitions. For the purposes of this Agreement, the following definitions shall apply:

(a) The term “Proceeding” shall include, for the purposes of this Agreement, any threatened, pending or completed action, suit or proceeding, whether brought in the name of RBB or otherwise and whether of a civil, criminal or administrative or investigative nature, including, but not limited to, actions, suits or proceedings brought under and/or predicated upon the Securities Act of 1933, as amended, and/or the

Securities Exchange Act of 1934, as amended, and/or their respective state counterparts and/or any rule or regulation promulgated thereunder, in which Indemnitee may be or may have been involved as party or otherwise (other than plaintiff against RBB), by reason of the fact that Indemnitee is or was an Agent of RBB by reason any action taken by him or of any inaction on his part while acting as such Agent.

(b) The term “Expenses”, includes, without limitation, all direct and indirect costs of any type or nature whatsoever, including, without limitation, expenses of investigations, judicial or administrative proceedings or appeals, court costs, attorneys’ fees, accountant’s costs and disbursements and any expenses of establishing a right to indemnification under law or Paragraph 7 of this Agreement, actually and reasonably incurred by the Indemnitee in connection with the investigation, preparation, defense or appeal of a Proceeding or action for indemnification for which Indemnitee is not otherwise compensated by RBB or any third party, except that “Expenses” shall not include the amount of any judgment, fine or penalty actually levied against Indemnitee or amounts paid in settlement of a Proceeding.

(c) References to “other enterprise” shall include employee benefit plans; reference to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of RBB” shall include any service as a director of RBB which imposes duties on, or involves services by, such director with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acts in good faith and in a manner he reasonably believes to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner in the best interests of RBB as referred to in this Agreement.

(d) For the purposes of this Agreement, Indemnitee shall be deemed to have been acting as an “Agent” if he was acting in his capacity as an officer of RBB, director of RBB, member of a committee of the Board of Directors of this Bank, or agent of RBB, or was serving as a director or officer of another foreign or domestic corporation, partnership, joint venture, trust or any other enterprise at the request of RBB, or was a director and/or officer of the foreign or domestic corporation which was a predecessor corporation to RBB or of another enterprise at the request of such predecessor corporation, whether or not he is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Agreement.

(e) The term “Applicable Standard” means that a person acted in good faith and in a manner such person believed to be in the best interests of RBB; except that in a criminal proceeding, such person must also have had no reasonable cause to believe that such person’s conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create any presumption, or establish, that the person did not meet the “Applicable Standard.”

(f) “Independent Legal Counsel” shall include any firm of attorneys selected by the Board of Directors or by the regular corporate counsel for RBB

from a list of firms which meet minimum size criteria and other reasonable criteria established by the Board of Directors of RBB, so long as such firm has not represented RBB, Indemnitee or any entity controlled by Indemnitee within the preceding 24 calendar months.

2. Indemnification in Third Party Proceedings. Subject to the "Limitations on Indemnification" provided in Paragraph 10 herein, or any other such limitations provided under the Code or any amendment thereto, RBB shall indemnify Indemnitee if Indemnitee is made a party to or threatened to be made a party to, or otherwise involved in, any Proceeding (other than a Proceeding which is an action by or in the right of RBB to procure a judgment in its favor), by reason of the fact that Indemnitee is or was or is alleged to be an Agent. This indemnification shall apply, and be limited, to and against all Expenses, judgments, fines, settlements (if the settlement is approved in advance by RBB, which approval shall not be unreasonably withheld, conditioned or delayed) and other amounts actually and reasonably incurred by Indemnitee in connection with the defense or settlement of the Proceeding, so long as it is determined pursuant to Paragraph 7 of this Agreement or by the court before which such action was brought, that Indemnitee met the Applicable Standard.

3. Indemnification in Proceedings By or In the Name of RBB. Subject to the "Limitations on Indemnification" provided in Paragraph 10 herein, RBB shall indemnify Indemnitee if Indemnitee is made a party to, or threatened to be made a party to, or otherwise involved in, any Proceeding which is an action by or in the right of RBB or any subsidiary of RBB to procure a judgment in its favor by reason of the fact that Indemnitee is or was or is alleged to be an Agent. This indemnity shall apply, and be limited, to and against all Expenses actually and reasonably incurred by Indemnitee in connection with the defense or settlement of such Proceeding, but only if (a) Indemnitee met the Applicable Standard, and (b) the action is not settled or otherwise disposed of without court approval. No indemnification shall be made under this Paragraph 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to RBB in the performance of such person's duty to RBB, unless, and only to the extent that, the court in which such Proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for the Expenses which such court shall determine.

4. Expense of Successful Indemnitee. Notwithstanding any other provision of this Agreement, or any limitation contained therein, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding or in defense of any claim, issue or matter therein, including the dismissal of an action or portion thereof without prejudice, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred in connection therewith.

5. Scope. Notwithstanding any other provision of this Agreement but subject to Paragraph 10, RBB shall indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by other provisions of this Agreement, RBB's Articles of Incorporation, RBB's Bylaws or by statute.

6. Advancement and Repayment of Expenses. The Expenses incurred by Indemnitee in defending and investigating any Proceeding shall be advanced by RBB prior to the final disposition of such Proceeding after receiving from Indemnitee the copies of invoices presented to Indemnitee for such Expenses, but only if Indemnitee shall undertake in the form attached as Exhibit A to repay such advances to the extent, that it is ultimately determined that the Indemnitee is not entitled to indemnification. Any advance required hereunder shall be deemed to have been approved by the Board of Directors of RBB. In determining whether or not to make an advance hereunder, the ability of Indemnitee to repay shall not be a factor. In the event that RBB shall be obligated under this Section 6 to pay the Expenses of any Proceeding against Indemnitee, RBB, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by RBB, RBB will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (i) Indemnitee shall have the right to employ his counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by RBB, or (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between RBB and the Indemnitee in the conduct of such defense or (C) RBB shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of RBB.

7. Procedure Upon Application. Any claim for indemnification and advance of Expenses under Paragraph 6 hereof shall be paid no later than 20 days after receipt of a written request of Indemnitee in accordance with Paragraph 12 hereof.

However, in a proceeding brought by RBB directly, in its own right (as distinguished from an action brought by a third party or derivatively or by any receiver or trustee), RBB may determine not to make the advances called for hereby (subject to Indemnitee's right to seek a contrary determination and enforce his or her right to indemnity and advances under Paragraph 8) if independent legal counsel advises in writing that RBB has probable cause to believe, and in RBB in good faith does believe, that Indemnitee did not act in good faith with regard to the subject matter of the Proceeding or a material portion thereof.

In all other cases, indemnification shall be made by RBB only if authorized in the specific case, upon a determination that indemnification of the Agent is proper under the circumstances and the terms of this Agreement by: (a) a majority vote of a quorum of the Board of Directors (or a duly constituted committee thereof), consisting of directors who are not parties to such proceeding; (b) if such a quorum of directors is not obtainable, by independent legal counsel in a written opinion; (c) approval of the shareholders (as defined in Section 153 of the California Corporations Code), with the Indemnitee's shares not being entitled to vote thereon; or (d) the court in which such proceeding is or was pending upon application made by RBB, the Indemnitee or any person rendering services in connection with the Indemnitee's defense, whether or not

RBB opposes such application. Once a determination has been made in accordance with the preceding sentence that indemnification is proper, in a particular case or matter, RBB may delegate administration of process of indemnification to one or more of its officers.

If Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, RBB shall indemnify Indemnitee's estate and his or her spouse, heirs, administrators and executors against and shall assume all of the Expenses, judgments, penalties and fines actually and reasonably incurred by or for Indemnitee or his estate, in connection with the investigation, defense, settlement or appeal of any such action, suit or proceeding. When requested in writing by the spouse of Indemnitee, and/or the heirs, executors or administrators of Indemnitee's estate, RBB shall provide appropriate evidence of the Agreement set our herein to indemnify Agent against and to itself assume such costs, liabilities and Expenses.

If Indemnitee is entitled under any provision of this Agreement or indemnification by RBB for some or a portion of the Expenses, judgments, fines or penalties actually and reasonably incurred by him in the investigation, defense, appeal or settlement of any Proceeding but not, however, for the total amount thereof, RBB shall nevertheless indemnify Indemnitee for the portion (determined on an equitable basis) of such Expenses, judgments, fines or penalties to which Indemnitee is entitled.

Bank's obligations to advance or indemnify hereunder shall be deemed satisfied to the extent of any payments made by an insurer on behalf of Bank or Indemnitee.

8. Right to Enforce or to Contest Adverse Bank Action. The right to indemnification or advances as provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction, notwithstanding (and such right shall not be limited by) (a) the failure of RBB (including its Board of Directors, shareholders or independent legal counsel) to act or to make any determination as contemplated by Paragraph 7; or (b) any adverse determination by RBB (including its Board of Directors, shareholders or independent legal counsel). The burden of proving that indemnification or advances are not appropriate shall be on RBB. The question of the Indemnitee's right to indemnification shall be for the court to decide, and none of (a) the failure of RBB (including its Board of Directors, shareholders or independent legal counsel) to have made a determination that indemnification or advances are proper in the circumstances because Indemnitee has met the applicable standard of conduct, (b) an actual determination by RBB (including its Board of Directors, shareholders or independent legal counsel) that Indemnitee has not met such applicable standard of conduct or that indemnification is otherwise not appropriate under this Agreement, or (c) any other failure to act by or adverse action or determination by RBB (including its Board of Directors, shareholders or independent legal counsel), shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's Expenses incurred in connection with successfully establishing his right to indemnification or advances, in whole or in part, in any such Proceeding shall also be indemnified by RBB; provided, however, that if Indemnitee is only partially successful, only an equitably allocated portion of such Expenses shall be indemnified.

9. Indemnification Hereunder Not Exclusive.

(a) The indemnification provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Articles of Incorporation, the Bylaws, any agreement, policy of insurance, any vote of shareholders or disinterested directors, the General Corporation Law of the State of California, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification under this Agreement shall continue as to Indemnitee even though he may have ceased to be a director or officer and shall inure to the benefit of the heirs and personal representatives of Indemnitee.

(b) In the event of any changes, after the date of this Agreement, in any applicable law, statute, or rule which expand the right of a California corporation to indemnify its officers and directors, the Indemnitee's rights and RBB's obligations under this Agreement shall be expanded to the full extent permitted by such changes. In the event of any changes in any applicable law, statute or rule, which narrow the right of a California corporation to indemnify a director or officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

10. Limitations on Indemnification. RBB shall not be liable under Section 3 of this Agreement to make any payment in connection with any claim made against the Indemnitee:

(a) for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(b) for which the Indemnitee is actually indemnified by RBB otherwise than pursuant to this Agreement;

(c) for an accounting of profits made from the purchase or sale by the Agent of securities for RBB within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law;

(d) brought about or contributed to by the active and deliberate dishonesty of the Indemnitee; however, notwithstanding the preceding clause, the Indemnitee shall be protected to the extent otherwise provided under this Agreement as to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to the Indemnitee shall establish that he committed (i) acts of active and deliberate dishonesty (ii) with actual dishonest purpose and intent, which acts were material to the cause of action so adjudicated;

(e) for actions commenced by a bank regulatory agency against Indemnitee only in which indemnification payments are prohibited by federal law or regulation;

(f) for acts or omissions that involve intentional misconduct or a knowing and culpable violation of law;

(g) for acts or omissions that the Indemnitee believes to be contrary to the best interests of RBB or its shareholders that involve the absence of good faith on the part of the Indemnitee;

(h) for any transaction from which the Indemnitee derived an improper personal benefit;

(i) for acts or omissions that show a reckless disregard for the Indemnitee's duty to RBB or its shareholders in circumstances in which the Indemnitee was aware, or should have been aware, in the ordinary course of performing Indemnitee's duties, of a risk of serious injury to RBB or its shareholders;

(j) for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the Indemnitee's duties to RBB or its shareholders;

(k) under Section 310 of the Code [i.e., for any transaction between RBB and (a) a director, or (b) a corporation, firm, or association in which the director has a material financial interest], to the extent the transaction in question is void or voidable in accordance with the terms of said Section;

(l) under Section 316 of the Code [i.e., for any distribution to shareholders, and for any loan or guaranty to officers or directors, that violate specified provisions of the Code], to the extent Indemnitee is determined to be liable thereunder; or

(m) for any such further acts or omissions delineated under Code Section 204(a) (10) or any successor statute thereto.

11. Savings Clause. If this Agreement or any portion hereof is invalidated on any ground by any court of competent jurisdiction, then RBB shall nevertheless indemnify Indemnitee as to Expenses, judgments, fines and penalties with respect to any Proceeding to the full extent permitted by any applicable portion of this Agreement by any other applicable law.

12. Notices. Indemnitee shall, as a condition precedent to his right to be indemnified under this Agreement, give to RBB notice in writing within 30 days after he becomes aware of any claim made against him for which he believes, or should reasonably believe, indemnification will or could be sought under this Agreement. Notice to RBB shall be directed to RBB's main office, Attention: President (or such other address RBB shall designate in writing to Indemnitee). Failure to so notify Bank shall not relieve Bank of any liability which it may have to Indemnitee otherwise than under this Agreement.

All notices, requests, demands and other communications (collectively "notices") provided for under this Agreement shall be in writing (including communications by telephone, telex or telecommunication facilities providing facsimile transmission) and mailed (postage prepaid and return receipt requested), telegraphed, telexed, transmitted or personally served to each party at the address set forth at the end of this Agreement or at such other address as any party affected may designate in a written notice to the other parties in compliance with this section. All such notices shall be effective when received; provided, however, receipt shall be deemed to be effective within three (3) business days of any properly addressed notice having been deposited in the mail, within twenty-four (24) hours from the time electronic transmission was made, or upon actual receipt of electronic delivery, whichever occurs first.

No costs, charges or expenses for which indemnity shall be sought hereunder shall be incurred without RBB's consent, which consent shall not be unreasonably withheld.

13. Maintenance of Liability Insurance.

(a) RBB hereby agrees that so long as Indemnitee shall continue to serve as a director and/or officer of RBB and thereafter so long as Indemnitee shall be subject to any possible Proceeding, RBB, subject to Paragraph 13(b), shall use its best efforts to obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") which provides Indemnitee the same rights and benefits as are accorded to the most favorably insured of RBB's directors, if Indemnitee is a director; or of RBB's officers, if Indemnitee is not a director of RBB but is an officer.

(b) Notwithstanding the foregoing, RBB shall have no obligation to obtain or maintain D&O Insurance if RBB determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit or the Indemnitee is covered by similar insurance maintained by a subsidiary or parent of RBB.

(c) If, at the time of the receipt of a notice of a claim pursuant to Paragraph 11 hereof, RBB has D&O Insurance in effect, RBB shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. RBB shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

14. Choice of Law. This Agreement should be interpreted and enforced in accordance with the laws of the State of California, including applicable statutes of limitation and other procedural statutes.

15. Amendments. Provisions of this Agreement may be waived, altered, amended or repealed in whole or in part only by the written consent of all parties.

16. Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any right or remedies under or by reason of this Agreement to any persons other than the parties to it and their respective successors and assigns (including an estate of Indemnitee), nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party hereto. Furthermore, no provision of this Agreement shall give any third persons any right of subrogation or action against any party hereto.

17. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring RBB to do or fail to do any act in violation of applicable law. RBB's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any portion of this Agreement shall be deemed by a court of competent jurisdiction to be unenforceable, the remaining portions shall be valid and enforceable only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transaction contemplated herein in substantially the same manner as originally set forth at the date this Agreement was executed.

18. Successor and Assigns. All terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective transferees, successors and assigns.

19. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. Entire Agreement. Except as provided in Paragraph 8 hereof, this Agreement represents and contains the entire agreement and understanding between and among the parties, and all previous statements or understandings, whether express or implied, oral or written, relating to the subject matter hereof are fully and completely extinguished and superseded by this Agreement. This Agreement shall not be altered or varied except by a writing duly signed by all of the parties.

21. Mutual Acknowledgment. Both RBB and Indemnitee acknowledge that in certain instances, federal law, federal regulations or applicable public policy may prohibit RBB from indemnifying its directors and officers under this Agreement or otherwise, and in the event RBB is so prohibited from indemnifying its directors and officers under this Agreement or otherwise, RBB will not be required to indemnify Indemnitee under this Agreement. Indemnitee understands and acknowledges that RBB has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of RBB's right under public policy to indemnify Indemnitee.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

INDEMNITEE

By: ____

ROYAL BUSINESS BANK
(the "Bank")

____

Alan Thian
President and Chief Executive Officer

____

Secretary

3301719

State of California
Secretary of State

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of this office.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

JUL - 9 2010

DEBRA BOWEN
Secretary of State

Sec/State Form CE-109 (REV 01/2009)

OSP 09 113643

3301719

ENDORSED - FILED
in the office of the Secretary of State
of the State of California
JUN – 3 2010

ARTICLES OF INCORPORATION
OF
RBB BANCORP

The undersigned incorporator for the purpose of forming a corporation under the General Corporation Law of the State of California hereby certifies:

ARTICLE I - NAME

The name of this corporation is RBB BANCORP.

ARTICLE II - PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III - AGENT FOR SERVICE OF PROCESS

The name and address in the State of California of this Corporation's initial agent for service of process is:

Loren P. Hansen, Esquire
1301 Dove Street, Suite 900
Newport Beach, California 92660

ARTICLE IV - AUTHORIZED STOCK

(a) The Corporation is authorized to issue two classes of shares designated “Preferred Stock” and “Common Stock”, respectively. The number of shares of Preferred Stock authorized to be issued is 100,000,000 and the number of shares of Common Stock authorized to be issued is 100,000,000.

(b) The Preferred Stock may be divided into such number of series as the board of directors may determine. The board of directors is authorized to determine and alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock and the designation of any such series of Preferred Stock. The board of directors, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of such series subsequent to the issue of shares of that series.

ARTICLE V - DIRECTOR LIABILITY

The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE VI - INDEMNIFICATION

The Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the Corporations Code) for breach of duty to the corporation and its shareholders through bylaw provisions or through agreements with agents, or both, in excess of the indemnification otherwise permitted by Section 317 of the Corporations Code, subject to the limits on such excess indemnification set forth in Section 204 of the Corporations Code.

Dated: June 2, 2010

Loren P. Hansen
Incorporator

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

Loren P. Hansen
Incorporator

Exhibit 3.2

BYLAWS

RBB BANCORP

BYLAWS
OF
RBB BANCORP

TABLE OF CONTENTS

		Page
ARTICLE I — CORPORATE OFFICES		1
1.1	PRINCIPAL OFFICE	1
1.2	OTHER OFFICES	1
ARTICLE II — MEETINGS OF SHAREHOLDERS		1
2.1	PLACE OF MEETINGS	1
2.2	ANNUAL MEETING	1
2.3	SPECIAL MEETINGS	2
2.3.5	ELECTRONIC MEETINGS	2
2.4	NOTICE OF SHAREHOLDERS' MEETINGS	2
2.5	MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE	3
2.6	QUORUM	4
2.7	ADJOURNED MEETING; NOTICE	4
2.8	VOTING	4
2.9	VALIDATION OF MEETINGS; WAIVER OF NOTICE; CONSENT	5
2.10	SHAREHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING	5
2.11	RECORD DATE FOR SHAREHOLDER NOTICE; VOTING; GIVING CONSENTS	6
2.12	PROXIES	7
2.13	INSPECTORS OF ELECTION	7
2.14	NOMINATION OF DIRECTORS	7
ARTICLE III — DIRECTORS		8
3.1	POWERS	8
3.2	NUMBER OF DIRECTORS	8
3.3	ELECTION AND TERM OF OFFICE OF DIRECTORS	8
3.4	REMOVAL	9
3.5	RESIGNATION AND VACANCIES	9
3.6	PLACE OF MEETINGS; MEETINGS BY TELEPHONE AND ELECTRONIC TRANSMISSION	10
3.7	REGULAR MEETINGS	10
3.8	SPECIAL MEETINGS; NOTICE	10
3.9	QUORUM	11
3.10	WAIVER OF NOTICE	11
3.11	ADJOURNMENT	11
3.12	NOTICE OF ADJOURNMENT	11
3.13	BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING	11
3.14	FEES AND COMPENSATION OF DIRECTORS	11
ARTICLE IV — COMMITTEES		12
4.1	COMMITTEES OF DIRECTORS	12
4.2	MEETINGS AND ACTION OF COMMITTEES	13
ARTICLE V — OFFICERS		13
5.1	OFFICERS	13
5.2	APPOINTMENT OF OFFICERS	13
5.3	SUBORDINATE OFFICERS	13
5.4	REMOVAL AND RESIGNATION OF OFFICERS	13
5.5	VACANCIES IN OFFICES	14
5.6	CHAIRMAN OF THE BOARD	14
5.7	VICE CHAIRMAN OF THE BOARD	14
5.8	PRESIDENT	14
5.9	VICE PRESIDENTS	14
5.10	SECRETARY	14
5.11	CHIEF FINANCIAL OFFICER	15
5.12	CREDIT OFFICER	15
ARTICLE VI — INDEMNIFICATION OF DIRECTORS, OFFICERS EMPLOYEES, AND OTHER AGENTS		16
6.1	INDEMNIFICATION OF DIRECTORS	16
6.2	INDEMNIFICATION OF OTHERS	16

6.3 PAYMENT OF EXPENSES IN ADVANCE 17
6.4 INDEMNITY NOT EXCLUSIVE 18
6.5 INSURANCE INDEMNIFICATION 18
6.6 CONFLICTS 18
6.7 RIGHT TO BRING SUIT 18
6.8 INDEMNITY AGREEMENTS 19
6.9 AMENDMENT, REPEAL OR MODIFICATION 19
6.10 FEDERAL LAW 19
ARTICLE VII — RECORDS AND REPORTS 19
7.1 MAINTENANCE AND INSPECTION OF SHARE REGISTER 19
7.2 MAINTENANCE AND INSPECTION OF BYLAWS 20
7.3 MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS 20
7.4 INSPECTION BY DIRECTORS 20
7.5 ANNUAL REPORT TO SHAREHOLDERS; WAIVER 20
7.6 FINANCIAL STATEMENTS 21
7.7 REPRESENTATION OF SHARES OF OTHER CORPORATIONS 21
ARTICLE VIII — GENERAL MATTERS 21
8.1 RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING 21
8.2 CHECKS; DRAFTS; EVIDENCES OF INDEBTEDNESS 22
8.3 CORPORATE CONTRACTS AND INSTRUMENTS: HOW EXECUTED 22
8.4 CERTIFICATES FOR SHARES 22
8.5 LOST CERTIFICATES 22
8.6 CONSTRUCTION; DEFINITIONS 23
ARTICLE IX — AMENDMENTS 23
9.1 AMENDMENT BY SHAREHOLDERS 23
9.2 AMENDMENT BY DIRECTORS 23
9.3 RECORD OF AMENDMENTS 23
ARTICLE X — INTERPRETATION 23

BYLAWS
OF
RBB BANCORP

ARTICLE I— CORPORATE OFFICES

1.1 PRINCIPAL OFFICE

The Board of Directors shall fix the location of the principal executive office of the corporation at any place within the State of California.

1.2 OTHER OFFICES

The Board of Directors may at any time establish branch or subordinate offices at any place or places.

ARTICLE II — MEETINGS OF SHAREHOLDERS

2.1 PLACE OF MEETINGS

(a) Meetings of shareholders shall be held at any place within the State of California designated by the Board of Directors. In the absence of any such designation, shareholders' meetings shall be held at the principal executive office of the corporation or at any place consented to in writing by all persons entitled to vote at such meeting, given before or after the meeting and filed with the Secretary of the corporation. Unless prohibited by the bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to the requirement of consent in clause (b) of Section 20 of the California Corporations Code (the "Code") and those guidelines and procedures as the board of directors may adopt, shareholders not physically present in person or by proxy at a meeting of shareholders may, by electronic transmission by and to the corporation (Sections 20 and 21 of the Code) or by electronic video screen communication, participate in a meeting of shareholders, be deemed present in person or by proxy, and vote at a meeting of shareholders whether that meeting is to be held at a designated place or in whole or in part by means of electronic transmission by and to the corporation or by electronic video screen communication, in accordance with subdivision (e) of Section 600 of the Code and Section 2.3.5.

2.2 ANNUAL MEETING

The annuai meeting of shareholders shall be held each year on a date and at a time designated by the Board of Directors. At that meeting, directors shall be elected. Any other proper business may be transacted at the annual meeting of shareholders.

2.3 SPECIAL MEETINGS

Special meetings of the shareholders may be called at any time, subject to the provisions of Sections 2.4 and 2.5 of these Bylaws, by the Board of Directors, the Chairman of the Board, the President or the holders of shares entitled to cast not less than ten percent (10%) of the votes at that meeting.

If a special meeting is called by anyone other than the Board of Directors or the President or the Chairman of the Board, then the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by other written communication to the corporation addressed to the attention of the Chairman of the Board, the President, any Vice President or the Secretary of the corporation. The officer receiving the request forthwith shall cause notice to be given to the shareholders entitled to vote, in accordance with the provisions of Sections 2.4 and 2.5 of these Bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting, so long as that time is not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, then the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing or affecting the time when a meeting of shareholders called by action of the Board of Directors may be held.

2.3.5 ELECTRONIC MEETINGS

A meeting of the shareholders may be conducted, in whole or in part, by electronic transmission by and to the corporation or by electronic video screen communication (1) if the corporation implements reasonable measures to provide shareholders (in person or by proxy) a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting concurrently with those proceedings, and (2) if any shareholder votes or takes other action at the meeting by means of electronic transmission to the corporation or electronic video screen communication, a record of that vote or action is maintained by the corporation. Any request by a corporation to a shareholder pursuant to clause (b) of Section 20 of the Code for consent to conduct a meeting of shareholders by electronic transmission by and to the corporation, shall include a notice that absent consent of the shareholder pursuant to clause (b) of Section 20 of the Code, the meeting shall be held at a physical location in accordance with Section 2.1.

2.4 NOTICE OF SHAREHOLDERS' MEETINGS

All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 2.5 of these Bylaws not less than ten (10) (or, if sent by third-class mail pursuant to Section 2.5 of these Bylaws, not less than thirty (30)) nor more than sixty (60) days before the date of the meeting to each shareholder entitled to vote thereat. Such notice shall state the place, date, and hour of the meeting, the means of electronic transmission by and to the corporation (Sections 20 and 21 of the Code) or electronic video screen communication, if any, by which shareholders may participate in that meeting, and (i) in the case of a special meeting, the general nature of the business to be transacted, and no business other than that specified in the notice may be transacted, or (ii) in the case of the annual meeting, those matters which the Board of Directors, at the time of the mailing of the notice, intends to present for action by the shareholders, but, subject to the provisions of the next paragraph of this Section 2.4, any proper matter may presented the meeting action. The notice of any meeting [...] which Directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by the Board for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Code, (ii) an amendment of the Articles of Incorporation, pursuant to Section 902 of the Code, (iii) a conversion of the corporation, pursuant to Section 1152 of the Code, (iv) a reorganization of the corporation, pursuant to Section 1201 of the Code, (v) a voluntary dissolution of the corporation, pursuant to Section 1900 of the Code, or (vi) a distribution in dissolution other than in accordance with the rights of any outstanding preferred shares, pursuant to Section 2007 of the Code, then the notice shall also state the general nature of that proposal.

2.5 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE

Notice of a shareholders' meeting shall be given either personally, by electronic transmission by the corporation, or by first-class mail, or, if the corporation has outstanding shares held of record by five hundred (500) or more persons (determined as provided in Section 605 of the Code) on the record date for the shareholders' meeting, notice may also be sent by third-class mail, or other means of written communication, addressed to the shareholder at the address of the shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice; or if no such address appears or is given, at the place where the principal executive office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal executive office is located. The notice shall be deemed to have been given at the time when delivered personally, sent by electronic transmission by the corporation, or deposited in the mail or sent by other means of written communication.

If any notice (or any report referenced in Article VII of these Bylaws) addressed to a shareholder at the address of such shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the shareholder at that address all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available to the shareholder upon written demand of the shareholder at the principal executive office of the corporation for a period of one (1) year from the date of the giving of the notice.

Notice given by electronic transmission by the corporation under this subdivision shall be valid only if it complies with Section 20 of the Code. Notwithstanding the foregoing, notice shall not be given by electronic transmission by the corporation under this subdivision after either of the following:

(1) The corporation is unable to deliver two consecutive notices to the shareholder by that means.

(2) The inability to so deliver the notices to the shareholder becomes known to the secretary, any assistant secretary, the transfer agent, or other person responsible for the giving of the notice.

An affidavit of mailing or electronic transmission by the corporation of any notice or report in accordance with the provisions of this Section 2.5, executed by the Secretary, Assistant Secretary or any transfer agent, shall prima facie evidence of the giving of the notice or report.

2.6 QUORUM

Unless otherwise provided in the Articles of Incorporation of the corporation, a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders. The shareholders present at a duly called or held meeting at which a quorum is present may continue to transact business untiladjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

In the absence of a quorum, any meeting of shareholders may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but no other business may be transacted, except as provided in the last sentence of the preceding paragraph.

2.7 ADJOURNED MEETING; NOTICE

Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy.

When any meeting of shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if its time and place (or the means of electronic transmission by and to the corporation or electronic video screen communication, if any, by which the shareholders may participate) are announced at the meeting at which the adjournment is taken. However, if the adjournment is for more than forty-five (45) days from the date set for the original meeting or if a new record date for the adjourned meeting is fixed, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 2.4 and 2.5 of these Bylaws. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

2.8 VOTING

The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Section 2.11 of these Bylaws, subject to the provisions of Sections 702 through 704 of the Code (relating to voting shares held by a fiduciary, in the name of a corporation, or in joint ownership).

Elections for directors and voting on any other matter at a shareholders' meeting need not be by ballot unless a shareholder demands election by ballot at the meeting and before the voting begins.

Except as provided in the last paragraph of this Section 2.8, or as may be otherwise provided in the Articles of Incorporation, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote of the shareholders. Any holder of shares entitled to vote on any matter may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or may vote them against the proposal other than elections to office, but, if the shareholder fails to specify the number of shares such shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares which the shareholder is entitled to vote.

The affirmative vote of the majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the Code or by the Articles of Incorporation.

At a shareholders' meeting at which directors are to be elected, a shareholder shall be entitled to cumulate votes either (i) by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder's shares are normally entitled or (ii) by distributing the shareholder's votes on the same principle among as many candidates as the shareholder thinks fit, if the candidate or candidates' names have been placed in nomination prior to the voting and the shareholder has given notice prior to the voting of the shareholder's intention to cumulate the shareholder's votes. If anyone shareholder has given such a notice, then every shareholder entitled to vote may cumulate votes for candidates in nomination. The candidates receiving the highest number of affirmative votes, up to the number of directors to be elected, shall be elected; votes against any candidate and votes withheld shall have no legal effect.

2.9 VALIDATION **OF** *MEETINGS; WAIVER* **OF** *NOTICE; CONSENT*

The transactions of any meeting of shareholders, either annual or special, however called and noticed, and wherever held, are as valid as though they had been taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, provides a waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof in writing. Neither the business to be transacted at nor the purpose of any annual or special meeting of shareholders need be specified in any written waiver of notice or consent to the holding of the meeting or approval of the minutes thereof, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 2.4 of these Bylaws, the waiver of notice or consent or approval shall state the general nature of the proposal. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance of a person at a meeting shall constitute a waiver of notice of and presence at that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the Code to be included in the notice of such meeting but not so included, if such objection is expressly made at the meeting.

2.10 SHAREHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that wou Id be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors. However, a director may be elected at any time to fill any vacancy on the Board of Directors, provided that it was not created by removal of a director and that it has not been filled by the directors, by the written consent of the holders of a majority the outstanding shares entitled vote for the election directors.

All such consents shall be maintained in the corporate records. Any shareholder giving a written consent, or the shareholder's proxy holders, or a transferee of the shares, or a personal representative of the shareholder, or their respective proxy holders, may revoke the consent personally or by proxy by a writing received by the Secretary of the corporation before written consents of the number of shares required to authorize the proposed action have been filed with the Secretary.

If the consents of all shareholders entitled to vote have not been solicited in writing, the Secretary shall give prompt notice of any corporate action approved by the shareholders without a meeting by less than unanimous written consent to those shareholders entitled to vote who have not consented in writing. Such notice shall be given in the manner specified in Section 2.5 of these Bylaws.

In the case of approval of (i) a contract or transaction in which a director has a direct or indirect financial interest, pursuant to Section 310 of the Code, (ii) indemnification of a corporate "agent," pursuant to Section 317 of the Code, (iii) a conversion of the corporation pursuant to Section 1152 of the Code, (iv) a reorganization of the corporation, pursuant to Section 1201 of the Code, and (v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of the Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval, unless the consents of all shareholders entitled to vote have been solicited in writing. Notice shall be given as provided in Section 2.5.

2.11 RECORD DATE FOR SHAREHOLDER NOTICE; VOTING; GIVING CONSENTS

In order that the corporation may determine the shareholders entitled to notice of any meeting or to vote, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days prior to the date of such meeting nor more than sixty (60) days before any other action. Shareholders at the close of business on the record date are entitled to notice and to vote, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the Articles of Incorporation or the Code.

A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting, but the Board of Directors shall fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting.

If the Board of Directors does not so fix a record date:

(a) The record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(b) The record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action by the Board has been taken, shall be at the close of business on day on which the Board adopts relating thereto, or (60th) day such is

The record date for any other purpose shall be as provided in Section 8.1 of these Bylaws.

2.12 PROXIES

Every person entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the corporation. A proxy shall be deemed signed if the shareholder’s name or other authorization is placed on the proxy (whether by manual signature, type\witing, telegraphic or electronic transmission or othenNise) by the shareholder or the shareholder’s attorney-in-fact. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) the person who executed the proxy revokes it prior to the time of voting by delivering a writing to the corporation stating that the proxy is revoked or by executing a subsequent proxy and presenting it to the meeting or by attendance at such meeting and voting in person, or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date thereof, unless otherwise provided in the proxy. The dates contained on the forms of proxy presumptively determine the order of execution, regardless of the postmark dates on the envelopes in which they are mailed. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Sections 705(e) and 705(f) of the Code.

2.13 INSPECTORS OF ELECTION

In advance of any meeting of shareholders, the Board of Directors may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed or designated or if any persons so appointed failto appear or refuse to act, then the Chairman of the meeting may, and on the request of any shareholder or a shareholder’s proxy shall, appoint inspectors of election (or persons to replace those who so fail to appear) at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one (1) or more shareholders or proxies, the majority of shares represented in person or by proxy shall determine whether one (1) or three (3) inspectors are to be appointed.

The inspectors of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do any other acts that may be proper to conduct the election or vote with fairness to all shareholders.

2.14 NOMINATION OF *DIRECTORS*

Nominations for election of members of the board of directors may be made by the board of directors or by any shareholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations (other than for persons named in the notice of the meeting at which such nomination is to be made) shall be made in writing and shall be delivered to the president of the corporation by the later of the close of business twenty-one) days prior to any meeting of shareholders called for the election directors or seven days after date mailing of notice the meeting shareholders. known

the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; (e) the number of shares of capital stock of the corporation owned by the notifying shareholder; (f) with the written consent of the proposed nominee, a copy of which shall be furnished with the notification, whether the proposed nominee has ever been convicted of or pleaded nolo contendere to any criminal offence involving dishonesty or breach of trust, filed a petition in bankruptcy, or been adjudged bankrupt. The notice shall be signed by the nominating shareholder and by the nominee. Nominations not made in accordance herewith shall be disregarded by the chairman of the meeting, and upon his instructions, the inspectors of election shall disregard all votes cast for each such nominee. The restrictions set forth in this paragraph shall not apply to nomination of a person to replace a proposed nominee who has died or otherwise become incapacitated to serve as a director between the last day for giving notice hereunder and the date of election of directors if the procedure called for in this paragraph was followed with respect to the nomination of the proposed nominee.

A copy of the preceding paragraph shall be set forth in the notice to shareholders of any meeting at which directors are to be elected.

ARTICLE III — **DIRECTORS**

3.1 POWERS

Subject to the provisions of the Code and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

3.2 NUMBER OF DIRECTORS

The authorized number of directors of the corporation shall be not less than seven (7) nor more than thirteen (13) (which in no case shall be greater than two times the stated minimum minus one), and the exact number of directors shall be eleven (11) until changed, within the limits specified above, by a resolution amending such exact number, duly adopted by the Board of Directors or by the shareholders. The minimum and maximum number of directors may be changed, or a definite number may be fixed without provision for an indefinite number, by a duly adopted amendment to the Articles of Incorporation or by an amendment to this Bylaw duly adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that an amendment reducing the fixed number or the minimum number of directors to a number less than five (5) cannot be adopted if the votes cast against its adoption at a meeting, or the shares not consenting in the case of an action by written consent, are equal to more than sixteen and two-thirds percent (16 2/3%) of the outstanding shares entitled to vote thereon.

No reduction of the authorized number of directors shall have the effect of removing any director before that director’s term of office expires.

3.3 ELECTION AND TERM OF OFFICE OF DIRECTORS

At each annual meeting of shareholders, directors shall be elected to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and

qualified, except in the case of the death, resignation, or removal of such a director. The President and Chief Executive Officer shall be nominated as a director by the Board of Directors for each annual meeting of shareholders.

3.4 REMOVAL

The entire Board of Directors or any individual director may be removed from office without cause by the affirmative vote of a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election at which the same total number of votes cast were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

3.5 RESIGNATION AND VACANCIES

Any director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

Vacancies on the Board of Directors may be filled by a majority of the remaining directors, or if the number of directors then in office is less than a quorum by (i) unanimous written consent of the directors then in office, (ii) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice, or (iii) a sole remaining director; however, a vacancy created by the removal of a director by the vote or written consent of the shareholders or by court order may be filled only by the affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least a majority of the required quorum), or by the unanimous written consent of all shares entitled to vote thereon. Each director so elected shall hold office until the next annual meeting of the shareholders and until a successor has been elected and qualified, or until his or her death, resignation or removal.

A vacancy or vacancies in the Board of Directors shall be deemed to exist (i) in the event of the death, resignation or removal of any director, (ii) if the Board of Directors by resolution declares vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony, (iii) if the authorized number of directors is increased, or (iv) if the shareholders fail, at any meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors to be elected at that meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors, but any such election by written consent, other than to fill a vacancy created by removal, shall require the consent of the holders of a majority of the outstanding shares entitled to vote thereon. A director may not be elected by written consent to fill a vacancy created by removal except by unanimous consent of all shares entitled to vote for the election of directors.

3.6 PLACE OF MEETINGS; MEETINGS BY TELEPHONE AND ELECTRONIC TRANSMISSION

Regular meetings of the Board of Directors may be held at any place within the State of California that has been designated from time to time by resolution of the Board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the Board may be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice or if there is no notice, at the principal executive office of the corporation.

Members of the Board may participate in a meeting through the use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation (Sections 20 and 21 of the Code). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through electronic transmission by and to the corporation (other than conference telephone and electronic video screen communication), pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

(B) Each member is provided the means of participating in all matters before the board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the corporation.

3.7 REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held without notice if the time and place of such meetings are fixed by the Board of Directors.

3.8 SPECIAL MEETINGS; NOTICE

Subject to the provisions of the following paragraph, special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board the President, the Secretary or any two (2) directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone, including voice messaging system or by electronic transmission by the corporation (Section 20 of the Code) to each director or sent by first-class mail, telegram (charges prepaid), or by, electronic mail (e-mail - read receipt) to each director at that director’s address as it is shown on the records of the corporation. If the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. If the notice is delivered personally or by telephone, including voice messaging system or by electronic transmission by the corporation (Section 20 of the Code) or by facsimile, telegram, or e-mail, it shall be delivered at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose of the meeting.

3.9 QUORUM

A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 3.11 of these Bylaws. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, subject to the provisions of Section 310 of the Code (as to approval of contracts or transactions in which a director has a direct or indirect material financial interest), Section 311 of the Code (as to appointment of committees), Section 317(e) of the Code (as to indemnification of directors), the Articles of Incorporation, and other applicable law.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

3.10 WAIVER OF NOTICE

Notice of a meeting need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. A waiver of notice need not specify the purpose of any regular or special meeting of the Board of Directors.

3.11 ADJOURNMENT

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

3.12 NOTICE OF ADJOURNMENT

If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

3.13 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors.

3.14 FEES AND COMPENSATION OF DIRECTORS

Directors and members of committees may receive such compensation, if any, for their services and such reimbursement of expenses as may be fixed or determined by resolution of the Board of Directors. This Section 3.14 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise and receiving compensation for those services.

ARTICLE IV — COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The Board of Directors may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of three (3) or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of directors. Any such committee shall have authority to act in the manner and to the extent provided in the resolution of the Board and may have all the authority of the Board, except with respect to:

(a) The approval of any action which, under the Code, also requires shareholders' approval or approval of the outstanding shares;

(b) The filling of vacancies on the Board of Directors or in any committee;

(c) The fixing of compensation of the directors for serving on the Board or on any committee;

(d) The amendment or repeal of these Bylaws or the adoption of new Bylaws;

(e) The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repeatable;

(f) A distribution to the shareholders of the corporation, except at a rate, in a periodic amount or within a price range set forth in the Articles of Incorporation or determined by the Board of Directors;

(g) The appointment of any other committees of the Board of Directors or the members thereof; or

(h) The approval of any action for which the California Financial Code requires the approval of a greater number of directors.

Members of the Board Committees may participate in a meeting through the use of conference telephone, electronic video screen communication, or electronic transmission by and to the corporation (Sections 20 and 21 of the Code). Participation in a meeting through use of conference telephone or electronic video screen communication pursuant to this subdivision constitutes presence in person at that meeting as long as all members participating in the meeting are able to hear one another. Participation in a meeting through electronic transmission by and to the corporation (other than conference telephone and electronic video screen communication), pursuant to this subdivision constitutes presence in person at that meeting if both of the following apply:

(A) Each member participating in the meeting can communicate with all of the other members concurrently.

Each member is provided the means participating all matters before the board, including, without limitation, the capacity to propose, or to interpose an [...] a by the corporation

4.2 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article 111 of these Bylaws, Section 3.6 (place of meetings), Section 3.7 (regular meetings), Section 3.8 (special meetings and notice), Section 3.9 (quorum), Section 3.10 (waiver of notice), Section 3.11 (adjournment), Section 3.12 (notice of adjournment), and Section 3.13 (action without meeting), with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members; provided, however, that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee, that special meetings of committees may also be called by resolution of the Board of Directors, and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE V — OFFICERS

5.1 OFFICERS

The officers of the corporation shall be a President, a Secretary, a Chief Financial Officer and a Chief Credit Officer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, a Vice Chairman of the Board, a Secretary, one or more Vice Presidents, one or more Assistant Secretaries, and such other officers as may be appointed in accordance with the provisions of Section 5.3 of these Bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 or Section 5.5 of these Bylaws, shall be chosen by the Board and serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS

The Board of Directors may appoint, or may empower the President to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, all officers serve at the pleasure of the Board of Directors and any officer may be removed, either with or without cause, by the Board of Directors at any regular or special meeting of the Board or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES

A vacancy in any office because of death, resignation, removal, disqualification or any other cause sha!! be filled in the manner prescribed in these Bylaws for regular appointments to that office.

5.6 CHAIRMAN OF THE BOARD

The Chairman of the Board, if such an officer be elected, shall, if present, preside at meetings of the Board of Directors and shareholders and exercise and perform such other powers and duties as may from time to time be assigned by the Board of Directors or as may be prescribed by these Bylaws.

5.7 VICE CHAIRMAN OF THE BOARD

The Vice Chairman of the Board, if such an officer be elected, shall exercise and perform such other powers and duties as may from time to time be assigned by the Board of Directors, the Chairman of the Board, or as may be prescribed by these Bylaws. If there is no Chairman of the Board or if the Chairman of the Board is unable to serve, the Vice Chairman of the Board shall also preside at meetings of the Board of Directors and shareholders.

5.8 PRESIDENT

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board and the Vice Chairman of the Board, if there be such officers, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the corporation. The President shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

5.9 VICE PRESIDENTS

In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors, these Bylaws, or the President.

5.10 SECRETARY

The Secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of Directors, committees of directors and shareholders. minutes shall show the time and place of each meeting, whether regular or (and, if authorized the notice given), the names of those present at directors' meetings or committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the Board of Directors, a share register, or a duplicate share register, showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors required to be given by law or by these Bylaws. The Secretary shall keep the seal of the corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these Bylaws.

5.11 CHIEF FINANCIAL OFFICER

The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Chief Financial Officer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors or the President. The Chief Financial Officer shall disburse the funds of the corporation as may be ordered by the Board of Directors or President, shall render to the President and directors, whenever they request it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, these Bylaws, or the President.

5.12 CHIEF CREDIT OFFICER

The Chief Credit Officer shall be directly responsible for the safety and soundness of the loan portfolio. The Chief Credit Officer shall be responsible for the adequacy of the loan loss reserve. The Chief Credit Officer shall maintain current and relevant lending policies, provide for on-going training of lending and credit administration personnel and develop and operate appropriate systems and procedures to properly manage the loan portfolio. The Chief Credit Officer shall render reports as requested by the Board of Directors and the President. The Chief Credit Officer shall perform such other assignments as the President or the Board of Directors may prescribe.

ARTICLE VI — INDEMNIFICATION OF DIRECTORS, OFFICERS EMPLOYEES, AND OTHER AGENTS

6.1 INDEMNIFICATION OF DIRECTORS

The corporation shall, to the maximum extent and in the manner permitted by the Code, indemnify each of its directors against expenses (as defined in Section 317(a) of the Code), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding (as defined in Section 317(a) of the Code), arising by reason of the fact that such person is or was a director of the corporation. For purposes of this Article VI, a "director" of the corporation includes any person (i) who is or was a director of the corporation, (ii) who is or was serving at the request of the corporation as a director of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or (iii) who was a director of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

Any indemnification under this Section 6.1 shall be subject to applicable federal law, including but not limited to Section 18(k) of the Federal Deposit Insurance Act (12 U.S.C. Section 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's Regulations (12 C.F.R. Sections 359.0 et seq.). In accordance with federal law, the corporation may indemnify its directors for reasonable expenses and costs associated with respect to an administrative proceeding or civil action initiated by any federal banking agency only if (i) the Board of Directors, in good faith, determines in writing after due investigation and consideration that the director acted in good faith and in a manner he or she believed to be in the best interests of the corporation and that the payment of such expenses will not materially adversely affect the corporation's safety and soundness, (ii) the indemnification payments are not otherwise prohibited by this Section 6.1, and (iii) the director agrees in writing to reimburse the corporation, to the extent not covered by payments from insurance purchased pursuant to Section 6.5, for that portion of the advanced indemnification payments received under Section 6.3 which subsequently become prohibited pursuant to this Section 6.1.

Notwithstanding the above, the corporation is prohibited from paying or reimbursing a director for (a) any civil money penalty or judgment resulting from any administrative or civil action instituted by any federal banking agency, or (b) any other liability or legal expense with regard to any administrative proceeding or civil action instituted by any federal banking agency which results in a final order or settlement pursuant to which a director is (i) assessed a civil money penalty, (ii) removed from office or prohibited from participating in the affairs of the corporation, or (iii) required to cease and desist from or take an affirmative action described in Section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(b)) with respect to the corporation. The corporation may, however, indemnify a director for legal or professional expenses specifically attributable to particular charges for which there has been a formal and final adjudication or finding in connection with a settlement that the director has not violated certain banking laws or regulations or has not engaged in certain unsafe or unsound banking practices or breaches of fiduciary duty, unless the administrative action or civil proceeding has resulted in a final prohibition order against the director.

6.2 *INDEMNIFICATION OF OTHERS*

[...]

Section 317(a) of the Code), arising by reason of the fact that such person is or was an employee, officer, or agent of the corporation. For purposes of this Article VI, an “employee” or “officer” or “agent” of the corporation (other than a director) includes any person (i) who is or was an employee, officer, or agent of the corporation, (ii) who is or was serving at the request of the corporation as an employee, officer, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee, officer, or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

Any indemnification under this Section 6.2 shall be subject to applicable federal law, including but not limited to Section 18(k) of the Federal Deposit Insurance Act (12 U.S.C. Section 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation’s Regulations (12 C.F.R. Sections 359.0 et seq.). In accordance with federal law, the corporation may indemnify its employees, officers or agents for reasonable expenses and costs associated with respect to an administrative proceeding or civil action initiated by any federal banking agency only if (i) the Board of Directors, in good faith, determines in writing after due investigation and consideration that the employee, officer or agent acted in good faith and in a manner he or she believed to be in the best interests of the corporation and that the payment of such expenses will not materially adversely affect the corporation’s safety and soundness, (ii) the indemnification payments are not otherwise prohibited by this Section 6.2, and (iii) the employee, officer or agent agrees in writing to reimburse the corporation, to the extent not covered by payments from insurance purchased pursuant to Section 6.5, for that portion of the advanced indemnification payments received under Section 6.3 which subsequently become prohibited pursuant to this Section 6.2.

Notwithstanding the above, the corporation is prohibited from paying or reimbursing an employee, officer or agent (other than a director) for (a) any civil money penalty or judgment resulting from any administrative or civil action instituted by any federal banking agency, or (b) any other liability or legal expense with regard to any administrative proceeding or civil action instituted by any federal banking agency which results in a final order or settlement pursuant to which an employee, officer or agent is (i) assessed a civil money penalty, (ii) removed from office or prohibited from participating in the affairs of the corporation, or (iii) required to cease and desist from or take an affirmative action described in Section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(b) with respect to the corporation. The corporation may, however, indemnify an employee, officer or agent for legal or professional expenses specifically attributable to particular charges for which there has been a formal and final adjudication or finding in connection with a settlement that the employee, officer or agent has not violated certain banking laws or regulations or has not engaged in certain unsafe or unsound banking practices or breaches of fiduciary duty, unless the administrative action or civil proceeding has resulted in a final prohibition order against the employee, officer or agent.

6.3 *PAYMENT* OF *EXPENSES IN ADVANCE*

Expenses and attorneys’ fees incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to Section 6.1, or if otherwise authorized by the Board of Directors, shall be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified party to repay such amount if it shall ultimately be determined that the indemnified party is not entitled to be indemnified as authorized in this Article VI.

6.4 INDEMNITY NOT EXCLUSIVE

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of shareholders or directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office. The rights to indemnity hereunder shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person.

6.5 *INSURANCE INDEMNIFICATION*

Notwithstanding the provisions of Sections 6.1 and 6.2, the corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation against any liability asserted against or incurred by such person in such capacity or arising out of that person's status as such, whether or not the corporation would have the power to indemnify that person against such liability under the provisions of this Article VI, provided that such insurance policy shall not be used to payor reimburse a director, employee, officer or agent for the cost of any judgment or civil money penalty assessed against such person in an administrative proceeding or civil action commenced by any federal banking agency, but may pay any legal or professional expenses incurred in connection with such proceeding or action or the amount of any restitution to the corporation.

6.6 *CONFLICTS*

No indemnification or advance shall be made under this Article VI, except where such indemnification or advance is mandated by law or the order, judgment or decree of any court of competent jurisdiction, in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the Articles of Incorporation, these Bylaws, a resolution of the shareholders or an agreement in effect at the time of the accrual of the alleged cause of the action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

6.*7 RIGHT TO* ***BRING*** *SUIT*

If a claim under this Article is not paid in full by the corporation within 90 days after a written claim has been received by the corporation (either because the claim is denied or because no determination is made), the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expenses of prosecuting such claim. The corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the Code or applicable federal law for the corporation to indemnify the claimant for the claim. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is [...] the circumstances because he or she has the applicable standard of conduct, if any, nor an actual by the its Board of Directors,

independent legal counsel, or its shareholders) that the claimant has not met the applicable standard of conduct, shall be a defense to such action or create a presumption for the purposes of such action that the claimant has not met the applicable standard of conduct.

6.8 INDEMNITY AGREEMENTS

The Board of Directors is authorized to enter into a contract with any director, officer, employee or agent of the corporation, or any person who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, or any person who was a director, officer, employee or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation, providing for indemnification rights equivalent to or, if the Board of Directors so determines and to the extent permitted by applicable law, greater than, those provided for in this Article VI.

6.9 *AMENDMENT, REPEAL OR MODIFICATION*

Any amendment, repeal or modification of any provision of this Article VI shall not adversely affect any right or protection of a director or agent of the corporation existing/at the time of such amendment, repeal or modification.

6.10 FEDERAL LAW

To the extent there is any conflict between state and federal law regarding any provision of this Article VI or such other provisions in these Bylaws, federal law shall supercede and control.

ARTICLE VII — RECORDS AND REPORTS

7.1 MAINTENANCE AND INSPECTION **OF** *SHARE REGISTER*

The corporation shall keep either at its principal executive office or at the office of its transfer agent or registrar (if either be appointed), as determined by resolution of the Board of Directors, a record of its shareholders listing the names and addresses of all shareholders and the number and class of shares held by each shareholder.

A shareholder or shareholders of the corporation holding at least five percent (5%) in the aggregate of the outstanding voting shares of the corporation or who hold at least one percent (1%) of such voting shares and have filed a Form F-6 (or equivalent form) with the appropriate federal bank regulatory agency, shall have an absolute right to do either or both of the following (i) inspect and copy the record of shareholders' names, addresses, and shareholdings during usual business hours upon five (5) days' prior written demand upon the corporation, or (ii) obtain from the transfer agent for the corporation, upon written demand and upon the tender of such transfer agent's usual charges for such list (the amount of which charges shall be stated to the shareholder by the transfer agent upon request), a list of the shareholders' names and addresses who are entitled to vote for the election of directors, and their shareholdings, as 0£ the most recent record date for which it has been compiled or as of a date specified by the shareholder subsequent to the date of demand. The list shall be made available on or before the later of five (5) business days after the demand is received or the date specified therein as the date as of which the list is to be compiled.

The record of shareholders shall also be open to inspection and copying by any shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to the holder's interests as a shareholder or holder of a voting trust certificate.

Any inspection and copying under this Section 7.1 may be made in person or by an agent or attorney of the shareholder or holder of a voting trust certificate making the demand.

7.2 MAINTENANCE AND INSPECTION OF BYLAWS

The corporation shall keep at its principal executive office or, if its principal executive office is not in the State of California, at its principal business office in California, the original or a copy of these Bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California and the corporation has no principal business office in such state, then it shall, upon the written request of any shareholder, furnish to such shareholder a copy of these Bylaws as amended to date.

7.3 MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS

The accounting books and records and the minutes of proceedings of the shareholders and the Board of Directors, and committees of the Board of Directors shall be kept at such place or places as are designated by the Board of Directors or, in absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written form, and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form.

The minutes and accounting books and records shall be open to inspection upon the written demand on the corporation of any shareholder or holder of a voting trust certificate at any reasonable time during usual business hours, for a purpose reasonably related to such holder's interests as a shareholder or as the holder of a voting trust certificate. Such inspection by a shareholder or holder of a voting trust certificate may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts. Such rights of inspection shall extend to the records of each subsidiary corporation of the corporation.

7.4 INSPECTION BY DIRECTORS

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind and to inspect the physical properties of the corporation and each of its subsidiary corporations, domestic or foreign. Such inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts.

7.5 *ANNUAL REPORT* TO *SHAREHOLDERS; WAIVER*

The Board of Directors shall cause an annual report to be sent to the shareholders not later than one hundred twenty (120) days after the close of the fiscal year adopted by the corporation. Such report shall be sent to the shareholders at least fifteen (15) (or, if sent by third-class mail, thirty-five (35)) days prior to the annual meeting of shareholders to be held during the next fiscal year and in the manner specified in Section 2.5 of these Bylaws for giving notice to shareholders of the corporation.

The annual report shall contain a balance sheet as of the end of the fiscal year and an income statement and statement of changes in financial position for the fiscal year, accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation.

The foregoing requirement of an annual report shall be waived so long as the shares of the corporation are held by fewer than one hundred (100) holders of record.

7.6 *FINANCIAL STATEMENTS*

A shareholder or shareholders holding at least five percent (5%) of the outstanding shares of any class of the corporation may make a written request to the corporation for an income statement of the corporation for the three-month, six-month or nine-month period of the current fiscal year ended more than thirty (30) days prior to the date of the request and a balance sheet of the corporation as of the end of that period. The statements shall be delivered or mailed to the person making the request within thirty (30) days thereafter. A copy of the statements shall be kept on file in the principal office of the corporation for twelve (12) months and it shall be exhibited at all reasonable times to any shareholder demanding an examination of the statements or a copy shall be mailed to the shareholder. If the corporation has not sent to the shareholders its annual report for the last fiscal year, the statements referred to in the first paragraph of this Section 7.6 shall likewise be delivered or mailed to the shareholder or shareholders within thirty (30) days after the request.

The quarterly income statements and balance sheets referred to in this section shall be accompanied by the report thereon, if any, of any independent accountants engaged by the corporation or the certificate of an authorized officer of the corporation that the financial statements were prepared without audit from the books and records of the corporation.

7.7 REPRESENTATION OF *SHARES* OF *OTHER CORPORATIONS*

The Chairman of the Board, the President, the Executive Vice President, or any other person authorized by the Board of Directors or the President or the Executive Vice President, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority herein granted may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

ARTICLE VIII — GENERAL MATTERS

8.1 RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING

For purposes of determining the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than with respect to notice or voting at a shareholders meeting or action by shareholders by written consent without a meeting), the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days prior to any such action. Only shareholders of record at the close of business on the record date are entitled to receive the dividend, distribution or allotment of rights, or to exercise the rights, as the case may notwithstanding any transfer of any shares on books after [...] as otherwise provided in the Articles of Incorporation or the Code

If the Board of Directors does not so fix a record date, then the record date for determining shareholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto or the sixtieth (60th) day prior to the date of that action, whichever is later.

8.2 CHECKS; DRAFTS; EVIDENCES **OF** *INDEBTEDNESS*

From time to time, the Board of Directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.

8.3 CORPORATE CONTRACTS AND INSTRUMENTS: HOW EXECUTED

The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.4 CERTIFICATES FOR SHARES

A certificate or certificates for shares of the corporation shall be issued to each shareholder when any of such shares are fully paid. All certificates shall be signed in the name of the corporation by the Chairman of the Board or the Vice Chairman of the Board or the President or a Vice President and by the Chief Financial Officer or an Assistant Treasurer or the Secretary or an Assistant Secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be by facsimile.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if that person were an officer, transfer agent or registrar at the date of issue.

8.5 LOST CERTIFICATES

Except as provided in this Section 8.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation or its transfer agent or registrar and canceled at the same time. The Board of Directors may, in case any share certificate or certificate for any other security is lost, stolen or destroyed (as evidenced by a written affidavit or affirmation of such fact), authorize the issuance of replacement certificates on such terms and conditions as the Board may require; the Board may require indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of the certificate or the issuance of the replacement certificate.

8.6 ***CONSTRUCTION; DEFINITIONS***

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Code shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both a corporation and a natural person.

ARTICLE IX - AMENDMENTS

9.1 AMENDMENT BY SHAREHOLDERS

New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the corporation set forth the number of authorized Directors of the corporation, then the authorized number of Directors may be changed only by an amendment of the Articles of Incorporation.

9.2 ***AMENDMENT BY DIRECTORS***

Subject to the rights of the shareholders as provided in Section 9.1 of these Bylaws, Bylaws, other than a Bylaw or an amendment of a Bylaw changing the authorized number of directors (except to fix the authorized number of directors pursuant to a Bylaw providing for a variable number of directors), may be adopted, amended or repealed by the Board of Directors.

9.3 RECORD OF AMENDMENTS

Whenever an amendment or new Bylaw is adopted, it shall be copied in the book of minutes with the original Bylaws. If any Bylaw is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written consent was filed, shall be stated in said book.

ARTICLE X — INTERPRETATION

Reference in these Bylaws to any provision of the California Corporations Code shall be deemed to include all amendments thereof.

SECRETARY'S CERTIFICATE OF ADOPTION OF BYLAWS
OF
RBB BANCORP

I, the undersigned, do hereby certify:

1. That Iam the duly elected and acting Secretary of RBB Bancorp, a California corporation.

2. That the foregoing Bylaws, comprising 24 pages, including this page, constitute the Bylaws of said corporation as adopted by the Board of Directors at a meeting held on June 16, 2010.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of September, 2010.

____
Pei-Ching (Peggy) Huang
Secretary

SECRETARY'S CERTIFICATE OF ADOPTION OF BYLAWS
OF
RBB BANCORP

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of RBB Bancorp, a California corporation.

2. That the foregoing Bylaws, comprising 24 pages, including this page, constitute the Bylaws of said corporation as adopted by the Board of Directors at a meeting held on June 16, 2010.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of September, 2010.

Pei-Ching (Peggy) Huang
Secretary

Exhibit 4.1

NOTICE: Signature must be guaranteed by a firm which is a member of a registered national stock exchange, or by a bank (other than a savings bank), or a trust company. The following abbreviations, when used in the inscription on the face of this certificate, shall be constructed as though they were written out in full according to applicable laws or regulations.

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN— as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT — Custodian
(Cust) (Minor)
under Uniform Gifts to Minors
Acr________________________
(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, **hereby sell, assign and transfer unto**

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OR ASSIGNEE)

Shares

of the capital stock represented by the written certificate, and do hereby irrevocably constitute and appoint

Attorney

to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated:

Signature

Signature (If more than one owner)

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

AFFIX MEDALLION SIGNATURE GUARANTEE

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is effective as of April 12, 2017 between ROYAL BUSINESS BANK, a California state banking corporation, (the "Bank") RBB BANCORP, (the "Bancorp"), a California corporation, (collectively referred to as the "Company") with their principal offices at 660 South Figueroa Street, Suite 1888, Los Angeles, California 90017 (hereinafter "Bank"), and YEE PHONG (ALAN) THIAN (hereinafter "Executive") whose present residence address is 1430 South Second Avenue, Arcadia, California 91006. Executive may be carried on the records of the Bank as an employee and Executive's compensation shall be paid by the Bank, subject to the Bank's right of reimbursement from the Bancorp under other agreements to which the Executive is not a party.

A. TERM OF EMPLOYMENT

The Bank hereby employs Executive, and Executive hereby accepts employment with Bank, for the three (3)-year period (the "Term") commencing on April 13, 2017 (the "Effective Date"), through April 12, 2022, subject however to prior termination as hereinafter provided. Where used herein, "Term" shall refer to the entire period of the employment of Executive by Bank hereunder, whether for the period provided above, whether terminated earlier as hereinafter provided, or whether renewed as provided in the next paragraph.

The term hereof shall be automatically renewed for successive one (1) year periods (the "Extended Term"), unless written notice is given and received not less than three (3) months prior to the end of the Initial Term of the intention of either party not to renew the same. The term for which Executive is employed hereunder (which includes the Initial Term and, if renewed, the Extended Term) is hereinafter referred to as the "Term."

B. DUTIES OF EXECUTIVE

1. Duties. Executive's duties under this Employment Agreement include all ordinary and reasonable duties customarily performed by the full-time President and Chief Executive Officer, subject to the powers by law vested in the Board of Directors of the Bank and in the Bank's shareholders. As such, Executive shall oversee the overall operation and development of the Bank. Executive shall render his services to the Bank and shall exercise such corporate responsibilities as Executive may be directed by the Board of Directors, and Executive shall perform his duties faithfully, diligently and to the best of his ability, consistent with the highest and best standards of the banking industry and in compliance with applicable laws and the Bank's Articles of Incorporation and Bylaws. Executive will also serve as a member of the Bank's Board of Directors, subject to all necessary regulatory approvals.

2. Conflicts of Interest. Executive expressly agrees as a condition to the performance by Bank of its obligations herein that during the term of his Agreement

and of any renewals hereof, he will not, directly or indirectly, render any services of an advisory nature or otherwise to or become employed by or participate or engage in any business competitive with any businesses of the Bank, without the prior written consent of the Bank, however, that nothing herein shall prohibit Executive from owning stock or other securities of a competitor which are relatively insubstantial to the total outstanding stock of such competitor, and so long as he in fact does not have the power to control or direct the management or policies of such competitor and does not serve as a director or officer of, and is not otherwise associated with, any competitor except as consented to by the Bank. Nothing contained herein shall preclude substantially passive investments by Executive during the Term that may require nominal amounts of his time, energies and interest.

3. Performance. Except as provided in paragraph J.2. herein, Executive after the Effective Date shall devote substantially his full energies, interests, abilities and productive time to the business of the Bank. Executive shall at all times loyally and conscientiously perform all of these duties and obligations hereunder and shall at all times strictly adhere to and obey, and instruct and require all that work under and with him strictly to adhere and obey, all applicable federal and state laws, statutes, rules and regulations to the end that the Bank shall at all times be in full compliance with such laws, statutes, rules and regulations.

C. COMPENSATION

1. Salary. In consideration of the performance by Executive of all of his obligations under this Agreement, the Bank agrees to pay Executive during the Term hereof a base salary of $696,000. The Board of Directors may elect to adjust upward the base annual salary and other compensation of Executive from time to time, at its sole discretion. The Executive’s salary shall be reviewed at least annually by the Board of Directors which may, but shall not be required to, increase the salary during the Employment Term.

2. Bonuses. During the term of this Agreement, Executive may receive such bonuses, if any, as the Board of Directors in it sole discretion shall determine.

3. Stock Options/Stock Awards. The Board of Directors of the Bancorp in its sole discretion intends to grant Executive a Stock Option/Stock Award (‘Awards”). To reward the successful Initial Public Offering (“IPO”) efforts being undertaken by the Bancorp in 2017, the Board of Directors of the Bancorp will grant

Executive, after each anniversary date of the IPO, the restrictive stock ("RS") to be vested over three years according to the following formula:

Number of RS=	Number of IPO primary shares x 5% x (Bancorp stock price for the average of the previous 120 days measured at the anniversary of the IPO minus the higher of IPO stock price or the highest Bancorp stock price for the average of the previous 120 days measured at the anniversary date of the IPO from the previous years) (divided by)
	Bancorp stock price for the average of the previous 120 days measured at the anniversary date of the IPO.[1,2]

This formula will apply for each year of the five year term unless renegotiated unless there is another common stock offering. This provision does not automatically renew with the contract.

If Executive's employment is terminated for any reason other than for cause or voluntarily by Executive, Executive's then vested Awards shall be exercisable over the remaining term of the Awards, subject to acceleration in specified circumstances. The Awards will have an exercise price equal to the fair market value of RBB Bancorp's common stock on the date of grant of the Awards. Should regulations or the amount of outstanding RBB Bancorp stock not allow for the full grant contained in this Section, the remainder will be automatically granted as available under the RBB Bancorp's Omnibus Stock Incentive Plan. The remaining terms and conditions of the Stock Awards shall be governed by the RBB Bancorp's Omnibus Stock Incentive Plan and Executive's Stock Award Agreement.

4.Claw-back Provisions. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and claw-back as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

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1 Assuming the IPO price is $25.00 and the average price on the anniversary date of the previous 120 days is $30.00 and the number of IPO shares is 2,000,000 then the first year award is 16,667 shares calculated as follows 2,000,000*.05*($30.00-25.00)/$30.00. Assuming in year 2 the anniversary date average of the previous 120 days is $35.00 then the second year award is 14,286 shares calculated as follows 2,000,000*.05*($35.00-$30.00)/$35.00.

2 Average of the previous 120 days means the average of the last 120 calendar days closing price. Non-trading days will use the last trading day close.

D. EXECUTIVE BENEFITS

1. Personal Days. Executive shall be entitled to twenty-five (25) personal days per year during the Term, subject to pre-approval by the Board of Directors. Executive further agrees that he will not take the entire twenty-five (25) days of personal days consecutively, and that he will not take any personal days at times which would be detrimental to the interests of the Bank. Executive shall be entitled to accrue personal days up to two times the annual personal days' entitlement described above, at which time the personal time will stop accruing until personal time is taken by Executive. This is subject to any and all California laws and regulatory requirements.

2. Automobile and Automobile Expenses. During the Term hereunder, the Bank shall provide Executive with an automobile at a cost to the Bank of no more than $2,000 per month for a Mercedes Benz S Class or the equivalent automobile, plus the Bank shall reimburse Executive for all gasoline, oil, repairs and maintenance and insurance costs. During the Term hereunder, the Board of Directors would be willing to reanalyze the monthly allowance if Executive's actual and reasonable costs are significantly in excess of the monthly allowance.

3. Group Medical and Life Insurance Benefits. The Bank will provide Executive and Executive's direct and immediate family with, and pay for, participation in medical, dental, vision, accident and health benefits, appropriate life and disability insurance, and an annual physical examination. Said coverage shall be in existence or shall take effect as of the Effective Date hereof and shall continue throughout the Term. The Bank's or RBB Bancorp's liability to Executive for any breach of this paragraph shall be limited to the amount of premiums payable by the Bank to obtain the coverage contemplated herein.

4. Salary Continuation Plan and Other Plans. During the Term, Executive shall be eligible to participate in any pension or profit-sharing plan, deferred compensation plan, salary continuation plan, stock purchase plan, or similar benefit or retirement program of the Bank as approved by the Board of Directors now or hereafter existing, to the extent that he is eligible under the provisions thereof and commensurate with his position in relationship to other participants.

E. REIMBURSEMENT FOR BUSINESS EXPENSES

Executive shall be entitled to reimbursement by the Bank for any ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties and in acting for the Bank during the Term, which type of expenditures shall be determined by the Board of Directors, provided that:

(a) Each such expenditure is of a nature qualifying it as a proper deduction on the federal and state income tax returns of the Bank as a business expense and not as deductible compensation to Executive; and

(b) Executive furnishes to the Bank adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of such expenditures as deductible business expenses of the Bank and not as deductible compensation to Executive.

Upon timely presentation to the Bank of necessary and proper documentation in accordance with the Regulations of the Internal Revenue Service, the Bank will reimburse Executive for any necessary, usual, customary and reasonable business expenses incurred by Executive in connection with his position or for the Bank's benefit, including the costs of cellular phone service related to the Bank's business.

Any expenses of Executive for his activities in industry association groups, or other business, industry, civic, or charitable organizations that are not reimbursed by those organizations will be reimbursed by the Bank to Executive upon presentation of proper documentation.

F. TERMINATION

Notwithstanding any and all other provisions of this Agreement to the contrary, Executive's employment hereunder may be terminated:

1. Without Cause. In the sole and absolute discretion of the Board of Directors for any cause whatsoever; provided, however, that if such termination occurs during the Term, and is for any cause other than any more particularly described in Sections F.2. or F.3. hereof, Executive shall receive a severance payment in the amount of twelve (12) months of Executive's then current annual salary, payable in installments on the normal payroll dates of the Bank, and continuation of Executive's medical, dental and other insurance coverage and auto allowance for one (1) year or until Executive has found employment, whichever occurs earlier, in full and complete satisfaction of any and all rights which Executive may enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination. In order to qualify for the severance benefit, Executive must execute a general release in favor of the Bank, RBB Bancorp and its officers, directors, employees, shareholders, attorneys, and agents, and all other related parties. Such payments will be made (or begin if installments payments are made by the Bank) on the 60th day following termination if the release referred to in Section F.5 is executed and not revoked by that day.

2. Disability or Death. Upon Executive's physical or mental disability to continue his duties hereunder as the President and Chief Executive Officer of the Bank; provided, however, that if such termination occurs as a result of such disability, Executive shall receive a severance payment in an amount equal to twelve (12) months of Executive's annual base salary in effect hereunder at the date of such termination, in full and complete satisfaction of any and all rights which Executive might enjoy hereunder, other than the right, if any, to exercise any of the Awards vested prior to such termination, less any payments received from any Bank provided benefit, including

worker's compensation, FICA or disability insurance. For purposes of this Agreement, physical or mental disability shall be defined as Executive being unable to fully perform under this Agreement for a continuous period of 90 days and reasonably accommodate for that disability as required by the Americans with Disability Act of 1990.

Upon Executive's death; provided, however, Executive's estate shall receive the payment in an amount equal to twelve (12) months of Executive's annual base salary in effect hereunder at the date of such termination, in full and complete satisfaction of any and all rights which Executive might enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination.

3. For Cause. The Bank may terminate immediately this Agreement without any further obligation or liability whatsoever to Executive, if:

(a) Executive engages in misconduct or is negligent in the performance of his material duties hereunder; or

(b) Executive is convicted of or pleads guilty or nolo contendere to any felony or a crime that constitutes a misdemeanor involving moral turpitude; or

(c) Bank is required to remove or replace Executive by formal order or formal or informal instruction, including a requested consent order or agreement, from the Department or Federal Deposit Insurance Corporation ("FDIC") or any other regulatory authority having jurisdiction; or

(d) Executive has failed to perform or habitually neglected Executive's duties; or

(e) Executive has failed to follow any valid and legal written policy of the Board of Directors, any resolutions of the Board adopted at a duly called meeting or any instructions from the Board of Directors or President and Chief Executive Officer; or

(f) Due to Executive's lack of care or negligence, the Bank receives a Section 8(a) Order from the FDIC, or a Section 8(b) Order from the FDIC, or a Section 1912 or 1913 Order from the Department; or

(g) Executive's engagement in dishonesty, illegal conduct or gross misconduct; or
(h)Executive's willful unauthorized disclosure of Confidential Information (as defined below); or

(i) Executive's breach of any obligation under this Agreement or any other written agreement between the Executive and the Company; or

(j) any failure by the Executive to comply with the Company's written policies or rules, as they may be in effect from time to time during the Employment Term, if such failure causes material harm to the Company.

Any termination under this paragraph F.3 shall not prejudice any remedy which Bank may otherwise have at law, in equity, or under this Agreement.

4. Change of Control

(a) Except for termination for Cause (pursuant to Section F.3 hereof), disability or death (pursuant to Section F.2 hereof), after the occurrence of a Change in Control (as defined below), if Executive's employment with the Bank is materially adversely altered or Executive is not retained by the Bank or the surviving bank or company, Executive shall be entitled to receive a severance payment in the amount of twelve (12) months of Executive's then current monthly salary, and continuation of Executive's medical, dental and other insurance coverage and auto allowance for one (1) year or until Executive has found employment, whichever occurs earlier. Such payment shall terminate this Agreement in all respects, but shall not prohibit Executive from continuing as an employee under a new agreement with the Bank or a successor bank.

A material adverse alteration in employee status would mean (i) a material breach by the Bank of its obligations under this Agreement, (ii) a change in Executive's status or position or responsibilities as President and Chief Executive Officer of the Bank which represents a demotion from his status, title, position and responsibilities, or the assignment to him of any significant duties which are inconsistent with such status, title or position, or (iii) a reduction by the Bank in his base annual salary, or (iv) requiring him to be based anywhere other than the greater Los Angeles County area. Such payments will be made (or begin if installments payments are made by the Bank) on the 60th day following termination if the release referred to in Section F.5 is executed and not revoked by that day.

The Executive cannot terminate his employment for a material adverse alteration in employee status unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence or occurrence of such grounds and the Company has had at least (30) days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within seventy-five (75) days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

(b) A “Change in Control” shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) (other than the Bank; any trustee or other fiduciary holding securities under an employee benefit plan of the Bank; any entity owned, directly or indirectly, by the stockholders of the Bank in substantially the same proportions as their ownership of the stock of the Bank) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Bank (not including in the securities beneficially owned by such Person any securities acquired directly from the Bank or its affiliates) representing 25% or more of the combined voting power of the Bank’s then outstanding securities; or

(ii) the stockholders of the Bank approve a merger or consolidation of the Bank with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Bank outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Bank, at least 75% of the combined voting power of the voting securities of the Bank or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Bank (or similar transaction) in which no person acquires more than 50% of the combined voting power of the Bank’s then outstanding securities; or

(iii) the stockholders of the Bank approve a plan of complete liquidation of the Bank or an agreement for the sale or disposition by the Bank of all or substantially all the Bank’s assets.

Notwithstanding the foregoing, a Change in Control shall not include (A) any event, circumstances or transaction that results from the action of any entity or group that includes, is affiliated with, or is wholly or partly controlled by Executive (*e.g.*, a management-led buyout), or (B) the repurchase by the Bank or the redemption directly or indirectly, of securities of the Bank representing 50% or more of the combined voting power of the Bank’s then outstanding securities.

Notwithstanding the foregoing, such an occurrence shall constitute a “Change in Control” only if the occurrence is a “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” (as such terms are defined for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”)) of the Bank or the Company.

5. <u>Release and Resignation.</u> As a condition to Executive receiving any payments pursuant to Sections F.1, F.2, and F.4 hereof, Executive will execute and deliver a general release to the Bank, releasing the Bank, its employees, officers, directors, stockholders and agents, and each person who controls any of them within the meaning of Section 15 of the Securities Act of 1933, as amended, from any and all claims (other than claims with respect to payments pursuant to such Sections) from the beginning of time to the date of termination.

Upon termination of Executive's employment with the Bank, Executive, if he is then serving as a director of the Bank, agrees to immediately resign his position as a director of the Bank, unless otherwise agreed, by providing written notice of his resignation to the Board of Directors of the Bank.

6. Supervisory Matters.

(a) If the Executive is suspended and/or temporarily prohibited from participating in the conduct of the Bank's or the Bancorp's affairs by notice served under Section 8(e)(3) or 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(e)(3) and (g)(1)), the obligations of the Company under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Company may, in its discretion: (i) pay the Executive all or part of the compensation withheld while its obligations under this Agreement were suspended; and (ii) reinstate (in whole or in part) any of its obligations which were suspended. If the Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's or the Bancorp's affairs by an order issued under Section 8(e) (3) or 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(e)(3) or (g)(1)), all obligations of the Company under this Agreement shall terminate as of the effective date of the order, but vested rights of the parties shall not be affected. If the Company is in default (as defined in Section 3(x)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(x)(1)), all obligations under this Agreement shall terminate as of the date of default, but vested rights of the parties shall not be affected. All obligations under this Agreement shall be terminated, except to the extent that it is determined that continuation of the Agreement is necessary for the continued operation of the Company; (i) by the Federal Deposit Insurance Corporation at the time that the Federal Deposit Insurance Corporation enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 11 of the Federal Deposit Insurance Act (12 U.S.C. Section 1821); or (ii) by the Federal Deposit Insurance Corporation or the Federal Reserve Board, at the time that the Federal Deposit Insurance Corporation or the Federal Reserve Board approves a supervisory merger to resolve problems related to the operation of the Bancorp or when the Company is in an unsafe or unsound condition. All rights of the parties that have already vested, however, shall not be affected by such action.

Notwithstanding anything to the contrary contained herein, the obligation to make payment of any severance benefits as provided herein (including without limitation, any payment contemplated under Section F.4), is conditioned upon (i) the Company and/or Bank obtaining any necessary approval from the Board of Governors of the Federal Reserve System and/or the Federal Deposit Insurance Corporation, and (ii) compliance with applicable law, including 12 C.F.R. Part 359. In addition, the Executive covenants and agrees that the Company and its successors and assigns shall have the right to demand the return of any "golden parachute payments" (as defined in 12 C.F.R. Part

359) in the event that any of them obtain information indicating that the Executive committed, is substantially responsible for, or has violated, the respective acts or omissions, conditions, or offenses contained in 12 C.F.R. § 359.4(a)(4), and the Executive shall promptly return any such "golden parachute payment" upon such demand.

(7) Section 280G.

(i) If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "280G Payments") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section F.(7), be subject to the excise tax imposed under Section 4999 of the Code (the **"**Excise Tax**"**), then such 280G Payments shall be reduced (by the minimum possible amounts), a manner determined by the Company that is consistent with the requirements of Section 409A, until no amount payable to the Executive will be subject to the Excise Tax. If two economically equivalent amounts are subject to reduction but are payable at different times, the amounts shall be reduced (but not below zero) on a pro rata basis.

(ii) All calculations and determinations under this Section F.(7) shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the **"**Tax Counsel**"**) whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section F.(7), the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section F.(7). The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

G. Confidential Information Defined.

(a) Definition.

For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, methods, policies, plans, documents, operations, services, strategies, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, trade secrets, policy manuals, records, vendor information, financial information, results, accounting records, legal information, marketing information, pricing information, credit information, payroll information, staffing

information, personnel information, employee lists, supplier lists, vendor lists, reports, internal controls, security procedures, market studies, sales information, revenue, costs, notes, communications, product plans, ideas, customer information, customer lists, of the Company or its businesses or any existing or prospective customer, supplier, investor or other associated third party, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that: (i) is generally available to and known by the public at the time of disclosure to the Executive; provided that, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf; (ii) becomes available on a non-confidential basis from a source other than a party to this Agreement or a representative of a party to this Agreement, provided that such source is not bound by a confidentiality agreement with a party or otherwise prohibited from transmitting the information by a contractual, legal or fiduciary obligation, (iii) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law.

(b) Company Creation and Use of Confidential Information.

The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its product offerings in the field of financial services. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

(c) Disclosure and Use Restrictions.

The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate or make available Confidential Information, or allow it to be disclosed, published, communicated or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the

Company except as required in the performance of the Executive's authorized employment duties to the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties; and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media or other resources containing any Confidential Information, or remove any such documents, records, files, media or other resources from the premises or control of the Company, except as required in the performance of the Executive's authorized employment duties to the Company acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties). Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. The Executive shall promptly provide written notice of any such order to the Company's General Counsel.

The Executive understands and acknowledges that her obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he began employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

H. Security.

(a) Security and Access. The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time including, without limitation, those regarding computer equipment, telephone systems, voicemail systems, facilities access, monitoring, key cards, access codes, Company intranet, internet, social media and instant messaging systems, computer systems, e-mail systems, computer networks, document storage systems, software, data security, encryption, firewalls, and passwords ("Facilities Information Technology and Access Resources"); (b) not to access or use any Facilities Information Technology and Access Resources except as authorized by the Company; and (iii) not to access or use any Facilities Information Technology and Access Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event she learns of any violation of the foregoing by others, or of any other misappropriation or unauthorized access, use, reproduction or reverse engineering of, or tampering with any Facilities Information Technology and Access Resources or other Company property or materials by others.

(b) Exit Obligations. Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the

Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, identification cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, PDAs, pagers, fax machines, equipment, manuals, reports, files, books, compilations, e-mail messages, recordings, disks, thumb drives or other removable information storage devices, hard drives, data and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with her employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

I. Publicity. The Executive hereby irrevocably consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes and all other printed and electronic forms and media throughout the world, at any time during or after the period of her employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment or other compensation to the Executive. The Executive hereby forever waives and releases the Company and its directors, officers, employees and agents from any and all claims, actions, damages, losses, costs, expenses and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of her employment by the Company, arising directly or indirectly from the Company's and its agents', representatives' and licensees' exercise of their rights in connection with any Permitted Uses.

J. GENERAL PROVISIONS

1. Trade Secrets. During the Term, Executive will have access to and become acquainted with what Executive and the Bank acknowledge are trade secrets, to wit, knowledge or data concerning the Bank, including its operations and business, and the identity of customers of the Bank, including knowledge of their financial conditions their financial needs, as well as their methods of doing business. Executive shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, except as required in the course of Executive's employment with the Bank.

2. Covenant Not to Solicit Customers or Fellow Employees. If the Bank or the Executive terminates this Agreement for any reason, Executive agrees that for a one-year period, Executive shall not solicit the banking business of any customer with whom the Bank has done business during the preceding twelve month period. Executive further agrees not to solicit the services of any officer or employee of the Bank during such period.

The covenants contained in this Section J.2 shall be considered as a series of separate covenants, one for each political subdivision of California, and one for each entity or individual with respect to whom solicitation is prohibited. Except as provided in the previous sentence, each such separate covenant shall be deemed identical in terms to the covenant contained in this Section J.2. If in any judicial proceeding a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that a provision of this Section J.2 or any such separate covenant or portion thereof, is determined to exceed the time, geographic or scope limitations permitted by applicable law, then such provision shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable law. Executive hereby consents, to the extent Executive may lawfully do so, to the judicial modification of this Agreement as described in this Section J.2.

In the event of a merger, where Bank is not the surviving corporation, or in the event of a consolidation, in the event of a transfer of all or substantially all of the assets of Bank, or in the event that the majority of the Bank’s Board of Directors, as it exists as of the date of this Agreement, does not have control, the Executive shall be unconditionally released from all of his duties and obligations under this paragraph.

3. Indemnification. The Bank shall use its most diligent and best efforts to obtain and maintain during and after the Term, a Directors and Officers Liability Insurance Policy in the largest amount available or reasonably affordable. In addition, to the fullest extent allowed by law, the Bank shall indemnify Executive for any and all of his actions, or forbearance of any action, as an employee and Director of the Bank, carried out or undertaken in good faith in the course of his duties, even if such is held to be negligent. The Bank will indemnify Executive, defend, and bear the cost of defense with regard to any action or threatened action brought by a third party against the Executive (whether or not the Bank is joined or included as a party defendant) and/or the Bank. This indemnification shall include not only the costs of defense, but also any other expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred. This indemnification does not and will not include illegal acts knowingly and willfully carried out by the Executive, but will include all actions carried out by the Executive acting in good faith and in a manner the Executive reasonably believed to be in the best interest of the Bank. Such indemnification shall also apply to any and all subsidiaries of the Bank and organizations with which the Bank requests Executive to serve, and as regards the actions of Executive and his involvement and actions within or regarding those subsidiaries or organizations. The indemnification rights of Executive herein are in addition to any rights of indemnification under applicable law, contract, or the articles of incorporation or bylaws of the Bank.

4. Return of Documents. Executive expressly agrees that all manuals, documents, files, reports, studies, instruments or other materials used and/or developed by Executive during the Term are solely the property of the Bank, and that Executive has no right, title or interest therein. Upon termination of this Agreement, Executive or Executive's representative shall promptly deliver possession of all of said property to the Bank in good condition.

5. Notices. Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when personally served in writing, when deposited in the United States mail, postage prepaid, or when communicated to a public telegraph address appearing at the beginning of this Agreement. Either party may change its address by written notice in accordance with this paragraph.

6. California Law. This Agreement is to be governed by and construed under the laws of the State of California.

7. Captions and Paragraph Headings. Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing it.

8. Invalid Provisions. Should any provision of this Agreement for any reason be declared invalid, the validity and binding effect of any remaining portion shall not be affected, and the remaining portions of this Agreement shall remain in full force and effect as if this Agreement had been executed with said provision eliminated.

9. Entire Agreement. This Agreement contains the entire agreement of the parties. It supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Executive by the Bank. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. This Agreement may not be modified or amended by oral agreement, but only by an agreement in writing signed by the Bank and Executive.

10. Receipt of Agreement. Each of the parties hereto acknowledges that it or he has read this Agreement in its entirety and does hereby acknowledge receipt of a fully executed copy thereof. A fully executed copy shall be an original for all purposes, and is a duplicate original.

11. Dispute Resolution Procedures. In the event of any dispute, claim or controversy between the Executive and the Bank (or its directors, officers, employees or agents) arising out of this Agreement or the Executive's employment with the Bank, both Parties agree to submit such dispute, claim or controversy to final and binding arbitration under the Federal Arbitration Act, in conformity with the procedures of the California Arbitration Act (Cal. Code Civ. Proc. sec. 1280 et seq. ...)." The arbitration

will be conducted before the American Arbitration Association ("AAA") in accordance with the AAA Employment Arbitration Rules and Mediation Procedures. These rules are available at the AAA web site at: http://www.adr.org. The claims governed by this arbitration provision include, but are not limited to, claims for wages and other compensation, claims for breach of contract (express or implied), claims for violation of public policy, wrongful termination, wrongful demotion, tort claims, claims for fraud and misrepresentation, claims for unlawful discrimination, harassment, and/or retaliation to the extent allowed by law, and claims for violation of any federal, state, or other government law, statute, regulation, or ordinance. The claims which are to be arbitrated under this agreement include claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act and the California Labor Code.

(a) The arbitration shall be conducted by a single arbitrator selected either by mutual agreement of the Executive and the Bank or, if they cannot agree, from an odd-numbered list of experienced employment law arbitrators provided by the AAA. Each Party shall strike one arbitrator from the list alternately until only one arbitrator remains.

(b) Each Party shall have the right to conduct reasonable discovery, as determined by the arbitrator.

(c) The arbitrator shall have all powers conferred by law and a judgment may be entered on the award by a court of law having jurisdiction. The arbitrator shall render a written arbitration award that contains the essential findings and conclusions on which the award is based. The award and judgment shall be binding and final on both Parties, subject to such review as is authorized by law.

(d) Either Party may bring an action to confirm the arbitration award in a court of competent jurisdiction. To the maximum extent permitted by law, the decision of the arbitrator shall be final and binding on the Parties to this Agreement and shall be subject to judicial review only to the extent provided by law.

(e) The Parties shall share equally the costs of the arbitrator and the arbitration forum unless a different fee payment arrangement is otherwise required by applicable law to preserve the enforceability of this arbitration provision. Employer will pay the costs of the arbitrator and the arbitration forum to the extent required by applicable law to preserve the enforceability of this arbitration provision.

(f) In the event litigation, mediation, or arbitration is commenced to enforce or construe any of the provisions of this Agreement, to recover damages for breach of any of the provisions of this Agreement, or to obtain declaratory relief in connection with any of the provisions of this Agreement, the prevailing Party shall, to the extent permitted by law without impairing the enforceability of the arbitration provision hereinabove, be entitled to recover reasonable attorneys' fees and costs. In the event this Agreement is asserted, in any litigation, mediation, or arbitration, as a defense to any liability, claims, demands, actions, causes of action, or rights herein released or

discharged, the prevailing Party on the issue of that defense shall, to the extent permitted by law without impairing the enforceability of the arbitration provision hereinabove, be entitled to recover reasonable attorneys' fees and costs.

(g) The Executive and the Company understand that by signing this Agreement, they give up their right to a civil trial in a court of law and their right to a trial by jury.

(h) This agreement to arbitrate does not apply to disputes or claims related to workers' compensation benefits, disputes or claims related to unemployment insurance benefits, unfair labor practice charges under the National Labor Relations Act, or disputes or claims that are expressly excluded from arbitration by statute or are expressly required to be arbitrated under a different procedure pursuant to an employee benefit plan.

(i) This agreement to arbitrate does not prevent Executive from filing a charge or complaint with the California Department of Fair Employment and Housing, or the U.S. Equal Opportunity Commission. It also does not prevent Executive from participating in any investigation or proceeding conducted by an agency. However, if one of these agencies issues a right to sue notice, binding arbitration under this agreement will be Executive's sole remedy.

(j) This agreement to arbitrate shall continue during the Employment Period and thereafter regarding any employment-related disputes.

Any controversy or claim arising out of, or relating to this Employment Agreement or the breach thereof, shall be settled by arbitration in the County of Los Angeles, State of California, in accordance with the rules of the American Arbitration Association, and a judgment upon the award rendered may be entered is any court having jurisdiction thereof.

12. Section 409A. This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. For purposes of determining the timing of any payments to be made under this Agreement by reference to Executive's termination of employment, "termination" and "termination of employment" shall refer to Executive's "separation from service" as defined for purposes of Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with her termination of employment is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and the Executive is determined to be a “specified employee” as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall be paid on the first payroll date to occur following the six-month anniversary of the Termination Date (the “Specified Employee Payment Date”). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed by its duly authorized officer or representative and Executive has executed this Agreement to be effective as of the day and year first written above.

ROYAL BUSINESS BANK

By: ____________________________
Ruey-Chyr Kao,
Chairman, Compensation Committee

By: ____________________________
Pei-Chin (Peggy) Huang,
Secretary

RBB BANCORP

By: ____________________________
Ruey-Chyr Kao,
Chairman, Compensation Committee

By: ____________________________
Pei-Chin (Peggy) Huang,
Secretary

EXECUTIVE

____
Yee Phong (Alan) Thian

Exhibit 10.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is effective as of April 12, 2017 between ROYAL BUSINESS BANK, a California state banking corporation (the "Bank"), RBB BANCORP, (the "Bancorp"), a California corporation, (collectively referred to as the "Company"**)** with their principal offices at 660 South Figueroa, Suite 1888, Los Angeles, California 90017(hereinafter "Bank"), and DAVID R. MORRIS (hereinafter "Executive") whose present address is 1350 Napoli Street, Oceanside, California 92056. Executive may be carried on the records of the Bank as an employee and Executive's compensation shall be paid by the Bank, subject to the Bank's right of reimbursement from the Bancorp under other agreements to which the Executive is not a party.

A. TERM OF EMPLOYMENT

Subject to all necessary regulatory approvals, the Bank hereby employs Executive, and Executive hereby accepts employment with the Bank, for the three-year period (the "Term") commencing on April 13, 2017 (the "Effective Date") through April 12, 2020, subject however to prior termination as hereinafter provided. Where used herein, "Term" shall refer to the entire period of the employment of Executive by Bank hereunder, whether for the period provided above, or whether terminated earlier as hereinafter provided, or renewed as provided in the next paragraph.

The term hereof shall be automatically renewed for successive one (1) year periods (the "Extended Term"), unless written notice is given and received not less than three (3) months prior to the end of the Initial Term of the intention of either party not to renew the same. The term for which Executive is employed hereunder (which includes the Initial Term and, if renewed, the Extended Term) is hereinafter referred to as the "Term."

B. DUTIES OF EXECUTIVE

1. Duties. Executive's duties under his Employment Agreement include all ordinary and reasonable duties customarily performed by the full-time Chief Financial Officer, subject to the powers by law vested in the Board of Directors of the Bank and in the Bank's shareholders. As such, Executive shall oversee all operational aspects of the business and activities of the Bank. Executive shall render his services to the Bank and shall exercise such corporate responsibilities as Executive may be directed by the President and Chief Executive Officer, and Executive shall perform his duties faithfully, diligently and to the best of his ability, consistent with the highest and best standards of the banking industry and in compliance with applicable laws and the Bank's Articles of Incorporation and Bylaws.

2. Conflicts of Interest. Executive expressly agrees as a condition to the performance by Bank of its obligations herein that during the term of his Agreement and of any renewals hereof, he will not, directly or indirectly, render any services of an advisory nature or otherwise to or become employed by or participate or engage in any business competitive with any businesses of the Bank, without the prior written consent of the Bank, however, that nothing herein shall prohibit Executive from owning stock or other securities of a competitor which are relatively insubstantial to the total outstanding

stock of such competitor, and so long as he in fact does not have the power to control or direct the management or policies of such competitor and does not serve as a director or officer of, and is not otherwise associated with, any competitor except as consented to by the Bank. Nothing contained herein shall preclude substantially passive investments by Executive during the Term that may require nominal amounts of his time, energies and interest.

3. Performance. Except as provided in paragraph G.2. herein, Executive after the Effective Date shall devote substantially his full energies, interests, abilities and productive time to the business of the Bank. Executive shall at all times loyally and conscientiously perform all of these duties and obligations hereunder and shall at all times strictly adhere to and obey, and instruct and require all that work under and with him strictly to adhere and obey, all applicable federal and state laws, statutes, rules and regulations to the end that the Bank shall at all times be in full compliance with such laws, statutes, rules and regulations.

C. COMPENSATION

1. Salary. In consideration of the performance by Executive of all of his obligations under this Agreement, the Bank agrees to pay Executive during the Term hereof a base salary of $240,000 per year from the date of commencement of his Agreement for each year of the Term. The Board of Directors may elect to adjust upward the base annual salary and other compensation of Executive from time to time, at its sole discretion. The Executive's salary shall be reviewed at least annually by the Board of Directors which may, but shall not be required to, increase the salary during the Employment Term.

2. Bonuses. During the term of this Agreement, Executive may receive such bonuses, if any, as the Board of Directors in it sole discretion shall determine.

3. Stock Options/Stock Awards. The Board of Directors of the Bancorp in its sole discretion intends to grant to Executive a Stock Option/Stock Award (the "Award"). If Executive's employment is terminated for any reason other than for cause or voluntarily by Executive, Executive's then vested Awards shall be exercisable over the remaining term of the Awards, subject to acceleration in specified circumstances. The remaining terms and conditions of the Awards shall be governed by the Bancorp's Omnibus Stock Incentive Plan and Executive's Stock Award Agreement.

4. Claw-back Provisions. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and claw-back as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

D. EMPLOYEE BENEFITS

1. Vacation. Executive shall be entitled to a vacation each year during the Term, which vacation shall be four (4) weeks, subject to pre-approval by the Board of Directors. Executive further agrees that he will not take the entire four (4) weeks of vacation consecutively, and that he will not take any vacation at times which would be detrimental to the interests of the Bank. Any vacation time not used shall not accumulate, and Executive and the Bank shall conform to the Bank's Human Resources policy then in effect concerning vacations.

2. Travel Expense. During the Term hereunder, the Bank shall provide Executive with an automobile paid by the Bank, with the make and model determined by the Bank, at a cost of not more than $1,500 per month, plus the Bank shall reimburse Executive for all insurance, gasoline, oil, vehicle maintenance, any applicable federal and/or state income tax, as well as any other transportation expenses, including train and taxi expenses. During the Term hereunder, the Board of Directors would be willing to reanalyze the monthly allowance if Executive's actual and reasonable costs are significantly in excess of the monthly allowance.

3. Group Medical and Life Insurance Benefits. The Bank will provide Executive and Executive's immediate family, and pay for, participation in medical, dental, vision, accident and health benefits as provided to other officers and employees of the Bank, an annual physical examination, and appropriate life and disability insurance, as long as Executive is insurable at a normal premium payment. The Bank's liability to Executive for any breach of this paragraph shall be limited to the amount of premiums payable by the Bank to obtain the coverage contemplated herein.

4. Salary Continuation Plan and Other Plans. During the Term, Executive shall be eligible to participate in any pension or profit-sharing plan, deferred compensation plan, salary continuation plan, stock purchase plan, or similar benefit or retirement program of the Bank as approved by the Board of Directors now or hereafter existing, to the extent that he is eligible under the provisions thereof and commensurate with his position in relationship to other participants.

E. REIMBURSEMENT FOR BUSINESS EXPENSES

Executive shall be entitled to reimbursement by the Bank for any ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties and in acting for the Bank during the Term, which type of expenditures shall be determined by the Board of Directors, provided that:

(a) Each such expenditure is of a nature qualifying it as a proper deduction on the federal and state income tax returns of the Bank as a business expense and not as deductible compensation to Executive; and

(b) Executive furnishes to the Bank adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of such expenditures as deductible business expenses of the Bank and not as deductible compensation to Executive.

Upon timely presentation to the Bank of necessary and proper documentation in accordance with the Regulations of the Internal Revenue Service, the Bank will reimburse Executive for any necessary, usual, customary and reasonable business expenses incurred by Executive in connection with his position or for the Bank's benefit, including the costs of cellular phone service related to the Bank's business.

Any expenses of Executive for his activities in industry association groups, or other business, industry, civic, or charitable organizations, that are not reimbursed by those organizations, will be reimbursed by the Bank to Executive upon presentation of proper documentation.

F. TERMINATION

Notwithstanding any and all other provisions of this Agreement to the contrary, Executive's employment hereunder may be terminated:

1. Without Cause. In the sole and absolute discretion of the Board of Directors for any cause whatsoever; provided, however, that if such termination occurs during the Term and is for any cause other than any more particularly described in Sections F.2. or F.3. hereof, Executive shall receive severance payment in an amount equal to twelve (12) months of his then current annual salary, payable in installments on the normal payroll dates of the Bank, in full and complete satisfaction of any and all rights which Executive may enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination. In order to qualify for the severance benefit, Executive must execute a general release in favor of the Bank and its officers, directors, employees, shareholders, attorneys, agents and all other related parties.

2. Disability or Death. Upon Executive's physical or mental disability to continue his duties hereunder as the Chief Financial Officer of the Bank; provided, however, that if such termination occurs as a result of such disability, Executive shall receive severance payment in an amount equal to three (3) months of the annual base salary in effect hereunder at the date of such termination in full and complete satisfaction of any and all rights which Executive might enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination, less any payments received from any Bank provided benefit, including worker's compensation, FICA or disability insurance. For purposes of this Agreement, physical or mental disability shall be defined as Executive being unable to fully perform under this Agreement for a continuous period of 90 days, and reasonably accommodate for that disability as required by the Americans with Disability Act of 1990.

Upon Executive's death; provided, however, Executive's estate shall receive the payment in an amount equal to three (3) months of the annual base salary in effect hereunder at the date of such termination in full and complete satisfaction of any and all rights which Executive might enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination.

3. For Cause. The Bank may terminate immediately this Agreement without any further obligation or liability whatsoever to Executive, if:

(a) Executive engages in misconduct or is negligent in the performance of his material duties hereunder; or

(b) Executive is convicted of or pleads guilty or nolo contendere to any felony, or is convicted of or pleads guilty or nolo contendere to any misdemeanor involving moral turpitude; or

(c) Bank is required to remove or replace Executive by formal order or formal or informal instruction, including a requested consent order or agreement, from the DFI or Federal Deposit Insurance Corporation (“FDIC”) or any other regulatory authority having jurisdiction; or

(d) Executive has failed to perform or habitually neglected Executive’s duties; or

(e) Executive has failed to follow any valid and legal written policy of the Board of Directors, any resolutions of the Board adopted at a duly called meeting or any instructions from the Board of Directors or President and Chief Executive Officer; or

(f) Due to Executive’s lack of care or negligence, the Bank receives a Section 8(a) Order from the FDIC, a Section 8(b) Order from the FDIC, or a Section 1912 or 1913 Order from the DFI; or

(g) Executive’s engagement in dishonesty, illegal conduct or gross misconduct; or

(h) Executive’s willful unauthorized disclosure of Confidential Information (as defined below); or

(i) Executive’s breach of any obligation under this Agreement or any other written agreement between the Executive and the Company; or

(j) any failure by the Executive to comply with the Company’s written policies or rules, as they may be in effect from time to time during the Employment Term, if such failure causes material harm to the Company.

Any termination under this paragraph F.3 shall not prejudice any remedy which Bank may otherwise have at law, in equity, or under this Agreement.

4. Change of Control

(a) Except for termination for Cause (pursuant to Section F.3 hereof), disability or death (pursuant to Section F.2 hereof), after the occurrence of a Change in Control (as defined below) and in no other event, if Executive’s employment with the Bank is materially adversely altered or Executive is not retained by the Bank or the surviving bank or company, Executive shall be entitled to receive severance payment in the amount equal to six (6) months of Executive’s then current annual salary. Such payment shall terminate this Agreement in all respects, but shall not prohibit Executive from continuing as an employee under a new agreement with the Bank or a successor bank.

A material adverse alteration in employee status would mean (i) a material breach by the Bank of its obligations under this Agreement, (ii) a change in Executive's status or position or responsibilities as Chief Financial Officer of the Bank which represents a demotion from his status, title, position and responsibilities, or the assignment to him of any significant duties which are inconsistent with such status, title or position, or (iii) a reduction by the Bank in his base annual salary, or (iv) requiring him to be based anywhere other than the greater Los Angeles area.

The Executive cannot terminate his employment for a material adverse alteration in employee status unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence or occurrence of such grounds and the Company has had at least (30) days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within seventy-five (75) days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

(b) A "Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Bank; any trustee or other fiduciary holding securities under an employee benefit plan of the Bank; any entity owned, directly or indirectly, by the stockholders of the Bank in substantially the same proportions as their ownership of the stock of the Bank) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Bank (not including in the securities beneficially owned by such Person any securities acquired directly from the Bank or its affiliates) representing 25% or more of the combined voting power of the Bank's then outstanding securities; or

(ii) the stockholders of the Bank approve a merger or consolidation of the Bank with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Bank outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Bank, at least 75% of the combined voting power of the voting securities of the Bank or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Bank (or similar transaction) in which no person acquires more than 50% of the combined voting power of the Bank's then outstanding securities; or

(iii) the stockholders of the Bank approve a plan of complete liquidation of the Bank or an agreement for the sale or disposition by the Bank of all or substantially all the Bank's assets.

Notwithstanding the foregoing, a Change in Control shall not include (A) any event, circumstances or transaction that results from the action of any entity or group that includes, is affiliated with, or is wholly or partly controlled by Executive (*e.g.*, a management-led buyout), or (B) the repurchase by the Bank or the redemption directly or indirectly, of securities of the Bank representing 50% or more of the combined voting power of the Bank's then outstanding securities.

The Executive cannot terminate his employment for a material adverse alteration in employee status unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence or occurrence of such grounds and the Company has had at least (30) days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within seventy-five (75) days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

5. Release. As a condition to Executive receiving any payments pursuant to Sections F.1, F.2, and F.4 hereof, Executive will execute and deliver a general release to the Bank, releasing the Bank, its employees, officers, directors, stockholders and agents, and each person who controls any of them within the meaning of Section 15 of the Securities Act of 1933, as amended, from any and all claims (other than claims with respect to payments pursuant to such Sections) from the beginning of time to the date of termination.

6. Supervisory Matters.

(a) If the Executive is suspended and/or temporarily prohibited from participating in the conduct of the Bank's or the Bancorp's affairs by notice served under Section 8(e)(3) or 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(e)(3) and (g)(1)), the obligations of the Company under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Company may, in its discretion: (i) pay the Executive all or part of the compensation withheld while its obligations under this Agreement were suspended; and (ii) reinstate (in whole or in part) any of its obligations which were suspended. If the Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's or the Bancorp's affairs by an order issued under Section 8(e) (3) or 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(e)(3) or (g)(1)), all obligations of the Company under this Agreement shall terminate as of the effective date of the order, but vested rights of the parties shall not be affected. If the Company is in default (as defined in Section 3(x)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(x)(1)), all obligations under this Agreement shall terminate as of the date of default, but vested rights of the parties shall not be affected. All obligations under this Agreement shall be terminated, except to the extent that it is determined that continuation of the Agreement is necessary for the continued operation of the Company; (i) by the Federal Deposit Insurance Corporation at the time that the Federal Deposit Insurance Corporation enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 11

of the Federal Deposit Insurance Act (12 U.S.C. Section 1821); or (ii) by the Federal Deposit Insurance Corporation or the Federal Reserve Board, at the time that the Federal Deposit Insurance Corporation or the Federal Reserve Board approves a supervisory merger to resolve problems related to the operation of the Bancorp or when the Company is in an unsafe or unsound condition. All rights of the parties that have already vested, however, shall not be affected by such action.

Notwithstanding anything to the contrary contained herein, the obligation to make payment of any severance benefits as provided herein (including without limitation, any payment contemplated under Section F.4), is conditioned upon (i) the Company and/or Bank obtaining any necessary approval from the Board of Governors of the Federal Reserve System and/or the Federal Deposit Insurance Corporation, and (ii) compliance with applicable law, including 12 C.F.R. Part 359. In addition, the Executive covenants and agrees that the Company and its successors and assigns shall have the right to demand the return of any "golden parachute payments" (as defined in 12 C.F.R. Part 359) in the event that any of them obtain information indicating that the Executive committed, is substantially responsible for, or has violated, the respective acts or omissions, conditions, or offenses contained in 12 C.F.R. § 359.4(a)(4), and the Executive shall promptly return any such "golden parachute payment" upon such demand.

(7) Section 280G.

(i) If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "280G Payments**"**) constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section F.(7), be subject to the excise tax imposed under Section 4999 of the Code (the **"**Excise Tax**"**), then such 280G Payments shall be reduced (by the minimum possible amounts) in a manner determined by the Company that is consistent with the requirements of Section 409A, until no amount payable to the Executive will be subject to the Excise Tax. If two economically equivalent amounts are subject to reduction but are payable at different times, the amounts shall be reduced (but not below zero) on a pro rata basis.

(ii) All calculations and determinations under this Section F.(7) shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the **"**Tax Counsel**"**) whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section F.(7), the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section F.(7). The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

G. Confidential Information Defined.

(a) Definition.

For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, methods, policies, plans, documents, operations, services, strategies, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, trade secrets, policy manuals, records, vendor information, financial information, results, accounting records, legal information, marketing information, pricing information, credit information, payroll information, staffing information, personnel information, employee lists, supplier lists, vendor lists, reports, internal controls, security procedures, market studies, sales information, revenue, costs, notes, communications, product plans, ideas, customer information, customer lists, of the Company or its businesses or any existing or prospective customer, supplier, investor or other associated third party, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that: (i) is generally available to and known by the public at the time of disclosure to the Executive; provided that, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf; (ii) becomes available on a non-confidential basis from a source other than a party to this Agreement or a representative of a party to this Agreement, provided that such source is not bound by a confidentiality agreement with a party or otherwise prohibited from transmitting the information by a contractual, legal or fiduciary obligation, (iii) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law.

(b) Company Creation and Use of Confidential Information.

The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its product offerings in the field of financial services. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

(c) Disclosure and Use Restrictions.

The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate or make available Confidential Information, or allow it to be disclosed, published, communicated or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties; and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media or other resources containing any Confidential Information, or remove any such documents, records, files, media or other resources from the premises or control of the Company, except as required in the performance of the Executive's authorized employment duties to the Company acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties). Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. The Executive shall promptly provide written notice of any such order to the Company's General Counsel.

The Executive understands and acknowledges that her obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he began employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

H. Security.

(a) Security and Access. The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time including, without limitation, those regarding computer equipment, telephone systems, voicemail systems, facilities access, monitoring, key cards, access codes, Company intranet, internet, social media and instant messaging systems, computer systems, e-mail systems, computer networks, document storage systems, software, data security, encryption, firewalls, and passwords ("Facilities Information Technology and Access Resources"); (b) not to access or use any Facilities Information Technology and Access Resources except as authorized by the Company; and (iii) not to access or use any Facilities Information Technology and Access Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event she learns of any violation of the foregoing by others, or of any other

misappropriation or unauthorized access, use, reproduction or reverse engineering of, or tampering with any Facilities Information Technology and Access Resources or other Company property or materials by others.

(b) Exit Obligations. Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, identification cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, PDAs, pagers, fax machines, equipment, manuals, reports, files, books, compilations, e-mail messages, recordings, disks, thumb drives or other removable information storage devices, hard drives, data and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with her employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

I. Publicity. The Executive hereby irrevocably consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes and all other printed and electronic forms and media throughout the world, at any time during or after the period of her employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment or other compensation to the Executive. The Executive hereby forever waives and releases the Company and its directors, officers, employees and agents from any and all claims, actions, damages, losses, costs, expenses and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of her employment by the Company, arising directly or indirectly from the Company's and its agents', representatives' and licensees' exercise of their rights in connection with any Permitted Uses.

J. GENERAL PROVISIONS

1. Trade Secrets. During the Term, Executive will have access to and become acquainted with what Executive and the Bank acknowledge are trade secrets, to wit, knowledge or data concerning the Bank, including its operations and business, and the identity of customers of the Bank, including knowledge of their financial conditions their financial needs, as well as their methods of doing business. Executive shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, except as required in the course of Executive's employment with the Bank.

2. Covenant Not to Solicit Customers or Fellow Employees. If the Bank or the Executive terminates this Agreement for any reason, Executive agrees that for the period provided for severance payments in accordance with certain terminations pursuant to Article F hereof, Executive shall not solicit the banking business of any customer with whom the Bank or a subsidiary bank has done business during the preceding one-year period within a 50 mile radius of the City of Los Angeles, California. Executive further agrees not to solicit the services of any officer or employee of the Bank during such period.

The covenants contained in this Section J.2 shall be considered as a series of separate covenants, one for each political subdivision of California, and one for each entity or individual with respect to whom solicitation is prohibited. Except as provided in the previous sentence, each such separate covenant shall be deemed identical in terms to the covenant contained in this Section J.2. If in any judicial proceeding a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that a provision of this Section J.2 or any such separate covenant or portion thereof, is determined to exceed the time, geographic or scope limitations permitted by applicable law, then such provision shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable law. Executive hereby consents, to the extent Executive may lawfully do so, to the judicial modification of this Agreement as described in this Section J.2.

In the event of a merger, where Bank is not the surviving corporation, or in the event of a consolidation, in the event of a transfer of all or substantially all of the assets of Bank, or in the event that the majority of the Bank's Board of Directors, as it exists as of the date of this Agreement, does not have control, the Executive shall be unconditionally released from all of his duties and obligations under this paragraph.

3. Indemnification. To the extent permitted by law, applicable statutes, the Bylaws or resolutions of the Bank in effect from time to time, the Bank shall indemnify Executive against liability or loss arising out of Executive's actual or asserted misfeasance or nonfeasance in the performance of Executive's duties or out of any actual or asserted wrongful act against, or by, the Bank including but not limited to judgments, fines, settlements and advancement of expenses incurred in the defense of actions, proceedings and appeals therefrom. The Bank shall endeavor to obtain Directors and Officers Liability Insurance to indemnify and insure the Bank and Executive from and against the aforesaid liabilities. The provisions of this paragraph shall apply to the estate, executor, administrator, heirs, legatees or devisees of Executive.

4. Return of Documents. Executive expressly agrees that all manuals, documents, files, reports, studies, instruments or other materials used and/or developed by Executive during the Term are solely the property of the Bank, and that Executive has no right, title or interest therein. Upon termination of this Agreement, Executive or Executive's representative shall promptly deliver possession of all of said property to the Bank in good condition.

5. Notices. Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when personally served in writing, when deposited in the United States mail, postage prepaid, or when communicated to a public telegraph address appearing at the beginning of this Agreement. Either party may change its address by written notice in accordance with this paragraph.

6. California Law. This Agreement is to be governed by and construed under the laws of the State of California.

7. Captions and Paragraph Headings. Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing it.

8. Invalid Provisions. Should any provision of this Agreement for any reason be declared invalid, the validity and binding effect of any remaining portion shall not be affected, and the remaining portions of this Agreement shall remain in full force and effect as if this Agreement had been executed with said provision eliminated.

9. Entire Agreement. This Agreement contains the entire agreement of the parties. It supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Executive by the Bank. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. This Agreement may not be modified or amended by oral agreement, but only by an agreement in writing signed by the Bank and Executive.

10. Receipt of Agreement. Each of the parties hereto acknowledges that it or he has read this Agreement in its entirety and does hereby acknowledge receipt of a fully executed copy thereof. A fully executed copy shall be an original for all purposes, and is a duplicate original.

11. Resolution of Disputes; Arbitration. In the event of any dispute, claim or controversy between the Executive and the Bank (or its directors, officers, employees or agents) arising out of this Agreement or the Executive's employment with the Bank, both Parties agree to submit such dispute, claim or controversy to final and binding arbitration under the Federal Arbitration Act, in conformity with the procedures of the California Arbitration Act (Cal. Code Civ. Proc. sec. 1280 et seq. ...). The arbitration will be conducted before the American Arbitration Association ("AAA") in accordance with the AAA Employment Arbitration Rules and Mediation Procedures. These rules are available at the AAA web site at: http://www.adr.org. The claims governed by this arbitration provision include, but are not limited to, claims for wages and other compensation, claims for breach of contract (express or implied), claims for violation of public policy, wrongful termination, wrongful demotion, tort claims, claims for fraud and misrepresentation, claims for unlawful discrimination, harassment, and/or retaliation to the extent allowed by law, and claims for violation of any federal, state, or other government law, statute, regulation, or ordinance. The claims which are to be arbitrated under this agreement include claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act and the California Labor Code.

(a) The arbitration shall be conducted by a single arbitrator selected either by mutual agreement of the Executive and the Bank or, if they cannot agree, from an odd-numbered list of experienced employment law arbitrators provided by the AAA. Each Party shall strike one arbitrator from the list alternately until only one arbitrator remains.

(b) Each Party shall have the right to conduct reasonable discovery, as determined by the arbitrator.

(c) The arbitrator shall have all powers conferred by law and a judgment may be entered on the award by a court of law having jurisdiction. The arbitrator shall render a written arbitration award that contains the essential findings and conclusions on which the award is based. The award and judgment shall be binding and final on both Parties, subject to such review as is authorized by law.

(d) Either Party may bring an action to confirm the arbitration award in a court of competent jurisdiction. To the maximum extent permitted by law, the decision of the arbitrator shall be final and binding on the Parties to this Agreement and shall be subject to judicial review only to the extent provided by law.

(e) The Parties shall share equally the costs of the arbitrator and the arbitration forum unless a different fee payment arrangement is otherwise required by applicable law to preserve the enforceability of this arbitration provision. Employer will pay the costs of the arbitrator and the arbitration forum to the extent required by applicable law to preserve the enforceability of this arbitration provision.

(f) In the event litigation, mediation, or arbitration is commenced to enforce or construe any of the provisions of this Agreement, to recover damages for breach of any of the provisions of this Agreement, or to obtain declaratory relief in connection with any of the provisions of this Agreement, the prevailing Party shall, to the extent permitted by law without impairing the enforceability of the arbitration provision hereinabove, be entitled to recover reasonable attorneys' fees and costs. In the event this Agreement is asserted, in any litigation, mediation, or arbitration, as a defense to any liability, claims, demands, actions, causes of action, or rights herein released or discharged, the prevailing Party on the issue of that defense shall, to the extent permitted by law without impairing the enforceability of the arbitration provision hereinabove, be entitled to recover reasonable attorneys' fees and costs.

(g) The Executive and the Bank understand that by signing this Agreement, they give up their right to a civil trial in a court of law and their right to a trial by jury.

(h) This agreement to arbitrate does not apply to disputes or claims related to workers' compensation benefits, disputes or claims related to unemployment insurance benefits, unfair labor practice charges under the National Labor Relations Act, or disputes or claims that are expressly excluded from arbitration by statute or are expressly required to be arbitrated under a different procedure pursuant to an employee benefit plan.

(i) This agreement to arbitrate does not prevent Executive from filing a charge or complaint with the California Department of Fair Employment and Housing, or the U.S. Equal Opportunity Commission. It also does not prevent Executive from participating in any investigation or proceeding conducted by an agency. However, if one of these agencies issues a right to sue notice, binding arbitration under this agreement will be Executive's sole remedy.

(j) This agreement to arbitrate shall continue during the Employment Period and thereafter regarding any employment-related disputes.

12. Section 409A. This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. For purposes of determining the timing of any payments to be made under this Agreement by reference to Executive's termination of employment, "termination" and "termination of employment" shall refer to Executive's "separation from service" as defined for purposes of Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with her termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall be paid on the first payroll date to occur following the six-month anniversary of the Termination Date (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed by its duly authorized officer or representative and Executive has executed this Agreement to be effective as of the day and year first written above.

ROYAL BUSINESS BANK

____
Yee Phong (Alan) Thian
Chairman of the Board

By: ______________________________
Pei-Chin (Peggy) Huang,
Secretary

RBB BANCORP

By: ______________________________
Yee Phong (Alan) Thian,
Chairman of the Board

By: ______________________________
Pei-Chin (Peggy) Huang,
Secretary

EXECUTIVE

____
David R. Morris

Exhibit 10.3

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is effective as of April 12, 2017 between ROYAL BUSINESS BANK, a California state banking corporation (the "Bank"), RBB BANCORP, (the "Bancorp"), a California corporation, (collectively referred to as the "Company"**)** with their principal offices at 660 South Figueroa, Suite 1888, Los Angeles, California 90017(hereinafter "Bank"), and SIMON PANG (hereinafter "Executive") whose present address is 3857 West 230th Street, Torrance, California 90505. Executive may be carried on the records of the Bank as an employee and Executive's compensation shall be paid by the Bank, subject to the Bank's right of reimbursement from the Bancorp under other agreements to which the Executive is not a party.

A. TERM OF EMPLOYMENT

Subject to all necessary regulatory approvals, the Bank hereby employs Executive, and Executive hereby accepts employment with the Bank, for the three-year period (the "Term") commencing on April 13, 2017 (the "Effective Date") through April 12, 2020, subject however to prior termination as hereinafter provided. Where used herein, "Term" shall refer to the entire period of the employment of Executive by Bank hereunder, whether for the period provided above, or whether terminated earlier as hereinafter provided, or renewed as provided in the next paragraph.

The term hereof shall be automatically renewed for successive one (1) year periods (the "Extended Term"), unless written notice is given and received not less than three (3) months prior to the end of the Initial Term of the intention of either party not to renew the same. The term for which Executive is employed hereunder (which includes the Initial Term and, if renewed, the Extended Term) is hereinafter referred to as the "Term."

B. DUTIES OF EXECUTIVE

1. Duties. Executive's duties under his Employment Agreement include all ordinary and reasonable duties customarily performed by the full-time Chief Strategic Officer, subject to the powers by law vested in the Board of Directors of the Bank and in the Bank's shareholders. As such, Executive shall oversee all operational aspects of the business and activities of the Bank. Executive shall render his services to the Bank and shall exercise such corporate responsibilities as Executive may be directed by the President and Chief Executive Officer, and Executive shall perform his duties faithfully, diligently and to the best of his ability, consistent with the highest and best standards of the banking industry and in compliance with applicable laws and the Bank's Articles of Incorporation and Bylaws.

2. Conflicts of Interest. Executive expressly agrees as a condition to the performance by Bank of its obligations herein that during the term of his Agreement and of any renewals hereof, he will not, directly or indirectly, render any services of an advisory nature or otherwise to or become employed by or participate or engage in any business competitive with any businesses of the Bank, without the prior written consent of the Bank, however, that nothing herein shall prohibit Executive from owning stock or other securities of a competitor which are relatively insubstantial to the total outstanding

stock of such competitor, and so long as he in fact does not have the power to control or direct the management or policies of such competitor and does not serve as a director or officer of, and is not otherwise associated with, any competitor except as consented to by the Bank. Nothing contained herein shall preclude substantially passive investments by Executive during the Term that may require nominal amounts of his time, energies and interest.

3. Performance. Except as provided in paragraph G.2. herein, Executive after the Effective Date shall devote substantially his full energies, interests, abilities and productive time to the business of the Bank. Executive shall at all times loyally and conscientiously perform all of these duties and obligations hereunder and shall at all times strictly adhere to and obey, and instruct and require all that work under and with him strictly to adhere and obey, all applicable federal and state laws, statutes, rules and regulations to the end that the Bank shall at all times be in full compliance with such laws, statutes, rules and regulations.

C. COMPENSATION

1. Salary. In consideration of the performance by Executive of all of his obligations under this Agreement, the Bank agrees to pay Executive during the Term hereof a base salary of $240,000 per year from the date of commencement of his Agreement for each year of the Term. The Board of Directors may elect to adjust upward the base annual salary and other compensation of Executive from time to time, at its sole discretion. The Executive’s salary shall be reviewed at least annually by the Board of Directors which may, but shall not be required to, increase the salary during the Employment Term.

2. Bonuses. During the term of this Agreement, Executive may receive such bonuses, if any, as the Board of Directors in it sole discretion shall determine.

3. Stock Options/Stock Awards. The Board of Directors of the Bank in its sole discretion intends to grant to Executive a Stock Option/Stock Award (the “Award”). If Executive’s employment is terminated for any reason other than for cause or voluntarily by Executive, Executive’s then vested Awards shall be exercisable over the remaining term of the Award, subject to acceleration in specified circumstances. The remaining terms and conditions of the Award shall be governed by the Bancorp’s Omnibus Stock Incentive Plan and Executive’s Stock Award Agreement.

4. Claw-back Provisions. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation, or any other compensation, paid to the Executive pursuant to this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and claw-back as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

D. EMPLOYEE BENEFITS

1. Vacation. Executive shall be entitled to a vacation each year during the Term, which vacation shall be four (4) weeks, subject to pre-approval by the Board of Directors. Executive further agrees that he will not take the entire four (4) weeks of vacation consecutively, and that he will not take any vacation at times which would be detrimental to the interests of the Bank. Any vacation time not used shall not accumulate, and Executive and the Bank shall conform to the Bank's Human Resources policy then in effect concerning vacations.

2. Travel Expense. During the Term hereunder, the Bank shall provide Executive with an automobile paid by the Bank, with the make and model determined by the Bank, at a cost of not more than $1500 per month, plus the Bank shall reimburse Executive for all insurance, gasoline, oil, vehicle maintenance, any applicable federal and/or state income tax, and other transportation expenses, including train and taxi expenses. During the Term hereunder, the Board of Directors would be willing to reanalyze the monthly allowance if Executive's actual and reasonable costs are significantly in excess of the monthly allowance.

3. Group Medical and Life Insurance Benefits. The Bank will provide Executive and Executive's immediate family, and pay for, participation in medical, dental, vision, accident and health benefits as provided to other officers and employees of the Bank, and appropriate life and disability insurance, as long as Executive is insurable at a normal premium payment. The Bank's liability to Executive for any breach of this paragraph shall be limited to the amount of premiums payable by the Bank to obtain the coverage contemplated herein.

4. Salary Continuation Plan and Other Plans. During the Term, Executive shall be eligible to participate in any pension or profit-sharing plan, deferred compensation plan, salary continuation plan, stock purchase plan, or similar benefit or retirement program of the Bank as approved by the Board of Directors now or hereafter existing, to the extent that he is eligible under the provisions thereof and commensurate with his position in relationship to other participants.

E. REIMBURSEMENT FOR BUSINESS EXPENSES

Executive shall be entitled to reimbursement by the Bank for any ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties and in acting for the Bank during the Term, which type of expenditures shall be determined by the Board of Directors, provided that:

(a) Each such expenditure is of a nature qualifying it as a proper deduction on the federal and state income tax returns of the Bank as a business expense and not as deductible compensation to Executive; and

(b) Executive furnishes to the Bank adequate records and other documentary evidence required by federal and state statutes and regulations issued by the appropriate taxing authorities for the substantiation of such expenditures as deductible business expenses of the Bank and not as deductible compensation to Executive.

Upon timely presentation to the Bank of necessary and proper documentation in accordance with the Regulations of the Internal Revenue Service, the Bank will reimburse Executive for any necessary, usual, customary and reasonable business expenses incurred by Executive in connection with his position or for the Bank's benefit, including the costs of cellular phone service related to the Bank's business.

Any expenses of Executive for his activities in industry association groups, or other business, industry, civic, or charitable organizations, that are not reimbursed by those organizations, will be reimbursed by the Bank to Executive upon presentation of proper documentation.

F. TERMINATION

Notwithstanding any and all other provisions of this Agreement to the contrary, Executive's employment hereunder may be terminated:

1. Without Cause. In the sole and absolute discretion of the Board of Directors for any cause whatsoever; provided, however, that if such termination occurs during the Term and is for any cause other than any more particularly described in Sections F.2. or F.3. hereof, Executive shall receive severance payment in an amount equal to twelve (12) months of his then current annual salary, payable in installments on the normal payroll dates of the Bank, in full and complete satisfaction of any and all rights which Executive may enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination. In order to qualify for the severance benefit, Executive must execute a general release in favor of the Bank and its officers, directors, employees, shareholders, attorneys, agents and all other related parties.

2. Disability or Death. Upon Executive's physical or mental disability to continue his duties hereunder as the Chief Strategy Officer of the Bank; provided, however, that if such termination occurs as a result of such disability, Executive shall receive severance payment in an amount equal to three (3) months of the annual base salary in effect hereunder at the date of such termination in full and complete satisfaction of any and all rights which Executive might enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination, less any payments received from any Bank provided benefit, including worker's compensation, FICA or disability insurance. For purposes of this Agreement, physical or mental disability shall be defined as Executive being unable to fully perform under this Agreement for a continuous period of 90 days, and reasonably accommodate for that disability as required by the Americans with Disability Act of 1990.

Upon Executive's death; provided, however, Executive's estate shall receive the payment in an amount equal to three (3) months of the annual base salary in effect hereunder at the date of such termination in full and complete satisfaction of any and all rights which Executive might enjoy hereunder other than the right, if any, to exercise any of the Awards vested prior to such termination.

3. For Cause. The Bank may terminate immediately this Agreement without any further obligation or liability whatsoever to Executive, if:

(a) Executive engages in misconduct or is negligent in the performance of his material duties hereunder; or

(b) Executive is convicted of or pleads guilty or nolo contendere to any felony, or is convicted of or pleads guilty or nolo contendere to any misdemeanor involving moral turpitude; or

(c) Bank is required to remove or replace Executive by formal order or formal or informal instruction, including a requested consent order or agreement, from the DFI or Federal Deposit Insurance Corporation ("FDIC") or any other regulatory authority having jurisdiction; or

(d) Executive has failed to perform or habitually neglected Executive's duties; or

(e) Executive has failed to follow any valid and legal written policy of the Board of Directors, any resolutions of the Board adopted at a duly called meeting or any instructions from the Board of Directors or President and Chief Executive Officer; or

(f) Due to Executive's lack of care or negligence, the Bank receives a Section 8(a) Order from the FDIC, a Section 8(b) Order from the FDIC, or a Section 1912 or 1913 Order from the DFI; or

(g) Executive's engagement in dishonesty, illegal conduct or gross misconduct; or

(h) Executive's willful unauthorized disclosure of Confidential Information (as defined below); or

(i) Executive's breach of any obligation under this Agreement or any other written agreement between the Executive and the Company; or

(j) any failure by the Executive to comply with the Company's written policies or rules, as they may be in effect from time to time during the Employment Term, if such failure causes material harm to the Company.

Any termination under this paragraph F.3 shall not prejudice any remedy which Bank may otherwise have at law, in equity, or under this Agreement.

4. Change of Control

(a) Except for termination for Cause (pursuant to Section F.3 hereof), disability or death (pursuant to Section F.2 hereof), after the occurrence of a Change in Control (as defined below) and in no other event, if Executive's employment with the Bank is materially adversely altered or Executive is not retained by the Bank or the surviving bank or company, Executive shall be entitled to receive severance payment in the amount equal to six (6) months of Executive's then current annual salary. Such payment shall terminate this Agreement in all respects, but shall not prohibit Executive from continuing as an employee under a new agreement with the Bank or a successor bank.

A material adverse alteration in employee status would mean (i) a material breach by the Bank of its obligations under this Agreement, (ii) a change in Executive's status or position or responsibilities as Chief Strategy Officer of the Bank which represents a demotion from his status, title, position and responsibilities, or the assignment to him of any significant duties which are inconsistent with such status, title or position, or (iii) a reduction by the Bank in his base annual salary, or (iv) requiring him to be based anywhere other than the greater Los Angeles area.

The Executive cannot terminate his employment for a material adverse alteration in employee status unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence or occurrence of such grounds and the Company has had at least (30) days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within seventy-five (75) days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

(b) A "Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Bank; any trustee or other fiduciary holding securities under an employee benefit plan of the Bank; any entity owned, directly or indirectly, by the stockholders of the Bank in substantially the same proportions as their ownership of the stock of the Bank) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Bank (not including in the securities beneficially owned by such Person any securities acquired directly from the Bank or its affiliates) representing 25% or more of the combined voting power of the Bank's then outstanding securities; or

(ii) the stockholders of the Bank approve a merger or consolidation of the Bank with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Bank outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Bank, at least 75% of the combined voting power of the voting securities of the Bank or such surviving entity outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Bank (or similar transaction) in which no person acquires more than 50% of the combined voting power of the Bank's then outstanding securities; or

(iii) the stockholders of the Bank approve a plan of complete liquidation of the Bank or an agreement for the sale or disposition by the Bank of all or substantially all the Bank's assets.

Notwithstanding the foregoing, a Change in Control shall not include (A) any event, circumstances or transaction that results from the action of any entity or group that includes, is affiliated with, or is wholly or partly controlled by Executive (*e.g.*, a management-led buyout), or (B) the repurchase by the Bank or the redemption directly or indirectly, of securities of the Bank representing 50% or more of the combined voting power of the Bank's then outstanding securities.

The Executive cannot terminate his employment for a material adverse alteration in employee status unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence or occurrence of such grounds and the Company has had at least (30) days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within seventy-five (75) days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

5. Release. As a condition to Executive receiving any payments pursuant to Sections F.1, F.2, and F.4 hereof, Executive will execute and deliver a general release to the Bank, releasing the Bank, its employees, officers, directors, stockholders and agents, and each person who controls any of them within the meaning of Section 15 of the Securities Act of 1933, as amended, from any and all claims (other than claims with respect to payments pursuant to such Sections) from the beginning of time to the date of termination.

6. Supervisory Matters.

(a) If the Executive is suspended and/or temporarily prohibited from participating in the conduct of the Bank's or the Bancorp's affairs by notice served under Section 8(e)(3) or 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(e)(3) and (g)(1)), the obligations of the Company under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Company may, in its discretion: (i) pay the Executive all or part of the compensation withheld while its obligations under this Agreement were suspended; and (ii) reinstate (in whole or in part) any of its obligations which were suspended. If the Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's or the Bancorp's affairs by an order issued under Section 8(e) (3) or 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1818(e)(3) or (g)(1)), all obligations of the Company under this Agreement shall terminate as of the effective date of the order, but vested rights of the parties shall not be affected. If the Company is in default (as defined in Section 3(x)(1) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(x)(1)), all obligations under this Agreement shall terminate as of the date of default, but vested rights of the parties shall not be affected. All obligations under this Agreement shall be terminated, except to the extent that it is determined that continuation of the Agreement is necessary for the continued operation of the Company; (i) by the Federal Deposit Insurance Corporation at the time that the Federal Deposit Insurance Corporation enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 11

of the Federal Deposit Insurance Act (12 U.S.C. Section 1821); or (ii) by the Federal Deposit Insurance Corporation or the Federal Reserve Board, at the time that the Federal Deposit Insurance Corporation or the Federal Reserve Board approves a supervisory merger to resolve problems related to the operation of the Bancorp or when the Company is in an unsafe or unsound condition. All rights of the parties that have already vested, however, shall not be affected by such action.

Notwithstanding anything to the contrary contained herein, the obligation to make payment of any severance benefits as provided herein (including without limitation, any payment contemplated under Section F.4), is conditioned upon (i) the Company and/or Bank obtaining any necessary approval from the Board of Governors of the Federal Reserve System and/or the Federal Deposit Insurance Corporation, and (ii) compliance with applicable law, including 12 C.F.R. Part 359. In addition, the Executive covenants and agrees that the Company and its successors and assigns shall have the right to demand the return of any "golden parachute payments" (as defined in 12 C.F.R. Part 359) in the event that any of them obtain information indicating that the Executive committed, is substantially responsible for, or has violated, the respective acts or omissions, conditions, or offenses contained in 12 C.F.R. § 359.4(a)(4), and the Executive shall promptly return any such "golden parachute payment" upon such demand.

(7) Section 280G.

(i) If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "280G Payments**"**) constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section F.(7), be subject to the excise tax imposed under Section 4999 of the Code (the **"**Excise Tax**"**), then such 280G Payments shall be reduced (by the minimum possible amounts) in a manner determined by the Company that is consistent with the requirements of Section 409A, until no amount payable to the Executive will be subject to the Excise Tax. If two economically equivalent amounts are subject to reduction but are payable at different times, the amounts shall be reduced (but not below zero) on a pro rata basis.

(ii) All calculations and determinations under this Section F.(7) shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the **"**Tax Counsel**"**) whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section F.(7), the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section F.(7). The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

G. Confidential Information Defined.

(a) Definition.

For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, methods, policies, plans, documents, operations, services, strategies, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, trade secrets, policy manuals, records, vendor information, financial information, results, accounting records, legal information, marketing information, pricing information, credit information, payroll information, staffing information, personnel information, employee lists, supplier lists, vendor lists, reports, internal controls, security procedures, market studies, sales information, revenue, costs, notes, communications, product plans, ideas, customer information, customer lists, of the Company or its businesses or any existing or prospective customer, supplier, investor or other associated third party, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that: (i) is generally available to and known by the public at the time of disclosure to the Executive; provided that, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf; (ii) becomes available on a non-confidential basis from a source other than a party to this Agreement or a representative of a party to this Agreement, provided that such source is not bound by a confidentiality agreement with a party or otherwise prohibited from transmitting the information by a contractual, legal or fiduciary obligation, (iii) is disclosed in accordance with an order of a court of competent jurisdiction or applicable law.

(b) Company Creation and Use of Confidential Information.

The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its product offerings in the field of financial services. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

(c) Disclosure and Use Restrictions.

The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate or make available Confidential Information, or allow it to be disclosed, published, communicated or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties; and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media or other resources containing any Confidential Information, or remove any such documents, records, files, media or other resources from the premises or control of the Company, except as required in the performance of the Executive's authorized employment duties to the Company acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties). Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation or order. The Executive shall promptly provide written notice of any such order to the Company's General Counsel.

The Executive understands and acknowledges that her obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he began employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

H. Security.

(a) Security and Access. The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time including, without limitation, those regarding computer equipment, telephone systems, voicemail systems, facilities access, monitoring, key cards, access codes, Company intranet, internet, social media and instant messaging systems, computer systems, e-mail systems, computer networks, document storage systems, software, data security, encryption, firewalls, and passwords ("Facilities Information Technology and Access Resources"); (b) not to access or use any Facilities Information Technology and Access Resources except as authorized by the Company; and (iii) not to access or use any Facilities Information Technology and Access Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event she learns of any violation of the foregoing by others, or of any other

misappropriation or unauthorized access, use, reproduction or reverse engineering of, or tampering with any Facilities Information Technology and Access Resources or other Company property or materials by others.

(b) Exit Obligations. Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property, including keys, key cards, access cards, identification cards, security devices, employer credit cards, network access devices, computers, cell phones, smartphones, PDAs, pagers, fax machines, equipment, manuals, reports, files, books, compilations, e-mail messages, recordings, disks, thumb drives or other removable information storage devices, hard drives, data and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with her employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations and media in the Executive's possession or control.

I. Publicity. The Executive hereby irrevocably consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes and all other printed and electronic forms and media throughout the world, at any time during or after the period of her employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment or other compensation to the Executive. The Executive hereby forever waives and releases the Company and its directors, officers, employees and agents from any and all claims, actions, damages, losses, costs, expenses and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of her employment by the Company, arising directly or indirectly from the Company's and its agents', representatives' and licensees' exercise of their rights in connection with any Permitted Uses.

J. GENERAL PROVISIONS

1. Trade Secrets. During the Term, Executive will have access to and become acquainted with what Executive and the Bank acknowledge are trade secrets, to wit, knowledge or data concerning the Bank, including its operations and business, and the identity of customers of the Bank, including knowledge of their financial conditions their financial needs, as well as their methods of doing business. Executive shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, except as required in the course of Executive's employment with the Bank.

2. Covenant Not to Solicit Customers or Fellow Employees. If the Bank or the Executive terminates this Agreement for any reason, Executive agrees that for the period provided for severance payments in accordance with certain terminations pursuant to Article F hereof, Executive shall not solicit the banking business of any customer with whom the Bank or a subsidiary bank has done business during the preceding one-year period within a 50 mile radius of the City of Los Angeles, California. Executive further agrees not to solicit the services of any officer or employee of the Bank during such period.

The covenants contained in this Section J.2 shall be considered as a series of separate covenants, one for each political subdivision of California, and one for each entity or individual with respect to whom solicitation is prohibited. Except as provided in the previous sentence, each such separate covenant shall be deemed identical in terms to the covenant contained in this Section J.2. If in any judicial proceeding a court refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event that a provision of this Section J.2 or any such separate covenant or portion thereof, is determined to exceed the time, geographic or scope limitations permitted by applicable law, then such provision shall be reformed to the maximum time, geographic or scope limitations, as the case may be, permitted by applicable law. Executive hereby consents, to the extent Executive may lawfully do so, to the judicial modification of this Agreement as described in this Section J.2.

In the event of a merger, where Bank is not the surviving corporation, or in the event of a consolidation, in the event of a transfer of all or substantially all of the assets of Bank, or in the event that the majority of the Bank's Board of Directors, as it exists as of the date of this Agreement, does not have control, the Executive shall be unconditionally released from all of his duties and obligations under this paragraph.

3. Indemnification. To the extent permitted by law, applicable statutes, the Bylaws or resolutions of the Bank in effect from time to time, the Bank shall indemnify Executive against liability or loss arising out of Executive's actual or asserted misfeasance or nonfeasance in the performance of Executive's duties or out of any actual or asserted wrongful act against, or by, the Bank including but not limited to judgments, fines, settlements and advancement of expenses incurred in the defense of actions, proceedings and appeals therefrom. The Bank shall endeavor to obtain Directors and Officers Liability Insurance to indemnify and insure the Bank and Executive from and against the aforesaid liabilities. The provisions of this paragraph shall apply to the estate, executor, administrator, heirs, legatees or devisees of Executive.

4. Return of Documents. Executive expressly agrees that all manuals, documents, files, reports, studies, instruments or other materials used and/or developed by Executive during the Term are solely the property of the Bank, and that Executive has no right, title or interest therein. Upon termination of this Agreement, Executive or Executive's representative shall promptly deliver possession of all of said property to the Bank in good condition.

5. Notices. Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when personally served in writing, when deposited in the United States mail, postage prepaid, or when communicated to a public telegraph address appearing at the beginning of this Agreement. Either party may change its address by written notice in accordance with this paragraph.

6. California Law. This Agreement is to be governed by and construed under the laws of the State of California.

7. Captions and Paragraph Headings. Captions and paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing it.

8. Invalid Provisions. Should any provision of this Agreement for any reason be declared invalid, the validity and binding effect of any remaining portion shall not be affected, and the remaining portions of this Agreement shall remain in full force and effect as if this Agreement had been executed with said provision eliminated.

9. Entire Agreement. This Agreement contains the entire agreement of the parties. It supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Executive by the Bank. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. This Agreement may not be modified or amended by oral agreement, but only by an agreement in writing signed by the Bank and Executive.

10. Receipt of Agreement. Each of the parties hereto acknowledges that it or he has read this Agreement in its entirety and does hereby acknowledge receipt of a fully executed copy thereof. A fully executed copy shall be an original for all purposes, and is a duplicate original.

11. Resolution of Disputes; Arbitration. In the event of any dispute, claim or controversy between the Executive and the Bank (or its directors, officers, employees or agents) arising out of this Agreement or the Executive’s employment with the Bank, both Parties agree to submit such dispute, claim or controversy to final and binding arbitration under the Federal Arbitration Act, in conformity with the procedures of the California Arbitration Act (Cal. Code Civ. Proc. sec. 1280 et seq. ...). The arbitration will be conducted before the American Arbitration Association (“AAA”) in accordance with the AAA Employment Arbitration Rules and Mediation Procedures. These rules are available at the AAA web site at: http://www.adr.org. The claims governed by this arbitration provision include, but are not limited to, claims for wages and other compensation, claims for breach of contract (express or implied), claims for violation of public policy, wrongful termination, wrongful demotion, tort claims, claims for fraud and misrepresentation, claims for unlawful discrimination, harassment, and/or retaliation to the extent allowed by law, and claims for violation of any federal, state, or other government law, statute, regulation, or ordinance. The claims which are to be arbitrated under this agreement include claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the California Fair Employment and Housing Act and the California Labor Code.

(a) The arbitration shall be conducted by a single arbitrator selected either by mutual agreement of the Executive and the Bank or, if they cannot agree, from an odd-numbered list of experienced employment law arbitrators provided by the AAA. Each Party shall strike one arbitrator from the list alternately until only one arbitrator remains.

(b) Each Party shall have the right to conduct reasonable discovery, as determined by the arbitrator.

(c) The arbitrator shall have all powers conferred by law and a judgment may be entered on the award by a court of law having jurisdiction. The arbitrator shall render a written arbitration award that contains the essential findings and conclusions on which the award is based. The award and judgment shall be binding and final on both Parties, subject to such review as is authorized by law.

(d) Either Party may bring an action to confirm the arbitration award in a court of competent jurisdiction. To the maximum extent permitted by law, the decision of the arbitrator shall be final and binding on the Parties to this Agreement and shall be subject to judicial review only to the extent provided by law.

(e) The Parties shall share equally the costs of the arbitrator and the arbitration forum unless a different fee payment arrangement is otherwise required by applicable law to preserve the enforceability of this arbitration provision. Employer will pay the costs of the arbitrator and the arbitration forum to the extent required by applicable law to preserve the enforceability of this arbitration provision.

(f) In the event litigation, mediation, or arbitration is commenced to enforce or construe any of the provisions of this Agreement, to recover damages for breach of any of the provisions of this Agreement, or to obtain declaratory relief in connection with any of the provisions of this Agreement, the prevailing Party shall, to the extent permitted by law without impairing the enforceability of the arbitration provision hereinabove, be entitled to recover reasonable attorneys’ fees and costs. In the event this Agreement is asserted, in any litigation, mediation, or arbitration, as a defense to any liability, claims, demands, actions, causes of action, or rights herein released or discharged, the prevailing Party on the issue of that defense shall, to the extent permitted by law without impairing the enforceability of the arbitration provision hereinabove, be entitled to recover reasonable attorneys’ fees and costs.

(g) The Executive and the Bank understand that by signing this Agreement, they give up their right to a civil trial in a court of law and their right to a trial by jury.

(h) This agreement to arbitrate does not apply to disputes or claims related to workers’ compensation benefits, disputes or claims related to unemployment insurance benefits, unfair labor practice charges under the National Labor Relations Act, or disputes or claims that are expressly excluded from arbitration by statute or are expressly required to be arbitrated under a different procedure pursuant to an employee benefit plan.

(i) This agreement to arbitrate does not prevent Executive from filing a charge or complaint with the California Department of Fair Employment and Housing, or the U.S. Equal Opportunity Commission. It also does not prevent Executive from participating in any investigation or proceeding conducted by an agency. However, if one of these agencies issues a right to sue notice, binding arbitration under this agreement will be Executive's sole remedy.

(j) This agreement to arbitrate shall continue during the Employment Period and thereafter regarding any employment-related disputes.

12. Section 409A. This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. For purposes of determining the timing of any payments to be made under this Agreement by reference to Executive's termination of employment, "termination" and "termination of employment" shall refer to Executive's "separation from service" as defined for purposes of Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with her termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall be paid on the first payroll date to occur following the six-month anniversary of the Termination Date (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

IN WITNESS WHEREOF, the Bank has caused this Agreement to be executed by its duly authorized officer or representative and Executive has executed this Agreement to be effective as of the day and year first written above.

ROYAL BUSINESS BANK

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Yee Phong (Alan) Thian
Chairman of the Board

By: ______________________________

Pei-Chin (Peggy) Huang,
Secretary

RBB BANCORP

By: ______________________________

Yee Phong (Alan) Thian,
Chairman of the Board

By: ______________________________

Pei-Chin (Peggy) Huang,
Secretary

EXECUTIVE

____

Simon Pang

Exhibit 10.4

RBB BANCORP

2010 STOCK OPTION PLAN

1. Purpose

The purpose of the RBB Bancorp Stock Option Plan (the "Plan") is to strengthen RBB Bancorp (the "Company") and those corporations which are or hereafter become subsidiary corporations by providing additional means of attracting and retaining competent managerial personnel and by providing to participating directors, officers, and key employees added incentives for high levels of performance and for unusual efforts to increase the earnings of the Company and any Subsidiary corporations; and to allow certain types of organizers of the Company the opportunity to participate in the ownership of the Company and thereby have an interest in the success and increased value of the Company. The Plan seeks to accomplish these purposes and achieve these results by providing a means whereby such directors, officers, key employees, and certain types of organizers of the Company may purchase shares of Common Stock of the Company pursuant to Stock Options granted in accordance with this Plan.

Stock Options granted pursuant to this Plan are intended to be Incentive Stock Options or Non-Qualified Stock Options, as shall be determined and designated by the Stock Option Committee upon the grant of each Stock Option hereunder.

2. Definitions

For the purposes of this Plan, the following terms shall have the following meanings:

(a) "Common Stock." This term shall mean shares of the Company's no par value common stock, subject to adjustment pursuant to Paragraph 15 (Adjustment Upon Changes in Capitalization) hereunder.

(b) "Company." This term shall mean RBB Bancorp, a California corporation.

(c) "Eligible Participant." This term shall mean: (i) all directors of the Company or any Subsidiary; (ii) all officers (whether or not they are also directors) of the Company or any Subsidiary; (iii) all key employees (as such persons may be determined by the Stock Option

Committee from time to time) of the Company or any Subsidiary; and (iv) any organizers of the Company who have also paid "seed money" into the organizational fund of the Company and/or have contributed uncompensated services as allowed by the FDIC Policy Statements for deposit insurance applications.

(d) "Fair Market Value." This term shall mean the fair market value of the Company's Common Stock as determined in accordance with any reasonable valuation method selected by the Stock Option Committee, including the Commissioner of Corporations Regulation Section 260.140.50, which generally provides that in determining whether the price is fair, predominant weight will be given to the following: (a) if securities of the same class are publicly traded on an active market of substantial depth, the recent market price of such securities; (b) if the securities of the same class have not been so publicly traded, the price at which securities of reasonable comparable corporations (if any) in the same industry are being traded, subject to appropriate adjustments for the dissimilarities between the corporations being compared; or (c) in the absence of any reliable indicator under subsection (a) or (b), the earnings history, book value and prospects of the issuer in light of market conditions generally.

(e) "Incentive Stock Option." This term shall mean a Stock Option which is an "Incentive Stock Option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

(f) "Non-Qualified Stock Option." This term shall mean a Stock Option which is not an Incentive Stock Option.

(g) "Option Shares." This term shall mean shares of Common Stock which are covered by and subject to any outstanding unexercised Stock Option granted pursuant to this Plan.

(h) "Optionee." This term shall mean any Eligible Participant to whom a stock option has been granted pursuant to this Plan, provided that at least part of the Stock Option is outstanding and unexercised.

(i) “Plan.” This term shall mean the RBB Bancorp 2010 Stock Option Plan as embodied herein and as may be amended from time to time in accordance with the terms hereof and applicable law.

(j) “Stock Option.” This term shall mean the right to purchase from the Company a specified number of shares of Common Stock under the Plan at a price and upon terms and conditions determined by the Stock Option Committee.

(k) “Stock Option Committee.” The Board of Directors of the Company may select and designate a stock option committee consisting of at least three or more directors of the Company, having full authority to act in the matters. Regardless of whether a Stock Option Committee is selected, the Board of Directors may act as the Stock Option Committee and any action taken by the Board of Directors as such shall be deemed to be action taken by the Stock Option Committee. All references in the Plan to the “Stock Option Committee” shall be deemed references to the Board of Directors acting as a stock option committee and to a duly appointed Stock Option Committee, if there be one. In the event of any conflict between any action taken by the Board of Directors acting as a Stock Option Committee and any action taken by a duly appointed Stock Option Committee, the action taken by the Board of Directors shall be controlling and the action taken by the duly appointed Stock Option Committee shall be disregarded.

(l) “Subsidiary.” This term shall mean any subsidiary corporation of the Company as such term is defined in Section 425(f) of the Internal Revenue Code of 1986, as amended.

3. Administration

(a) Stock Option Committee. This Plan shall be administered by the Stock Option Committee. The Board of Directors of the Company shall have the right, in its sole and absolute discretion, to remove or replace any person from or on the Stock Option Committee at any time for any reason whatsoever.

(b) Administration of the Plan. Any action of the Stock Option Committee with respect to the administration of the Plan shall be taken pursuant to a majority vote, or pursuant to

the unanimous written consent, of its members. Any such action taken by the Stock Option Committee in the administration of this Plan shall be valid and binding, so long as the same is in conformity with the terms and conditions of this Plan. Subject to compliance with each of the terms, conditions and restrictions set forth in this Plan, including, but not limited to, those set forth in Section 6(a)(ii) hereof, the Stock Option Committee shall have the exclusive right, in its sole and absolute discretion, to establish the terms and conditions of any Stock Options granted under the Plan, including, without limitation, the power to: (i) establish the number of Stock Options, if any, to be granted hereunder, in the aggregate and with regard to any individual Eligible Participant; (ii) determine the time or times when such Stock Options, or any parts thereof, may be exercised; (iii) determine and designate which Stock Options granted under the Plan shall be Incentive Stock Options and which shall be Non-Qualified Stock Options; (iv) determine the Eligible Participants, if any, to whom Stock Options are granted; (v) determine the duration and purposes, if any, of leaves of absence which may be permitted to holders of unexercised, unexpired Stock Options without such constituting a termination of employment under the Plan; and (vi) prescribe and amend the terms, provisions and form of any instrument or agreement setting forth the terms and conditions of every Stock Option granted hereunder.

(c) Decisions and Determinations. Subject to the express provisions of the Plan, the Stock Option Committee shall have the authority to construe and interpret the Plan, to define the terms used therein, to prescribe, amend, and rescind rules and regulations relating to the administration of the Plan, and to make all other determinations necessary or advisable for administration of the Plan. Determinations of the Stock Option Committee on matters referred to in this Section 3 shall be final and conclusive so long as the same are in conformity with the terms of this Plan.

4. Shares Subject to the Plan

Subject to adjustments as provided in Section 15 hereof, the maximum number of shares of Common Stock which may be issued upon exercise of Stock Options granted under this Plan is limited to a maximum of 30% of the issued and outstanding shares of the Company on the date the Company commences business, in the aggregate. If any Stock Option shall be canceled, surrendered, or expire for any reason without having been exercised in full, the unpurchased Option Shares represented thereby shall again be available for grants of Stock Options under this Plan.

5. Eligibility

Only Eligible Participants shall be eligible to receive grants of Stock Options under this Plan.

6. Grants of Stock Options

(a) Grant. Subject to the express provisions and limitations of the Plan, the Stock Option Committee, in its sole and absolute discretion, may grant Stock Options to Eligible Participants of the Company, for a number of Option Shares, at the price(s) and time(s), on the terms and conditions and to such Eligible Participants as it deems advisable and specifies in the respective grants.

Subject to the limitations and restrictions set forth in the Plan, an Eligible Participant who has been granted a Stock Option may, if otherwise eligible, be granted additional Stock Options if the Stock Option Committee shall so determine. The Stock Option Committee shall designate in each grant of a Stock Option whether the Stock Option is an Incentive Stock Option or a Non-Qualified Stock Option.

An eligible director, officer or employee shall not participate in the granting of his or her own options.

(b) Date of Grant and Rights of Optionee. The determination of the Stock Option Committee to grant a Stock Option shall not in any way constitute or be deemed to constitute an obligation of the Company, or a right of the Eligible Participant who is the proposed subject of the grant, and shall not constitute or be deemed to constitute the grant of a Stock Option hereunder unless and until both the Company and the Eligible Participant have executed and delivered the

form of stock option agreement then required by the Stock Option Committee as evidencing the grant of the Stock Option, together with such other instruments as may be required by the Stock Option Committee pursuant to this Plan; provided, however, that the Stock Option Committee may fix the date of grant as any date on or after the date of its final determination to grant the Stock Option (or if no such date is fixed, then the date of grant shall be the date on which the determination was finally made by the Stock Option Committee to grant the Stock Option), and such date shall be set forth in the stock option agreement. The date of grant as so determined shall be deemed the date of grant of the Stock Option for purposes of this Plan.

(c) Shareholder-Employees. Notwithstanding anything to the contrary contained elsewhere herein, an Incentive Stock Option shall not be granted hereunder to an Eligible Participant who owns, directly or indirectly, at the date of the grant of the Stock Option, more than ten percent (10%) of the total combined voting power of all classes of capital stock of the Company or a Subsidiary corporation, unless the purchase price of the Option Shares subject to said Stock Option is at least 110% of the Fair Market Value of the Option Shares, determined as of the date said Stock Option is granted, and such option is not exercisable after the expiration of 5 years from the date such option is granted.

(d) Maximum Value of Stock Options. Except as provided in paragraph (e) of this Section 6, the maximum aggregate Fair Market Value of Option Shares (determined as of the respective Stock Option grant dates) for which an Eligible Participant may be granted Incentive Stock Options in any calendar year shall not exceed $100,000, plus any “unused carryover amount.” The unused carryover amount, determined on a yearly basis, shall be equal to one-half (1/2) of the difference between $100,000 and the aggregate Fair Market Value (determined as of the respective Stock Option grant dates) of all of the Option Shares subject to Incentive Stock Options granted to the Optionee during the calendar year under the Plan. The provisions of Section 422 of the Internal Revenue Code of 1986, as amended, are incorporated herein by this reference for the purpose of the determination and application of the unused carryover amount.

The aggregate fair market value (determined at the time the option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by such individual during any calendar year (under all plans of the Company) is limited to $100,000, but the value of stock for which options may be granted to an employee in a given year may exceed $100,000, but such options in excess of $100,000 shall be treated as Non-Qualified Stock Options.

(e) Substituted Stock Options. If all of the outstanding shares of common stock of another corporation are changed into or exchanged solely for common stock in a transaction to which Section 425(a) of the internal Revenue Code of 1986, as amended, applies, then, subject to the approval of the Board of Directors of the Company, Stock Options under the Plan may be substituted ("Substituted Options") in exchange for valid, unexercised and unexpired stock options of such other corporation. Substituted options shall qualify as Incentive Stock Options under the Plan, provided that (and to the extent) the stock options exchanged for the Substituted Options were "Incentive Stock Options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

(f) Non-Qualified Stock Options. All Stock Options granted by the Stock Option Committee which: (i) are designated at the time of grant as Incentive Stock Options but do not so qualify under the provisions of Section 422 of the Code or any regulations or rulings issued by the Internal Revenue Service for any reason; (ii) are in excess of the fair market value limitations set forth in Section 6(d); or (iii) are designated at the time of grant as Non-Qualified Stock Options, shall be deemed Non-Qualified Stock Options under this Plan. Non-Qualified Stock Options granted or substituted hereunder shall be so designated in the stock option agreement entered into between the Company and the Optionee.

7. Stock Option Exercise Price

(a) Minimum Price. The exercise price of any Option Shares shall be determined by the Stock Option Committee, in its sole and absolute discretion, upon the grant of a Stock Option. Except as provided elsewhere herein, said exercise price shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock represented by the Option Share on the date of grant of the related Stock Option.

(b) Exchanged Stock Options. Where the outstanding shares of stock of another corporation are changed into or exchanged for shares of Common Stock of the Company without monetary consideration to that other corporation, then, subject to the approval of the Board or Directors of the Company, Stock Options may be granted in exchange for unexercised, unexpired stock options of the other corporation, and the exercise price of the Option Shares subject to each Stock Option so granted may be fixed at a price less than one hundred percent (100%) of the Fair Market Value of the Common Stock at the time such Stock Option is granted if said exercise price has been computed to be not less than the exercise price set forth in the stock option of the other corporation, with appropriate adjustment to reflect the exchange ratio of the shares of stock of the other corporation into the shares of Common Stock of the Company.

(c) Substituted Options. The exercise price of the Option Shares subject to each Substituted Option may be fixed at a price less than one hundred percent (100%) of the Fair Market Value of the Common Stock at the time such Substituted option is granted if said exercise price has been computed to be not less than the exercise price set forth in the stock option of the other corporation for which it was exchanged, with appropriate adjustment to reflect the exchange ratio of the shares of stock of the other corporation into the shares of Common Stock.

8. Exercise of Stock Options.

(a) Exercise. Except as otherwise provided elsewhere herein, each Stock Option shall be exercisable in such increments, which need not be equal, and upon such contingencies as the Stock Option Committee shall determine at the time of grant of the Stock Option; provided, however, that if an Optionee shall not in any given period exercise any part of a Stock Option which has become exercisable during that period, the Optionee's right to exercise such part of the Stock Option shall continue until expiration of the Stock Option or any part thereof as may be provided in the related stock option agreement. No Stock Option or part thereof shall be exercisable except with respect to whole shares of Common Stock, and fractional share interests shall be disregarded except that they may be accumulated. All Stock Option Agreements must contain a vesting period of not longer than 20% over the first five years of the Stock Option in equal percentages over the initial five years of the stock option.

(b) **Regulatory Restrictions**. If the Company's capital falls below the minimum requirements contained in Section 3 of Part 12 of the Code of Federal Regulations, 12 CFR 3, or below a higher requirement as determined by the California Department of Financial Institutions ("DFI") or the Federal Deposit Insurance Corporation ("FDIC"), the DFI or the FDIC may direct the Company to require Optionees to exercise or forfeit their Options. The Company shall notify each Optionee within 45 days from the date the DFI or the FDIC notifies the Company in writing that the Optionees must exercise or forfeit their Options. The Company is authorized and shall cancel such Options to the extent they are not exercised within 21 days after the Company's notification to Optionees. The Company has agreed to comply with any FDIC or DFI request that the Company invoke its right to require Optionees to exercise or forfeit their options under the previous circumstances.

(c) Prior Outstanding Incentive Stock Options. Incentive Stock Options granted (or substituted) to an Optionee may be exercisable while such Optionee has outstanding and unexercised any Incentive Stock Option previously granted (or substituted) to him or her pursuant to this Plan. The Stock Option Committee shall determine if such options shall be exercisable if there

are any Incentive Stock Options previously granted (or substituted) to him or her pursuant to this Plan, and such determination shall be evidenced in the Agreement executed by the Optionee and Company. An Incentive Stock Option shall be treated as outstanding until it is exercised in full or expires by reason of lapse of time.

(d) Notice and Payment. Stock Options granted hereunder shall be exercised by written notice delivered to the Company specifying the number of Option Shares with respect to which the Stock Option is being exercised, together with concurrent payment in full of the exercise price as hereinafter provided in Section 8(d) hereof. If the Stock Option is being exercised by any person or persons other than the Optionee, said notice shall be accompanied by proof, satisfactory to counsel for the Company, of the right to such person or persons to exercise the Stock Option. The Company's receipt of a notice of exercise without concurrent receipt of the full amount of the exercise price shall not be deemed an exercise of a Stock Option by an Optionee, and the Company shall have no obligation to an Optionee for any Option Shares unless and until full payment of the exercise price is received by the Company in accordance with Section 8(d) hereof, and all of the terms and provisions of the Plan and the related stock option agreement have been complied with.

(e) Payment of Exercise Price. The exercise price of any Option Shares purchased upon the proper exercise of a Stock Option shall be paid in full at the time of each exercise of a Stock Option in cash, and/or, with prior written approval of the Stock Option Committee, in Common Stock of the Company which when added to the cash payment, if any, has a Fair Market Value equal to the full amount of the exercise price of the Stock Option, or part thereof, then being exercised. If all or part of payment is made in shares of Common Stock as heretofore provided, such payment shall be deemed to have been made only upon receipt by the Company of all required share certificates, and all stock powers and other required transfer documents necessary to transfer the shares of Common Stock to the Company. Payment by an Optionee as provided herein shall be made in full concurrently with the Optionee's notification to the Company of his intention to exercise all or part of a Stock Option.

(f) Reorganization. Notwithstanding any provision in any stock option agreement pertaining to the time of exercise of a Stock Option, or part thereof, upon adoption by the requisite holders of the Company's outstanding shares of Common Stock of any plan of dissolution, liquidation, reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company to another corporation, or the acquisition of stock representing more than 50% of the voting power of the Company then outstanding, by another corporation or person, which would, upon consummation, result in termination of a Stock Option in accordance with Section 16 hereof, the Stock Option shall become immediately exercisable as to all Option Shares for such period of time as may be determined by the Stock Option Committee, but in any event not less than 30 days prior to the adoption of the plan of dissolution, liquidation, reorganization, merger, consolidation, sale, or acquisition on the condition that the terminating event described in Section 16 hereof is consummated, except that in connection with a change of control where the Company will remain in existence following the completion of such change of control, the vesting period for the Stock Option will accelerate to three years. Any Option Shares not exercised will be terminated. If such Terminating Event is not consummated, Stock Options granted pursuant to the Plan shall be exercisable in accordance with their respective terms.

(g) Minimum Exercise. Not less than ten (10) Option Shares may be purchased at any one time upon exercise of a Stock Option unless the number of shares purchased is the total number which remains to be purchased under the Stock Option.

(h) Compliance With Law. No shares of Common Stock shall be issued by the Company upon exercise of any Stock Option, and an Optionee shall have no rights or claim to such shares, unless and until: (a) payment in full as provided in Section 8(d) hereof has been received by the Company; (b) in the opinion of the counsel for the Company, all applicable registration requirements of the Securities Act of 1933, all applicable listing requirements of securities exchanges or associations on which the Company's Common Stock is then listed or traded, and all other requirements of law and of regulatory bodies having jurisdiction over such issuance and delivery, have been fully complied with; and (c) if required by federal or state law or regulation, the

Optionee shall have paid to the Company the amount, if any, required to be withheld on the amount deemed to be compensation to the Optionee as a result of the exercise of his or her Stock Option, or made other arrangements satisfactory to the Company, in its sole discretion, to satisfy applicable income tax withholding requirements.

9. Nontransferability of Stock Options.

Each Stock Option shall, by its terms, be nontransferable by the Optionee other than by will or the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee or his or her guardian or legal representative.

10. Continuation of Employment

Except for directors and organizers, each Optionee agrees, as part of the acceptance of the option that he/she will remain, within the employ of the Company, or any subsidiary corporation, for at least one (1) year from the date the option is granted subject to prior termination, leave of absence or vacation issued by the Board of Directors, subject to any employment agreements to the contrary which shall govern. Nothing contained in the Plan (or in any stock option agreement) shall obligate the Company or any Subsidiary corporation to employ or continue to employ or continue the services of any Optionee or any Eligible Participant for any period of time or interfere in any way with the right of the Company or a Subsidiary corporation to reduce or increase the Optionee's or Eligible Participant's compensation.

11. Cessation of Employment

Except as provided in Sections 8(e), 12,13,14 or 15 hereof, except if Optionee is granted an option as an organizer of the Company, if, for any reason, an Optionee's status as an Eligible Participant is terminated, the Stock Options granted to such Optionee shall expire on the expiration dates specified for said Stock Options at the time of their initial grant, or three (3) months after the Optionee's status as an Eligible Participant is terminated, whichever is earlier, unless the Stock Option Committee or the Board of Directors grants a longer period, up to the term of the option. During such period after Options shall be exercisable only as to those increments, if any, which had become exercisable as of the date on which such Optionee's status as an Eligible Participant

terminated, and any Stock Options or increments which had not become exercisable as of such date shall expire and terminate automatically on such date. If Optionee is granted an option as an organizer of the Company, this Stock Option shall not expire as a result of such organizer of the Company no longer doing business or otherwise terminating his or its business relationship with the Company.

12. Termination for Cause

Except if Optionee is granted an option as an organizer of the Company, if the stock option agreement so provides and if an Optionee's status as an Eligible Participant is terminated for cause, the Stock Options granted to such Optionee shall expire on the expiration dates specified for such Stock Options at the time of their initial grant, or three (3) months after the Optionee's status as an Eligible Participant is terminated, whichever is earlier. Termination for cause shall include, but not be limited to, termination for malfeasance or gross misfeasance in the performance of duties or conviction of illegal activity in connection therewith, and, in any event, the determination of the Stock Option Committee with respect thereto shall be final and conclusive. If Optionee is granted an option as an organizer of the Company, this Stock Option shall not expire as a result of such organizer of the Company no longer doing business or otherwise terminating his or its business relationship with the Company.

13. Death of Optionee

Except if Optionee is granted an option as an organizer of the Company, if an Optionee loses his status as an Eligible Participant by reason of death, or if an Optionee dies during the three-month period referred to in Section 11 hereof, the Stock Options granted to such Optionee shall expire on the expiration dates specified for said Stock Options at the time of their initial grant, or one (1) year after the date of such death, whichever is earlier. If Optionee is granted an option as an organizer, this Stock Option shall not expire as a result of the death of such organizer of the Company. After such death but before such expiration, subject to the terms and provisions of the Plan and the related stock option agreements, the person or persons to whom such Optionee's rights under the Stock Options shall have passed by will or by the applicable laws of descent and

distribution, or the executor or administrator of the Optionee's estate, shall have the right to exercise such Stock Options to the extent that increments, if any, had become exercisable as of the date on which the Optionee's status as an Eligible Participant had been lost.

14. Disability of Optionee

Except if Optionee is granted an option as an organizer of the Company, if an Optionee is disabled while employed by or while serving as a director of the Company or a Subsidiary or during the three-month period referred to in Section 11 hereof, the Stock Options granted to such Optionee shall expire on the expiration dates specified for said Stock Options at the time of their initial grant, or one (1) year after the date of such disability, whichever is earlier. If Optionee is granted an option as an organizer, this Stock Option shall not expire as a result of the disability of such organizer of the Company. After such disability but before such expiration, the Optionee or a guardian or conservator of the Optionee's estate, as duly appointed by a court of competent jurisdiction, shall have the right to exercise such Stock Options to the extent that increments, if any, had become exercisable as of the date on which the Optionee became disabled or ceased to be employed by the Company or a Subsidiary as a result of the disability. For the purpose of this Section 14, an Optionee shall be deemed to have become "disabled" if it shall appear to the Stock Option Committee, upon written certification delivered to the Company by a qualified licensed physician, that the Optionee has become permanently and totally unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than 12 months.

15. Adjustment Upon Changes in Capitalization

If the outstanding shares of Common Stock of the Company are increased, decreased, or changed into or exchanged for a different number or kind of shares or securities of the Company, through a reorganization, merger, recapitalization, reclassification, stock split, stock dividend, stock consolidation, or otherwise, without consideration to the Company, an appropriate and proportionate adjustment shall be made in the number and kind of shares as to which Stock Options may be

granted. A corresponding adjustment changing the number or kind of Option Shares and the exercise prices per share allocated to unexercised Stock Options, or portions thereof, which shall have been granted prior to any such change, shall likewise be made. Any such adjustment, however, in an outstanding Stock Option shall be made without change in the total price applicable to the unexercised portion of the Stock Option, but with a corresponding adjustment in the price for each Option Share subject to the Stock Option. Any adjustment under this Section shall be made by the Stock Option Committee, whose determination as to what adjustments shall be made, and the extent thereof, shall be final and conclusive. No fractional shares of stock shall be issued or made available under the Plan on account of any such adjustment, and fractional share interests shall be disregarded and the fractional share interest shall be rounded down to the nearest whole number.

16. Terminating Events

Not less than thirty (30) days prior to consummation of a plan of dissolution or liquidation of the Company, or consummation of a plan of reorganization, merger or consolidation of the Company with one or more corporations, as a result of which the Company is not the surviving corporation and the outstanding securities of the class then subject to options hereunder are changed or exchanged for cash or property or securities not of the Company's issue, or upon the sale of all or substantially all the assets of the Company to another corporation, or the acquisition of stock representing more than fifty percent (50%) of the voting power of the Company then outstanding by another corporation or person (the "Terminating Event"), the Stock Option Committee or the Board of Directors shall notify each Optionee of the pendency of the Terminating Event. Upon the effective date of the Terminating Event, the Plan shall automatically terminate and all Stock Options theretofore granted shall terminate, unless provision is made in connection with such transaction for the continuance of the Plan and/or assumption of Stock Options theretofore granted, or substitution for such Stock Options with new stock options covering stock of a successor employer corporation, or a parent or subsidiary corporation thereof, solely at the discretion of such successor corporation, or parent or subsidiary corporation, with appropriate adjustments as to number and kind of shares and prices, in which event the Plan and options theretofore granted shall continue in the manner and under the

terms so provided. If the Plan and unexercised options shall terminate pursuant to the foregoing sentence, all persons shall have the right to exercise any unexercised portions of options then outstanding and not exercised, shall have the right for at such time prior to the consummation of the transaction causing such termination as the Company shall designate and for a period of not less than 30 days, to exercise the unexercised portions of their options, including the portions thereof which would, but for this paragraph entitled "Terminating Events," not yet be exercisable, except that in connection with a change of control where the Company will remain in existence following the completion of such change of control, the vesting period for the Stock Option will accelerate to three years.

17. Amendment and Termination

The Board of Directors of the Company may at any time and from time-to-time suspend, amend, or terminate the Plan and may, with the consent of Optionee, make such modifications of the terms and conditions of a Stock Option as it shall deem advisable; provided that, except as permitted under the provisions of Section 15 hereof, no amendment or modification may be adopted without the Company having first obtained all necessary regulatory approvals and approval of the holders of a majority of the Company's shares of Common Stock present, or represented, and entitled to vote at a duly held meeting of shareholders of the Company if the amendment or modification would:

(a) materially increase the benefits accruing to participants under the Plan;

(b) materially increase the number of securities which may be issued under the Plan;

(c) materially modify the requirements as to eligibility for participation in the Plan;

(d) increase or decrease the exercise price of any Stock Options granted under the Plan;

(e) increase the maximum term of Stock Options provided for herein;

(f) permit Stock Options to be granted to any person who is not an Eligible Participant; or

(g) change any provision of the Plan which would affect the qualification as an Incentive Stock Option under the Plan.

No Stock Option may be granted during any suspension of the Plan or after termination of the Plan. Amendment, suspension, or termination of the Plan shall not (except as otherwise provided in Section 16 hereof), without the consent of the Optionee, alter or impair any rights or obligations under any Stock Option theretofore granted.

18. Rights of Eligible Participants and Optionees

Neither any Eligible Participant, any Optionee or any other person shall have any claim or right to be granted any Stock Option under this Plan, and neither this Plan nor any action taken hereunder shall be deemed or construed as giving any Eligible Participant, Optionee or any other person any right to be retained in the employ of the Company or any subsidiary of the Company. Without limiting the generality of the foregoing, there is no vesting of any right in the classification of any person as an Eligible Participant or Optionee, such classification being used solely to define and limit those persons who are eligible for consideration of the grant of Stock Options under the Plan.

19. Privileges of Stock Ownership; Securities Law Compliance; Notice of Sale

No Optionee shall be entitled to the privileges of stock ownership as to any Option Shares not actually issued and delivered. No Option Shares may be purchased upon the exercise of a Stock Option unless and until all then applicable requirements of all regulatory agencies having jurisdiction and all applicable requirements of securities exchanges upon which the stock of the Company is listed (if any) shall have been fully complied with. The Company will diligently endeavor to comply with all applicable securities laws before any options are granted under the Plan and before any stock is issued pursuant to options. The Optionee shall, not more than five (5) days after each sale or other disposition of shares of Common Stock acquired pursuant to the exercise of Stock Options, give the Company notice in writing of such sale or other disposition.

20. Effective Date of the Plan

The Plan shall be deemed adopted as of June 16, 2010, and shall be effective immediately, subject to approval of the Plan by the holders of at least a majority of the corporation’s outstanding

shares of Common Stock and any necessary approval of the Plan by the California Department of Financial Institutions.

21. Termination

Unless previously terminated as aforesaid, the Plan shall terminate ten (10) years from the earliest date of (i) adoption of the Plan by the Board of Directors, (ii) approval of the Plan by holders of at least a majority of the Company's outstanding shares of Common Stock, or (iii) approval of the Plan, if required, by the California Department of Financial Institutions. No Stock Options shall be granted under the Plan thereafter, but such termination shall not affect any Stock Option theretofore granted.

22. Option Agreement

Each Stock Option granted under the Plan shall be evidenced by a written stock option agreement executed by the Company and the Optionee, and shall contain each of the provisions and agreements herein specifically required to be contained therein, and such other terms and conditions as are deemed desirable by the Stock Option Committee and are not inconsistent with the Plan.

23. Stock Option Period

Each Stock Option and all rights and obligations thereunder shall expire on such date as the Stock Option Committee may determine, but not later than ten (10) years from the date such Stock Option is granted, and shall be subject to earlier termination as provided elsewhere in the Plan.

24. Exculpation and Indemnification of Stock Option Committee

In addition to such other rights of indemnification which they may have as directors of the Company or as members of the Stock Option Committee, the present and former members of the Stock Option Committee, and each of them, shall be indemnified by the Company for and against all costs, judgments, penalties and reasonable expenses, including reasonable attorney's fees, actually and necessarily incurred by them in connection with any action, suit or proceeding, or in connection with any appeal thereof, to which they or any of them may be a party by reason of any act or omission of any member of the Stock Option Committee under or in connection with the Plan or any

Stock Option granted thereunder; provided, however, that a member of the Stock Option Committee shall not be entitled to any indemnification whatsoever pursuant to this Section for or as a result of any act or omission of such member which was not taken in good faith and which constituted willful misconduct or gross negligence by such member; provided further, that any amounts paid by any member of the Stock Option Committee in settlement of any action, suit or proceeding for which indemnification may be sought pursuant to this Section shall be first approved in writing by independent legal counsel selected by the Company; and, provided further, that within thirty (30) days after institution of any action, suit or proceeding against any member with respect to which such member is entitled to indemnification hereunder, such member shall, in writing, offer the Company the opportunity, at its own expense, to handle (including settle) and conduct the defense thereof. The provisions of this Section shall apply to the estate, executor and administrator of each member of the Stock Option Committee.

25. Notices

All notices and demands of any kind which the Stock Option Committee, any Optionee, Eligible Participant, or any other person may be required or desires to serve under the terms of this Plan shall be in writing and shall be served by personal service upon the respective person or by leaving a copy of such notice or demand at the address of such person as may be reflected in the records of the Company, or in the case of the Stock Option Committee, with the Secretary of the Company, or by mailing a copy thereof by certified or registered mail, postage prepaid, with return receipt requested. In the case of service by mail, it shall be deemed complete at the expiration of the third day after the day of mailing, except for notice of the exercise of any Stock Option and payment of the Stock Option exercise price, both of which must be actually received by the Company.

26. Limitation of Obligations of the Company

Any obligation of the Company arising under or as a result of this Plan or any Stock Option granted hereunder shall constitute the general unsecured obligation of the Company, and not of the Board of Directors of the Company, or any members thereof, the Stock Option Committee, or any

member thereof, any officer of the Company, or any other person or any Subsidiary, and none of the foregoing, except the Company, shall be liable for any debt, obligation, cost or expense hereunder.

27. Limitation of Rights

The Stock Option Committee, in its sole and absolute discretion, is entitled to determine who, if anyone, is an Eligible Participant under this Plan, and which, if any, Eligible Participant shall receive any grant of a Stock Option. No oral or written agreement by any person on behalf of the Company relating to this Plan or any Stock Option granted hereunder is authorized, and such agreement may not bind the Company or the Stock Option Committee to grant any Stock Option to any person.

28. Severability

If any provision of this Plan as applied to any person or to any circumstances shall be adjudged by a court of competent jurisdiction to be void, invalid, or unenforceable, the same shall in no way effect any other provision hereof, the application of any such provision in any other circumstances, or the validity of enforceability hereof.

29. Construction

Where the context or construction requires, all words applied in the plural shall be deemed to have been used in the singular and vice versa, and the masculine gender shall include the feminine and the neuter.

30. Headings

The headings of the several paragraphs of this Plan are inserted solely for convenience of reference and are not intended to form a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

31. Successors

This Plan shall be binding upon the respective successors, assigns, heirs, executors, administrators, guardians and personal representatives of the Company and any Optionee.

32. <u>Governing Law</u>

To the extent not governed by the laws of the United States, this Plan shall be governed by and construed in accordance with the laws of the State of California.

33. <u>Conflict</u>

In the event of any conflict between the terms and provisions of this Plan, and any other document, agreement or instrument, including, without limitation, any stock option agreement, the terms and provisions of this Plan shall control.

SECRETARY'S CERTIFICATE OF ADOPTION

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of RBB Bancorp; and

2. That the foregoing RBB Bancorp 2010 Stock Option Plan was duly adopted by the Board of Directors of RBB Bancorp as the Stock Option Plan for the Company at a meeting duly called as required by law and convened on the 16th day of June, 2010.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 15th day of September, 2010.

Pei-Chin (Peggy) Huang, Secretary

Exhibit 10.5

OPTIONEES TO WHOM INCENTIVE STOCK OPTIONS ARE GRANTED MUST MEET CERTAIN HOLDING PERIOD AND EMPLOYMENT REQUIREMENTS FOR FAVORABLE TAX TREATMENT.

UNLESS OTHERWISE STATED, ALL DEFINED TERMS IN THE PLAN SHALL HAVE THE SAME MEANING HEREIN AS SET FORTH IN THE PLAN.

RBB BANCORP

STOCK OPTION AGREEMENT

☐ Incentive Stock Option

☐ Non-Qualified Stock Option

THIS AGREEMENT, dated the day of , 20 , by and between RBB Bancorp, a California corporation (the "Company"), and (the "Optionee");

WHEREAS, pursuant to the Company's 2008 Stock Option Plan (the "Plan"), the Stock Option Committee has authorized the grant to Optionee of a Stock Option to purchase all or any part of ( ) authorized but unissued shares of the Company's Common Stock at the price of Dollars ($) per share, such Stock Option to be for the term and upon the terms and conditions hereinafter stated;

NOW, THEREFORE, it is hereby agreed:

1. Grant of Stock Option. Pursuant to said action of the Stock Option Committee and pursuant to authorizations granted by all appropriate regulatory and governmental agencies, the Company hereby grants to Optionee a Stock Option to purchase, upon and subject to the terms and conditions of the Plan, which is incorporated in full herein by this Reference, all or any part of ( ) Option Shares of the Company's Common Stock, at the price of Dollars ($) per share. For purposes of this Agreement and the Plan, the date of grant shall be , 20 . At the date of grant, Optionee [does] [does not own] stock possessing more than 10% of the total combined voting power of all classes of capital stock of the Company or any Subsidiary.

The Stock Option granted hereunder [is] [is not] intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Exercisability. This Stock Option shall be exercisable as to Option Shares on , 20 , as to Option Shares on , 20 , as to Option Shares on , 20 , as to Option Shares on , 20 , and as to Option Shares on , 20 . This Stock Option shall remain exercisable as to all of such Option Shares until , 20 (but not later than ten (10) years from the date hereof), at which time it shall expire in its entirety, unless this Stock Option has expired or terminated earlier in accordance with the provisions hereof. Option shares as to which this Stock Option becomes exercisable may be purchased at any time prior to expiration of this Stock Option.

3. Exercise of Stock Option. Subject to the provision of Paragraph 4 hereof, this Stock Option may be exercised by written notice delivered to the Company stating the number of Option Shares with respect to which this Stock Option is being exercised, together with cash and/or, if permitted at the time of exercise by the Stock Option Committee, shares of Common Stock of the Company which, when added to the cash payment, if any, have an aggregate Fair Market Value equal to the full amount of the purchase price of such Option Shares. If all or part of payment is made in shares of Common Stock as heretofore provided, such payment shall be deemed to have been made only upon receipt by the Corporation of all required share certificates, and all stock powers and other required transfer documents necessary to transfer the shares of Common Stock to the Corporation. Not less than ten (10) Option shares may be purchased at any one time unless the number purchased is the total number which remains to be purchased under this Stock Option and in no event may the Stock Option be exercised with respect to fractional shares. Upon exercise, Optionee shall make appropriate arrangements and shall be responsible for the withholding of any federal and state income taxes then due.

4. Prior Outstanding Stock Options. Incentive Stock Options granted to an Optionee may be exercisable while such Optionee has outstanding and unexercised any Incentive Stock Option previously granted to him or her pursuant to this Plan. The Stock Option Committee shall determine if such options shall be exercisable if there are any Incentive Stock Options previously granted (or substituted) to him or her pursuant to this Plan, and such determination shall be evidenced in the Agreement executed by the Optionee and the Company. An Incentive Stock Option shall be treated as outstanding until it is exercised in full or expires by reason of lapse of time.

5. Cessation of Employment. Except as provided in Paragraphs 6, 7, 9 or 11 hereof, and except if Optionee is granted an option as an organizer for the Company, if Optionee's status as an Eligible Participant under the Plan is terminated, this Stock Option shall expire three (3) months thereafter or on the date specified in Paragraph 2 hereof, whichever is earlier, unless the Stock Option Committee or the Board of Directors grants a longer period, up to the term of the option. During such period after termination of status as an Eligible Participant, this Stock Option shall be exercisable only as to those increments, if any, which had become exercisable as of the date on which the Optionee's status as an Eligible Participant was terminated, and any Stock Options or increments which had not become exercisable as of such date shall expire and terminate automatically on such date. If Optionee is granted an option as an organizer of the Company, this Stock Option shall not expire as a result of such organizer no longer doing business or otherwise terminating his or its business relationship with the Company.

6. Termination for Cause. Except if Optionee is granted an option as an organizer of the Company, if Optionee's status as an Eligible Participant under the Plan is terminated for cause, this Stock Option shall expire on the expiration dates specified for such Stock Options at the time of their initial grant, or three (3) months after the Optionee's status as an Eligible Participant is terminated, whichever is earlier. Termination for cause shall include, but not be limited to, termination for malfeasance or gross misfeasance in the performance of duties or conviction of

illegal activity in connection therewith, and, in any event, the determination of the Stock Option Committee with respect thereto shall be final and conclusive. If Optionee is granted an option as an organizer of the Company, this Stock Option shall not expire as a result of such organizer no longer doing business or otherwise terminating his or its business relationship with the Company.

7. Disability or Death of Optionee. Except if Optionee is granted an option as an organizer of the Company, if Optionee loses his or its status as an Eligible Participant under the Plan by reason of death or if Optionee is disabled while employed by the Company or a Subsidiary, or if Optionee dies or becomes so disabled during the three-month period referred to in Paragraph 5 hereof, this Stock Option shall automatically expire and terminate one (1) year after the date of Optionee’s disability or death or on the day specified in Paragraph 2 hereof, whichever is earlier. If Optionee is granted an option as an organizer of the Company, this Stock Option shall not expire as a result of such Optionee’s death or disability. After Optionee’s disability or death but before such expiration, the person or persons to whom Optionee’s rights under this Stock Option shall have passed by order of a court of competent jurisdiction or by will or the applicable laws of descent and distribution, or the executor, administrator or conservator of Optionee’s estate, shall have the right to exercise this Stock Option to the extent that increments, if any, had become exercisable as of the date on which Optionee’s status as an Eligible Participant under the Plan had been terminated. For purposes hereof, “disability” shall have the same meaning as set forth in Section 14 of the Plan.

8. Nontransferability. This Stock Option shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during Optionee’s lifetime only by Optionee or his or her guardian or legal representative.

9. Employment. Except for directors or organizers, Optionee agrees to remain in the employ of, or otherwise affiliated with, the Company, or any subsidiary for at least one (1) year from the date the option is granted subject to prior termination at the discretion of the Board of Directors. This Agreement shall not obligate the Company or a Subsidiary to employ Optionee for

any period, nor shall it interfere in any way with the right of the Company or a Subsidiary to increase or reduce Optionee's compensation.

10. Privileges of Stock Ownership. Optionee shall have no rights as a stockholder with respect to the Option Shares unless and until said Option Shares are issued to Optionee as provided in the Plan. Except as provided in Section 15 of the Plan, no adjustment will be made for dividends or other rights in respect of which the record date is prior to the date such stock certificates are issued.

11. Modification and Termination by Board of Directors. The rights of Optionee are subject to modification and termination upon the occurrence of certain events as provided in Sections 12, 13, 14, 15 and 16 of the Plan. Upon adoption by the requisite holders of the Company's outstanding shares of Common Stock of any plan of dissolution, liquidation, reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company to, or the acquisition of stock representing more than fifty percent (50%) of the voting power of the Company then outstanding by another corporation or person which would, upon consummation, result in termination of this Stock Option in accordance with Section 16 of the Plan, this Stock Option shall become immediately exercisable as to all unexercised Option Shares notwithstanding the incremental exercise provisions of Paragraph 2 of this Agreement for a period then specified by the Stock Option Committee, but in any event not less than 30 days, in accordance with Section 8(e) of the Plan, on the condition that the terminating event described in Section 16 of the Plan is consummated, except where the Company will remain in existence following the completion of such change of control, the vesting period for the Stock Option will accelerate to three years. If such terminating event is not consummated, this Stock Option shall be exercisable in accordance with the terms of the Agreement, excepting this Paragraph 11.

12. Notification of Sale. Optionee agrees that Optionee, or any person acquiring Option Shares upon exercise of this Stock Option, will notify the Company in writing not more than five (5) days after any sale or other disposition of such Shares.

13. Notices. All notices to the Company provided for in this Agreement shall be addressed to it in care of its President or Chief Financial Officer at its principal office and all notices to Optionee shall be addressed to Optionee's address on file with the Company or a subsidiary corporation, or to such other address as either may designate to the other in writing, all in compliance with the notice provisions set forth in Section 25 of the Plan.

14. Incorporation of Plan. All of the provisions of the Plan are incorporated herein by reference as if set forth in full hereat. In the event of any conflict between the terms of the Plan and any provision contained herein, the terms of the Plan shall be controlling and the conflicting provisions herein shall be disregarded.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

RBB BANCORP

By: ______________________________

By: ______________________________

OPTIONEE

____

Exhibit 10.6

RBB BANCORP

2017 OMNIBUS STOCK INCENTIVE PLAN

RBB BANCORP
2017 OMNIBUS STOCK INCENTIVE PLAN
TABLE OF CONTENTS

			Page
1.	Purpose		1
2.	Definitions		1
	2.1	“Award”	1
	2.2	“Award Agreement”	1
	2.3	“Base Price”	1
	2.4	“Board”	1
	2.5	“Code”	1
	2.6	“Company”	1
	2.7	“Deferral Period”	1
	2.8	“Deferred Shares”	1
	2.9	“Employee”	1
	2.10	“Fair Market Value”	1
	2.11	“Freestanding Stock Appreciation Right”	2
	2.12	“Grant Date”	2
	2.13	“Incentive Stock Option”	2
	2.14	“Nonemployee Director”	2
	2.15	“Nonqualified Stock Option”	2
	2.16	“Option”	2
	2.17	“Optionee”	2
	2.18	“Option Price”	2
	2.19	“Participant”	2
	2.20	“Performance Objectives”	2
	2.21	“Performance Period”	3
	2.22	“Performance Share”	3
	2.23	“Performance Unit”	3
	2.24	“Qualified Performance-Based Award”	3
	2.25	“Restricted Shares”	3
	2.26	“Shares”	3
	2.27	“Spread”	3
	2.28	“Stock Appreciation Right”	3
	2.29	“Subsidiary”	3
	2.30	“Tandem Stock Appreciation Right”	3
3.	Shares Available Under the Plan		3
	3.1	Reserved Shares	3
	3.2	Reduction Ratio	4
	3.3	ISO Maximum	4
	3.4	Maximum Calendar Year Award	4
4.	Plan Administration		4
	4.1	Board Administration	4
5.	Options		4
	5.1	Number of Shares	4
	5.2	Option Price.	4
	5.3	Consideration.	4
	5.4	Payment of Option Price in Shares	4
	5.5	Cashless Exercise	5
	5.6	Performance-Based Options	5
	5.7	Vesting	5
	5.8	ISO Dollar Limitation	5
	5.9	Exercise Period	5

5.10 Award Agreement 6
6. Stock Appreciation Rights 6
6.1 Payment in Cash or Shares 6
6.2 Maximum SAR Payment 6
6.3 Exercise Period 6
6.4 Change in Control 6
6.5 Dividend Equivalents 6
6.6 Award Agreement 6
6.7 Tandem Stock Appreciation Rights 6
6.8 Exercise Period 6
6.9 Freestanding Stock Appreciation Rights 6
7. Restricted Shares 7
7.1 Transfer of Shares 7
7.2 Consideration 7
7.3 Substantial Risk of Forfeiture 7
7.4 Dividends, Voting and Other Ownership Rights 7
7.5 Restrictions on Transfer 7
7.6 Performance-Based Restricted Shares 7
7.7 Dividends 7
7.8 Award Agreement 8
8. Deferred Shares 8
8.1 Deferred Compensation 8
8.2 Consideration 8
8.3 Deferral Period 8
8.4 Dividend Equivalents and Other Ownership Rights 8
8.5 Performance Objectives 8
8.6 Award Agreement 8
9. Performance Shares and Performance Units 8
9.1 Number of Performance Shares or Unit 8
9.2 Performance Period 9
9.3 Performance Objectives 9
9.4 Threshold Performance Objectives 9
9.5 Payment of Performance Shares and Units 9
9.6 Maximum Payment 9
9.7 Dividend Equivalents 9
9.8 Adjustment of Performance Objectives 9
9.9 Award Agreement 9
10. Transferability 9
10.1 Transfer Restrictions 9
10.2 Limited Transfer Rights 10
10.3 Restrictions on Transfer 10
11. Adjustments 10
12. Fractional Shares 10
13. Withholding Taxes 10
14. Certain Terminations of Employment, Hardship and Approved Leaves of Absence 11
15. Foreign Participants 11
16. Amendments and Other Matters 11
16.1 Plan Amendments 11
16.2 Award Deferrals 11
16.3 Conditional Awards 11
16.4 Repricing Prohibited 12
16.5 No Employment Right 12
16.6 Tax Qualification 12
17. Effective Date 12

18.	Termination	12
19.	Limitations Period	12
20.	Governing Law	12

RBB BANCORP
2017 OMNIBUS STOCK INCENTIVE PLAN

1. *Purpose.* The purpose of the RBB Bancorp 2017 Omnibus Stock Incentive Plan (the "Plan") is to strengthen RBB Bancorp (the "Company") and those banks and corporations which are or hereafter become subsidiary corporations by providing additional means of attracting and retaining competent managerial personnel and by providing to participating directors, officers, key employees and consultants of the Company and its subsidiaries added incentive for high levels of performance and for unusual efforts to increase the earnings of the Company and any subsidiaries and allow the opportunity to participate in the ownership of the Company and thereby have an interest in the success and increased value of the Company. The Plan seeks to accomplish these purposes and achieve these results by providing a means whereby such directors, officers, key employees and consultants may purchase shares of the Common Stock of the Company or otherwise participate in the increased value of the Company.

2. *Definitions.* As used in this Plan, the following terms shall be defined as set forth below:

2.1 *"Award"* means any Option, Stock Appreciation Right, Restricted Shares, Deferred Shares, Performance Shares or Performance Units granted under the Plan.

2.2 *"Award Agreement"* means an agreement, certificate, resolution or other form of writing or other evidence approved by the Board which sets forth the terms and conditions of an Award.

2.3 *"Base Price"* means the price to be used as the basis for determining the Spread upon the exercise of a Freestanding Stock Appreciation Right.

2.4 *"Board"* means the Board of Directors of the Company or any Subsidiary.

2.5 *"Code"* means the Internal Revenue Code of 1986, as amended from time to time.

2.6 *"Company"* means RBB Bancorp, a California corporation, or any successor corporation.

2.7 *"Deferral Period"* means the period of time during which Deferred Shares are subject to deferral limitations under Section 8.

2.8 *"Deferred Shares"* means an Award pursuant to Section 8 of the right to receive Shares at the end of a specified Deferral Period.

2.9 *"Employee"* means any person, including an officer, employed by the Company or a Subsidiary.

2.10 *"Fair Market Value*" means the fair market value of the Shares as determined by the Board from time to time. Unless otherwise determined by the Board, the fair market value of the Common Stock shall be as determined in accordance with any reasonable valuation method selected by the Board, including the valuation methods described in Treasury Regulation Section 20.2031-2, and in accordance with Generally Accepted Accounting Principles.

2.11 “*Freestanding Stock Appreciation Right*” means a Stock Appreciation Right granted pursuant to Section 6 that is not granted in tandem with an Option or similar right.

2.12 “*Grant Date*” means the date specified by the Board on which a grant of an Award shall become effective, which shall not be earlier than the date on which the Board takes action with respect thereto.

2.13 “*Incentive Stock Option*” means any Option that is intended to qualify as an “incentive stock option” under Code Section 422 or any successor provision.

2.14 “*Nonemployee Director*” means a member of the Board who is not an Employee.

2.15 “*Nonqualified Stock Option*” means an Option that is not intended to qualify as an Incentive Stock Option.

2.16 “*Option*” means any option to purchase Shares granted under Section 5.

2.17 “*Optionee*” means the person so designated in an agreement evidencing an outstanding Option.

2.18 “*Option Price*” means the purchase price payable upon the exercise of an Option.

2.19 “*Participant*” means an Employee, Nonemployee Director or consultant of the Company or any Subsidiary of the Company who is selected by the Board to receive benefits under this Plan, provided that only Employees shall be eligible to receive grants of Incentive Stock Options.

2.20 “*Performance Objectives*” means the performance objectives established pursuant to this Plan for Participants who have received Awards. Performance Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or the division, department or function within the Company in which the Participant is employed. Performance Objectives may be measured on an absolute or relative basis. Relative performance may be measured by a group of peer companies or by a financial market index. Any Performance Objectives applicable to a Qualified Performance-Based Award shall be limited to specified levels of or increases in the Company’s return on equity, diluted earnings per share, total earnings, earnings growth, return on capital, return on assets, earnings before interest and taxes, sales, sales growth, gross margin, return on investment, increase in the fair market value of the Shares, share price (including but not limited to, growth measures and total stockholder return), operating profit, net earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), cash flow return on investment (which equals net cash flow divided by total capital), financial return ratios, total return to stockholders, market share, earnings measures/ratios, economic value added (EVA), balance sheet measurements such as loan or deposit growth, internal rate of return, increase in net present value or expense targets, “Employer of Choice” or similar survey results, client satisfaction surveys and productivity. Except in the case of a Qualified Performance-Based Award, if the Board determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Objectives unsuitable, the Board may modify such Performance Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Board deems appropriate and equitable.

2.21 “*Performance Period*” means a period of time established under Section 9 within which the Performance Objectives relating to a Performance Share, Performance Unit, Deferred Shares or Restricted Shares are to be achieved.

2.22 “*Performance Share*” means a bookkeeping entry that records the equivalent of one Share awarded pursuant to Section 9.

2.23 “*Performance Unit*” means a bookkeeping entry that records a unit equivalent to $1.00 awarded pursuant to Section 9.

2.24 “*Qualified Performance-Based Award*” means an Award or portion of an Award that is intended to satisfy the requirements for “qualified performance-based compensation” under Code Section 162(m). The Board shall designate any Qualified Performance-Based Award as such at the time of grant.

2.25 “*Restricted Shares*” mean Shares granted under Section 7 subject to a substantial risk of forfeiture.

2.26 “*Shares*” means shares of the Common Stock of the Company, no par value, or any security into which Shares may be converted by reason of any transaction or event of the type referred to in Section 11.

2.27 “*Spread*” means, in the case of a Freestanding Stock Appreciation Right, the amount by which the Fair Market Value on the date when any such right is exercised exceeds the Base Price specified in such right or, in the case of a Tandem Stock Appreciation Right, the amount by which the Fair Market Value on the date when any such right is exercised exceeds the Option Price specified in the related Option.

2.28 “*Stock Appreciation Right*” means a right granted under Section 6, including a Freestanding Stock Appreciation Right or a Tandem Stock Appreciation Right.

2.29 “*Subsidiary*” means a corporation or other entity in which the Company has a direct or indirect ownership or other equity interest, provided that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options. “Subsidiary” means any corporation (within the meaning of the Code) in which the Company owns or controls directly or indirectly more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation at the time of such grant.

2.30 “*Tandem Stock Appreciation Right*” means a Stock Appreciation Right granted pursuant to Section 6 that is granted in tandem with an Option or any similar right granted under any other plan of the Company.

3. *Shares Available Under the Plan.*

3.1 *Reserved Shares.* Subject to adjustment as provided in Section 11, the maximum number of Shares that may be (i) issued or transferred upon the exercise of Options or Stock Appreciation Rights, (ii) awarded as Restricted Shares and released from substantial risk of forfeiture, (iii) issued or transferred in payment of Deferred Shares or Performance Shares, or (iv) issued or transferred in payment of dividend equivalents paid with respect to Awards, shall not in the aggregate exceed 3,848,341 shares, which is equal to 30% of the

outstanding shares of the Company. Such Shares may be Shares of original issuance, Shares held in Treasury, or Shares that have been reacquired by the Company.

3.2 *Reduction Ratio.* For purposes of Section 3.1, each Share issued or transferred pursuant to an Award other than a Stock Option shall reduce the number of Shares available for issuance under the Plan by 1 Share.

3.3 *ISO Maximum.* In no event shall the number of Shares issued upon the exercise of Incentive Stock Options exceed 3,070,923 subject to adjustment as provided in Section 11.

3.4 *Maximum Calendar Year Award.* No Participant may receive Awards representing more than 125,000 Shares in any one calendar year, subject to adjustment as provided in Section 11. In addition, the maximum number of Performance Units that may be granted to a Participant in any one calendar year is 125,000.

4. *Plan Administration.*

4.1 *Board Administration.* This Plan shall be administered by the Board. The interpretation and construction by the Board of any provision of this Plan or of any Award Agreement and any determination by the Board pursuant to any provision of this Plan or any such agreement, notification or document, shall be final and conclusive. No member of the Board shall be liable to any person for any such action taken or determination made in good faith.

5. *Options.* The Board may from time to time authorize grants to Participants of options to purchase Shares upon such terms and conditions as the Board may determine in accordance with the following provisions:

5.1 *Number of Shares.* Each grant shall specify the number of Shares to which it pertains.

5.2 *Option Price.* Each grant shall specify an Option Price per Share, which shall be equal to or greater than the Fair Market Value per Share on the Grant Date.

5.3 *Consideration.* Each grant shall specify the form of consideration to be paid in satisfaction of the Option Price and the manner of payment of such consideration, which may include (i) cash in the form of currency or check or other cash equivalent acceptable to the Company, (ii) nonforfeitable, unrestricted Shares owned by the Optionee which have a value at the time of exercise that is equal to the Option Price, (iii) any other legal consideration that the Board may deem appropriate, including without limitation any form of consideration authorized under Section 5.4, on such basis as the Board may determine in accordance with this Plan, or (iv) any combination of the foregoing.

5.4 *Payment of Option Price in Shares.* On or after the Grant Date of any Option other than an Incentive Stock Option, the Board may determine that payment of the Option Price may also be made in whole or in part in the form of Restricted Shares or other Shares that are subject to risk of forfeiture or restrictions on transfer. Unless otherwise determined by the Board, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this Section 5.4, the Shares received by the Optionee upon the exercise of the Options shall be subject to the same risks of forfeiture or restrictions on transfer as those that applied to the consideration surrendered by the Optionee, provided that such risks

of forfeiture and restrictions on transfer shall apply only to the same number of Shares received by the Optionee as applied to the forfeitable or restricted Shares surrendered by the Optionee.

5.5 *Cashless Exercise*. To the extent permitted by applicable law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on the date of exercise of some or all of the Shares to which the exercise relates.

In addition, all or a portion of a stock option may be exercised, with prior written approval of the Board, with Shares of the Company which when added to the cash payment, if any, has a Fair Market Value equal to the full amount of the exercise price of the Option, or part thereof, then being exercised. If all or part of payment is made in Shares as heretofore provided, such payment shall be deemed to have been made only upon receipt by the Company of all required share certificates, all stock powers and other required transfer documents necessary to transfer the Shares to the Company. Payment by an Optionee as provided herein shall be made in full concurrently with the Optionee's notification to the Company of his intention to exercise all or part of an Option.

In addition, the Optionee shall have the right upon the exercise of an Option by surrendering for cancellation a portion of an Option to the Company for the number of shares (the "Surrendered Shares") specified in the holder's notice of exercise, by delivery to the Company with such notice written instructions from such holder to apply the Appreciated Value (as defined below) of the Surrendered Shares to payment of the exercise price for shares subject to the Option that are being acquired upon such exercise. The term "Appreciated Value" for each share subject to the Option shall mean the excess of the Fair Market Value thereof over the exercise price then in effect. Payment by an Optionee as provided herein shall be made in full concurrently with the Optionee's notification to the Company of his intention to exercise all or part of the Option. If all or part of payment is made in Shares of the Company as heretofore provided, such payment shall be deemed to have been made only upon receipt by the Company of all required share certificates, and all stock powers and other required transfer documents necessary to transfer the Shares of the Company.

5.6 *Performance-Based Options.* Any grant of an Option may specify Performance Objectives that must be achieved as a condition to exercise of the Option.

5.7 *Vesting.* Each Option grant may specify a period of continuous employment of the Optionee by the Company or any Subsidiary (or, in the case of a Nonemployee Director, service on the Board) that is necessary before the Options or installments thereof shall become exercisable, and any grant will provide for the earlier exercise of such rights in the event of a change in control of the Company or other similar transaction or event.

5.8 *ISO Dollar Limitation.* Options granted under this Plan may be Incentive Stock Options, Nonqualified Stock Options or a combination of the foregoing, provided that only Nonqualified Stock Options may be granted to Nonemployee Directors. Each grant shall specify whether (or the extent to which) the Option is an Incentive Stock Option or a Nonqualified Stock Option. Notwithstanding any such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year (under all plans of the Company) exceeds $100,000, such Options shall be treated as Nonqualified Stock Options.

5.9 *Exercise Period.* No Option granted under this Plan may be exercised more than ten years from the Grant Date.

5.10 *Award Agreement.* Each grant shall be evidenced by an Award Agreement containing such terms and provisions as the Board may determine consistent with this Plan.

6. *Stock Appreciation Rights*. The Board may also authorize grants to Participants of Stock Appreciation Rights. A Stock Appreciation Right is the right of the Participant to receive from the Company an amount, which shall be determined by the Board and shall be expressed as a percentage (not exceeding 100 percent) of the Spread at the time of the exercise of such right. Any grant of Stock Appreciation Rights under this Plan shall be upon such terms and conditions as the Board may determine in accordance with the following provisions:

6.1 *Payment in Cash or Shares.* Any grant may specify that the amount payable upon the exercise of a Stock Appreciation Right may be paid by the Company in cash, Shares or any combination thereof and may (i) either grant to the Participant or reserve to the Board the right to elect among those alternatives or (ii) preclude the right of the Participant to receive and the Company to issue Shares or other equity securities in lieu of cash.

6.2 *Maximum SAR Payment.* Any grant may specify that the amount payable upon the exercise of a Stock Appreciation Right shall not exceed a maximum specified by the Board on the Grant Date.

6.3 *Exercise Period.* Any grant may specify (i) a waiting period or periods before Stock Appreciation Rights shall become exercisable and (ii) permissible dates or periods on or during which Stock Appreciation Rights shall be exercisable.

6.4 *Change in Contro*l. Any grant may specify that a Stock Appreciation Right may be exercised only in the event of a change in control of the Company or other similar transaction or event.

6.5 *Dividend Equivalent*s. On or after the Grant Date of any Stock Appreciation Rights, the Board may provide for the payment to the Participant of dividend equivalents thereon in cash or Shares on a current, deferred or contingent basis.

6.6 *Award Agreement.* Each grant shall be evidenced by an Award Agreement which shall describe the subject Stock Appreciation Rights, identify any related Options, state that the Stock Appreciation Rights are subject to all of the terms and conditions of this Plan and contain such other terms and provisions as the Board may determine consistent with this Plan.

6.7 *Tandem Stock Appreciation Rights.* Each grant of a Tandem Stock Appreciation Right shall provide that such Tandem Stock Appreciation Right may be exercised only (i) at a time when the related Option (or any similar right granted under any other plan of the Company) is also exercisable and the Spread is positive; and (ii) by surrender of the related Option (or such other right) for cancellation.

6.8 *Exercise Period*. No Stock Appreciation Right granted under this Plan may be exercised more than ten years from the Grant Date.

6.9 *Freestanding Stock Appreciation Rights*. Regarding Freestanding Stock Appreciation Rights only:

(i) Each grant shall specify in respect of each Freestanding Stock Appreciation Right a Base Price per Share, which shall be equal to or greater than the Fair Market Value on the Grant Date;

(ii) Successive grants may be made to the same Participant regardless of whether any Freestanding Stock Appreciation Rights previously granted to such Participant remain unexercised; and

(iii) Each grant shall specify the period or periods of continuous employment of the Participant by the Company or any Subsidiary that are necessary before the Freestanding Stock Appreciation Rights or installments thereof shall become exercisable, and any grant may provide for the earlier exercise of such rights in the event of a change in control of the Company or other similar transaction or event.

7. *Restricted Shares*. The Board may also authorize grants to Participants of Restricted Shares upon such terms and conditions as the Board may determine in accordance with the following provisions:

7.1 *Transfer of Shares*. Each grant shall constitute an immediate transfer of the ownership of Shares to the Participant in consideration of the performance of services, subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

7.2 *Consideration.* Each grant may be made without additional consideration from the Participant or in consideration of a payment by the Participant that is less than the Fair Market Value on the Grant Date.

7.3 *Substantial Risk of Forfeiture.* Each grant shall provide that the Restricted Shares covered thereby shall be subject to a “substantial risk of forfeiture” within the meaning of Code Section 83 for a period to be determined by the Board on the Grant Date, and any grant or sale may provide for the earlier termination of such risk of forfeiture in the event of a change in control of the Company or other similar transaction or event.

7.4 *Dividends, Voting and Other Ownership Rights*. Unless otherwise determined by the Board, an award of Restricted Shares shall entitle the Participant to dividend, voting and other ownership rights during the period for which such substantial risk of forfeiture is to continue.

7.5 *Restrictions on Transfer*. Each grant shall provide that, during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Board on the Grant Date. Such restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee.

7.6 *Performance-Based Restricted Shares*. Any grant or the vesting thereof may be further conditioned upon the attainment of Performance Objectives established by the Board in accordance with the applicable provisions of Section 9 regarding Performance Shares and Performance Units.

7.7 *Dividends*. Any grant may require that any or all dividends or other distributions paid on the Restricted Shares during the period of such restrictions be automatically

sequestered and reinvested on an immediate or deferred basis in additional Shares, which may be subject to the same restrictions as the underlying Award or such other restrictions as the Board may determine.

7.8 *Award Agreements.* Each grant shall be evidenced by an Award Agreement containing such terms and provisions as the Board may determine consistent with this Plan. Unless otherwise directed by the Board, all certificates representing Restricted Shares, together with a stock power that shall be endorsed in blank by the Participant with respect to such Shares, shall be held in custody by the Company until all restrictions thereon lapse.

8. *Deferred Shares.* The Board may authorize grants of Deferred Shares to Participants upon such terms and conditions as the Board may determine in accordance with the following provisions:

8.1 *Deferred Compensation*. Each grant shall constitute the agreement by the Company to issue or transfer Shares to the Participant in the future in consideration of the performance of services, subject to the fulfillment during the Deferral Period of such conditions as the Board may specify.

8.2 *Consideration*. Each grant may be made without additional consideration from the Participant or in consideration of a payment by the Participant that is less than the Fair Market Value on the Grant Date.

8.3 *Deferral Period*. Each grant shall provide that the Deferred Shares covered thereby shall be subject to a Deferral Period, which shall be fixed by the Board on the Grant Date, and any grant or sale may provide for the earlier termination of such period in the event of a change in control of the Company or other similar transaction or event.

8.4 *Dividend Equivalents and Other Ownership Rights.* During the Deferral Period, the Participant shall not have any right to transfer any rights under the subject Award, shall not have any rights of ownership in the Deferred Shares and shall not have any right to vote such shares, but the Board may on or after the Grant Date authorize the payment of dividend equivalents on such shares in cash or additional Shares on a current, deferred or contingent basis.

8.5 *Performance Objectives*. Any grant or the vesting thereof may be further conditioned upon the attainment of Performance Objectives established by the Board in accordance with the applicable provisions of Section 9 regarding Performance Shares and Performance Units.

8.6 *Award Agreement.* Each grant shall be evidenced by an Award Agreement containing such terms and provisions as the Board may determine consistent with this Plan.

9. *Performance Shares and Performance Units*. The Board may also authorize grants of Performance Shares and Performance Units, which shall become payable to the Participant upon the achievement of specified Performance Objectives, upon such terms and conditions as the Board may determine in accordance with the following provisions:

9.1 *Number of Performance Shares or Units*. Each grant shall specify the number of Performance Shares or Performance Units to which it pertains, which may be subject to adjustment to reflect changes in compensation or other factors.

9.2 *Performance Period*. The Performance Period with respect to each Performance Share or Performance Unit shall commence on the Grant Date and may be subject to earlier termination in the event of a change in control of the Company or other similar transaction or event.

9.3 *Performance Objectives*. Each grant shall specify the Performance Objectives that are to be achieved by the Participant.

9.4 *Threshold Performance Objectives.* Each grant may specify in respect of the specified Performance Objectives a minimum acceptable level of achievement below which no payment will be made and may set forth a formula for determining the amount of any payment to be made if performance is at or above such minimum acceptable level but falls short of the maximum achievement of the specified Performance Objectives.

9.5 *Payment of Performance Shares and Units.* Each grant shall specify the time and manner of payment of Performance Shares or Performance Units that shall have been earned, and any grant may specify that any such amount may be paid by the Company in cash, Shares or any combination thereof and may either grant to the Participant or reserve to the Board the right to elect among those alternatives.

9.6 *Maximum Payment*. Any grant of Performance Shares may specify that the amount issuable with respect thereto may not exceed a maximum specified by the Board on the Grant Date. Any grant of Performance Units may specify that the amount payable, or the number of Shares issued, with respect thereto may not exceed maximums specified by the Board on the Grant Date.

9.7 *Dividend Equivalents*. Any grant of Performance Shares may provide for the payment to the Participant of dividend equivalents thereon in cash or additional Shares on a current, deferred or contingent basis.

9.8 *Adjustment of Performance Objectives*. If provided in the terms of the grant, the Board may adjust Performance Objectives and the related minimum acceptable level of achievement if, in the sole judgment of the Board, events or transactions have occurred after the Grant Date that are unrelated to the performance of the Participant and result in distortion of the Performance Objectives or the related minimum acceptable level of achievement.

9.9 *Award Agreement*. Each grant shall be evidenced by an Award Agreement which shall state that the Performance Shares or Performance Units are subject to all of the terms and conditions of this Plan and such other terms and provisions as the Board may determine consistent with this Plan.

10. *Transferability*.

10.1 *Transfer Restrictions.* Except as provided in Section 10.2, no Award granted under this Plan shall be transferable by a Participant other than by will or the laws of descent and distribution, and Options and Stock Appreciation Rights shall be exercisable during a Participant’s lifetime only by the Participant or, in the event of the Participant’s legal incapacity, by his guardian or legal representative acting in a fiduciary capacity on behalf of the Participant under state law. Any attempt to transfer an Award in violation of this Plan shall render such Award null and void.

10.2 *Limited Transfer Rights*. The Board may expressly provide in an Award agreement (or an amendment to an Award agreement) that a Participant may transfer such Award (other than an Incentive Stock Option), in whole or in part, to a spouse or lineal descendant (a "Family Member"), a trust for the exclusive benefit of Family Members, a partnership or other entity in which all the beneficial owners are Family Members, or any other entity affiliated with the Participant that may be approved by the Board. Subsequent transfers of Awards shall be prohibited except in accordance with this Section 10.2. All terms and conditions of the Award, including provisions relating to the termination of the Participant's employment or service with the Company or a Subsidiary, shall continue to apply following a transfer made in accordance with this Section 10.2.

10.3 *Restrictions on Transfer*. Any Award made under this Plan may provide that all or any part of the Shares that are (i) to be issued or transferred by the Company upon the exercise of Options or Stock Appreciation Rights, upon the termination of the Deferral Period applicable to Deferred Shares or upon payment under any grant of Performance Shares or Performance Units, or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 7, shall be subject to further restrictions upon transfer.

11. *Adjustments*. The Board may make or provide for such adjustments in the (a) number of Shares covered by outstanding Options, Stock Appreciation Rights, Deferred Shares, Restricted Shares and Performance Shares granted hereunder, (b) prices per share applicable to such Options and Stock Appreciation Rights, and (c) kind of shares covered thereby (including shares of another issuer), as the Board in its sole discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of Participants that otherwise would result from (x) any stock dividend, stock split, combination or exchange of Shares, recapitalization or other change in the capital structure of the Company, (y) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets (other than a normal cash dividend), issuance of rights or warrants to purchase securities or (z) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Board may provide in substitution for any or all outstanding Awards under this Plan such alternative consideration as it may in good faith determine to be equitable under the circumstances and may require in connection therewith the surrender of all Awards so replaced. The Board may also make or provide for such adjustments in each of the limitations specified in Section 3 as the Board in its sole discretion may in good faith determine to be appropriate in order to reflect any transaction or event described in this Section 11.

12. *Fractional Shares*. The Company shall not be required to issue any fractional Shares pursuant to this Plan. The Board may provide for the elimination of fractions or for the settlement thereof in cash.

13. *Withholding Taxes*. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of all such taxes required to be withheld. At the discretion of the Board, such arrangements may include relinquishment of a portion of such benefit.

14. *Certain Terminations of Employment, Hardship and Approved Leaves of Absence.* Notwithstanding any other provision of this Plan to the contrary, in the event of termination of employment by reason of death, disability, normal retirement, early retirement with the consent of the Company or leave of absence approved by the Company, or in the event of hardship or other special circumstances, of a Participant who holds an Option or Stock Appreciation Right that is not immediately and fully exercisable, any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, any Deferred Shares as to which the Deferral Period is not complete, any Performance Shares or Performance Units that have not been fully earned, or any Shares that are subject to any transfer restriction pursuant to Section 10.3, the Board may in its sole discretion take any action that it deems to be equitable under the circumstances or in the best interests of the Company, including, without limitation, waiving or modifying any limitation or requirement with respect to any Award under this Plan.

15. *Foreign Participants*. In order to facilitate the making of any grant or combination of grants under this Plan, the Board may provide for such special terms for Awards to Participants who are foreign nationals, or who are employed by or perform services for the Company or any Subsidiary outside of the United States of America, as the Board may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Board may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose, provided that no such supplements, amendments, restatements or alternative versions shall include any provisions that are inconsistent with the terms of this Plan, as then in effect, unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

16. *Amendments and Other Matters.*

16.1 *Plan Amendments.* This Plan may be amended from time to time by the Board, but no such amendment shall increase any of the limitations specified in Section 3, other than to reflect an adjustment made in accordance with Section 11, without the further approval of the stockholders of the Company. The Board may condition any amendment on the approval of the stockholders of the Company if such approval is necessary or deemed advisable with respect to the applicable listing or other requirements of a national securities exchange or other applicable laws, policies or regulations.

16.2 *Award Deferrals*. The Board may permit Participants to elect to defer the issuance of Shares or the settlement of Awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan. In the case of an award of Restricted Shares, the deferral may be effected by the Participant's agreement to forego or exchange his or her award of Restricted Shares and receive an award of Deferred Shares. The Board also may provide that deferred settlements include the payment or crediting of interest on the deferral amounts, or the payment or crediting of dividend equivalents where the deferral amounts are denominated in Shares.

16.3 *Conditional Awards*. The Board may condition the grant of any award or combination of Awards under the Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or any Subsidiary to the Participant.

16.4 *Repricing Prohibited*. The Board shall not reprice any outstanding Option, directly or indirectly, without the approval of the stockholders of the Company, provided that nothing herein shall prevent the Board from taking any action provided for in Section 11.

16.5 *No Employment Right.* This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary and shall not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any Participant's employment or other service at any time.

16.6 *Tax Qualification*. To the extent that any provision of this Plan would prevent any Option that was intended to qualify under particular provisions of the Code from so qualifying, such provision of this Plan shall be null and void with respect to such Option, provided that such provision shall remain in effect with respect to other Options, and there shall be no further effect on any provision of this Plan.

17. *Effective Date.* This Plan shall become effective following its approval by the stockholders of the Company.

18. *Termination.* This Plan shall terminate on the tenth anniversary of the date upon which it is approved by the stockholders of the Company, and no Award shall be granted after that date.

19. *Limitations Period*. Any person who believes he or she is being denied any benefit or right under the Plan may file a written claim with the Board. Any claim must be delivered to the Board within forty-five (45) days of the specific event giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Board, or its designated agent, will notify the Participant of its decision in writing as soon as administratively practicable. Claims not responded to by the Board in writing within ninety (90) days of the date the written claim is delivered to the Board shall be deemed denied. The Board's decision is final and conclusive and binding on all persons. No lawsuit relating to the Plan may be filed before a written claim is filed with the Board and is denied or deemed denied and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred.

20. *Governing Law*. The validity, construction and effect of this Plan and any Award hereunder will be determined in accordance with California law.

SECRETARY'S CERTIFICATE OF ADOPTION

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of RBB Bancorp; and

2. That the foregoing RBB Bancorp 2017 Omnibus Stock Incentive Plan was duly adopted by the Board of Directors of RBB Bancorp as the Omnibus Stock Incentive Plan for the Company at a meeting duly called as required by law and convened on the 18th day of January, 2017, subject to approval by the Company's stockholders, and subject to any necessary amendment or approval from any of the Company's regulatory agencies.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Company this 18th day of January, 2017.

Pei-Chin (Peggy) Huang, Secretary

Exhibit 10.7

RBB Bancorp
2017 Omnibus Stock Incentive Plan
Option Award Agreement

Participant:	______________________
Date of Grant:	______________________
Number of Shares Covered by this Option:	______________________
Number of above Shares intended to be Incentive Stock Options (“ISOs”) within the meaning of Internal Revenue Code § 422:	______________________
Number of above shares intended to be Nonqualified Stock Options (“NQSOs”):	______________________
Option Price for each Share:	______________________
Date of Expiration:	______________________

THIS AGREEMENT, effective as of the Date of Grant set forth above, represents the grant of stock options by RBB Bancorp, a California corporation (the “Company”) to the Participant named above, pursuant to the provisions of the RBB Bancorp 2017 Omnibus Stock Incentive Plan (“Plan”).

All capitalized terms used herein shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein.

The Plan provides a complete description of the terms and conditions governing the Option. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall completely supersede and replace the conflicting terms of this Agreement. The parties hereto agree as follows:

1. **Grant of Stock Options**. The Company hereby grants to the Participant an Option to purchase the number of Shares set forth above, at the stated Option Price, which is 100 percent (100%) of the Fair Market Value of a Share on the Date of Grant, in the manner and subject to the terms and conditions of the Plan and this Agreement.

2. **Exercise of Stock Option**. Except as hereinafter provided, the Participant may exercise this Option at any time after the end of one year following the Date of Grant as to those Shares which have become vested according to the vesting schedule set forth below, provided that no exercise may occur subsequent to the close of business on the Date of Expiration (as defined on page 1 of this Agreement).

VESTING SCHEDULE

Date	Shares for Which Option Becomes Exercisable	Cumulative Number of Shares Available for Purchase
____________	_________	_________
____________	_________	_________
____________	_________	_________

This Option may be exercised in whole or in part, but not for less than 100 Shares at any one time, unless fewer than 100 Shares then remain subject to the Option, and the Option is then being exercised as to all such remaining Shares.

3. **Termination of Employment**:

(a) *By death or Disability*: In the event of termination of employment by reason of death or disability, all Shares under this Option shall become immediately vested (100%) and the Shares may be purchased under the terms of this Agreement until the earlier of: (i) the expiration date of this Option; or (ii) the first anniversary of the date of death or Disability.

(b) *By Retirement*: Except as otherwise approved by the Board, in the event of termination of employment by reason of retirement, all vested Shares under this Option may be purchased under the terms of this Agreement until the earlier of: (i) the expiration date of this Option; or (ii) the third anniversary date of Retirement.

(c) *For Cause:* In the event of termination of employment for cause, all Shares under this Option shall automatically expire and terminate in their entirety immediately upon such termination; provided, however, that the Board may, in its sole discretion, within thirty (30) days of such termination, reinstate this Option by giving written notice of such reinstatement to the Participant. In the event of such reinstatement, the Participant may exercise the Option only to such extent, for such time, and upon such terms and conditions as in the case of a Participant whose status as a Participant had been terminated for a reason other than cause, disability or death. Termination for cause shall include, but not be limited to, termination for malfeasance or gross misfeasance in the performance of duties or conviction of illegal activity in connection therewith, and, in any event, the determination of the Board with respect thereto shall be final and conclusive.

(d) *For other reasons*: Shares which are vested as of the date of termination of employment of the Participant for any reason other than those reasons set forth in 3(a), 3(b) or 3(c) above may be purchased under the terms of this Agreement until the earlier of: (i) the expiration date of this Option; or (ii) 90 days following the date of termination of employment. Shares which are not vested as of the date of termination shall immediately terminate, and shall be forfeited to the Company.

4. **Change in Control**. In the event of a Change in Control, all Shares under this Option shall become immediately vested (100%) and shall remain exercisable for their entire term.

"Change in Control" of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any of the following events:

(a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c) (i), (ii) and (iii), below;

(b) Individuals who, as of , 20 [same date as this Agreement] are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company and/or its subsidiaries, or a sale or other disposition (whether by sale, taxable or non-taxable exchange, formation of a joint venture or otherwise) of fifty percent (50%) or more of the assets of the Company and/or its subsidiaries (each a "Business Combination"), unless, in each case, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one (1) or more subsidiaries)(the "Successor Entity"); (ii) no Person (excluding any Successor entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c) (i), (ii), and (iii) above.

(e) A Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding Common Stock as a result of the acquisition of Common Stock by the Company which, by reducing the number of shares of Common Stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Common Stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Common Stock which increases the percentage of the then outstanding Common Stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

5. **Restrictions on Transfer**. This Option may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, this Option shall be exercisable during the Participant's lifetime only by the Participant or the Participant's legal representative.

6. **Recapitalization**. In the event there is any change in the Company's Shares through the declaration of stock dividends or through recapitalization resulting in stock splits or through merger, consolidation, exchange of Shares, or otherwise, the number and class of Shares subject to this Option, as well as the Option Price, may be equitably adjusted by the Board, in its sole discretion, to prevent dilution or enlargement of rights.

7. **Procedure for Exercise of Option**. This Option may be exercised by delivery of written notice to the Company at its executive offices, addressed to the attention of its Secretary. Such notice: (a) shall be signed by the Participant or his or her legal representative; (b) shall specify the number of full Shares then elected to be purchased with respect to the Option; (c) unless a Registration Statement under the Securities Act of 1933 is in effect with respect to the Shares to be purchased, shall contain a representation of the Participant that the Shares are being acquired by him or her for investment and with no present intention of selling or transferring them, and that he or she will not sell or otherwise transfer the Shares except in compliance with all applicable securities laws and requirements of any stock exchange upon which the Shares may then be listed; and (d) shall be accompanied by payment in full of the Option Price of the Shares to be purchased, and the Participant's copy of this Agreement.

The Option Price upon exercise of this Option shall be payable to the Company in full either: (a) in cash or its equivalent (acceptable cash equivalents shall be determined at the sole discretion of the Board); or (b) by tendering previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the total Option Price (provided that the Shares which are tendered must have been held by the Participant for at least six (6) months prior to their tender to satisfy the Option Price); (c) by cancelling a portion of an option as provided in the Plan; or (d), by a combination of (a), (b) or (c).

The Participant may also be permitted to exercise pursuant to a "cashless exercise" procedure as permitted under the Federal Reserve Board's Regulation T, subject to securities law restrictions.

As promptly as practicable after receipt of notice and payment upon exercise, the Company shall cause to be issued and delivered to the Participant or his or her legal representative, as the case may be, certificates for the Shares so purchased, which may, if appropriate, be endorsed with appropriate restrictive legends. The Share certificates shall be issued in the Participant's name (or, at the discretion of the Participant, jointly in the names of the Participant and the Participant's spouse). The Company shall maintain a record of all information pertaining to the Participant's rights under this Agreement, including the number of Shares for which their Option is exercisable. If the Option shall have been exercised in full, this Agreement shall be returned to the Company and canceled.

8. **Beneficiary Designation**. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Secretary of the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

9. **Rights as a Shareholder**. The Participant shall have no rights as a shareholder of the Company with respect to the Shares subject to this Option Agreement including, without limitation, any right to dividends, until such time as the purchase price has been paid, and the Shares have been issued and delivered to him or her.

10. **Continuation of Employment**. This Option Agreement shall not confer upon the Participant any right to continuation of employment by the Company, nor shall this Option Agreement interfere in any way with the Company's right to terminate the Participant's employment at any time. A transfer of the Participant's employment between the Company and any one of its Subsidiaries (or between Subsidiaries) shall not be deemed a termination of employment.

11. **Limitation**. Participant shall not exercise any shares which are intended to be ISOs hereunder if and to the extent that the Participant would thereby be entitled to purchase Shares in any one calendar year, the value of which, determined at the time of the Date of Grant, would exceed $100,000.

12. **Miscellaneous**.

(a) This Option Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time, as well as to such rules and regulations as the Board may adopt for administration of the Plan. The Board shall have the right to impose such restrictions on any Shares acquired pursuant to the exercise of this Option, as it may deem advisable, including, without limitation, restrictions under applicable Federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares. It is expressly understood that the Board is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Option Agreement, all of which shall be binding upon the Participant.

(b) The Board may terminate, amend, or modify the Plan; provided, however, that no such termination, amendment, or modification of the Plan may in any material way adversely affect the Participant's rights under this Agreement, without the written consent of the Participant.

(c) The Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes (including Participant's FICA obligation) required by law to be withheld with respect to any exercise of the Participant's rights under this Agreement.

The Participant may elect, subject to any procedural rules adopted by the Board, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having an aggregate Fair Market Value on the date the tax is to be determined, equal to the amount required to be withheld.

(d) The Participant agrees to take all steps necessary to comply with all applicable provisions of federal and state securities law in exercising his or her rights under this Agreement.

(e) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) All obligations of the Company under the Plan and this Agreement, with respect to this Option, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

(g) To the extent not preempted by federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the California.

The following parties have caused this Agreement to be executed as of the Date of Grant.

RBB BANCORP

By: ______________________________ ______________________________

Chairman of the Board Secretary

____

Participant

Exhibit 10.8

RBB Bancorp
2017 Omnibus Stock Incentive Plan
Stock Appreciation Rights Award Agreement

Contents

Article 1.	Grant and Vesting of SAR	3
Article 2.	Exercise and Payment of Appreciation	4
Article 3.	Termination Provisions	4
Article 4.	Change in Control	5
Article 5.	Dividends	6
Article 6.	Rights of the Participant	6
Article 7.	Withholding	6
Article 8.	Adjustment	6
Article 9.	Nontransferability	7
Article 10.	Administration	7
Article 11.	Miscellaneous	7

RBB Bancorp
2017 Omnibus Stock Incentive Plan
Stock Appreciation Rights Award Agreement

You have been selected to be a participant in the RBB Bancorp 2017 Omnibus Stock Incentive Plan (the “Plan”), as specified below:

Participant: ____________________

Total Number of Stock Appreciation Rights: ______ shares

Date of Grant: __________

Date of Expiration: __________

Grant Price: __________

THIS AGREEMENT (the “Agreement”) effective , represents the grant of Stock Appreciation Rights (“SARs”) by RBB Bancorp, a California corporation (the “Company”), to the Participant named above, pursuant to the provisions of the Plan. SARs represent the right to receive the aggregate dollar value of appreciation (“Appreciation”) in the Fair Market Value, as defined in the Plan, of the Company’s Common Stock on the number of shares (the “Granted Shares”) set forth above. The Appreciation shall be completed by multiplying (A) the excess, if any of (i) the Fair Market Value of a share of Stock on the Exercise Date (as defined below), over (ii) the Fair Market Value of a share of Stock on the Grant Date (the “Grant Price”), times (B) the number of Granted Shares exercised. The Appreciation may be payable by the Company in cash, shares of Stock, or any combination thereof, as determined in this Agreement, or preclude the right of the Participant to receive and the Company to issue shares of Stock or other equity securities in lieu of cash. This SAR is in all respects limited and conditional as hereinafter provided, and is subject to the terms and conditions of the Plan.

The Plan provides a complete description of the terms and conditions governing the SARs. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall completely supersede and replace the conflicting terms of this Agreement.

All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein.

The parties hereto agree as follows:

Article 1. Grant and Vesting of SAR

This Agreement evidences the Company’s grant to the Participant as of the Grant Date, the right to exercise, on the terms and conditions described in this Agreement and in the Plan, all or a portion of the SAR, and become entitled to payment of the Appreciation with respect to the exercised portion of the SAR. The

SAR shall become exercisable if, and only if, the employee is employed by the Company at all times from the Grant Date through the relevant vesting date pursuant to the following schedule:

Cumulative Percentage of Shares Exercisable	Vesting Date
%	[INSERT DATE]
%	[INSERT DATE]
%	[INSERT DATE]

The SAR shall vest and become fully exercisable upon termination of employment as a result of Death, Disability or attainment of Normal Retirement Age, as defined in the Plan. This SAR shall expire at 5:00 p.m., pacific standard time, on the anniversary of the Grant Date (the "Expiration Date").

Article 2. Exercise and Payment of Appreciation

Upon exercise of all or a portion of this SAR as required by the Company, the Participant shall be paid that number of shares of Stock equal to the quotient of (i) the Appreciation applicable to the number of Granted Shares to which this SAR is exercised divided by (ii) the Fair Market Value of a share of Stock on the date such notice was received by the Company (the "Exercise Date"), less any shares of Stock withheld to satisfy obligations for the payment of withholding taxes and other tax obligations relating to this SAR, as specified in Article 7. The shares of Stock so determined shall be registered in the name of the person or persons so exercising this SAR (or, if this SAR shall be exercised by the Participant and if the Participant shall so request in the notice exercising this SAR, shall be registered in the name of the Participant and the Participant's spouse, jointly, with right of survivorship or a trust established by the Participant for estate planning purposes) and shall be delivered as provided above to or upon the written order of the person or persons exercising this SAR. In the event this SAR is exercised by any person or persons after the legal disability or Death of the Participant, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this SAR. All shares of Stock that shall be delivered upon the exercise of this SAR as provided herein shall be fully paid and non-assessable by the Company.

Article 3. Termination Provisions

Except as provided below, a Participant shall be eligible for payment of awarded SAR only if the Participant's employment with the Company continues through the end of the Performance Period.

(a) Effect of Termination of Employment or Service. This SAR shall terminate upon or following the Participant's termination of employment with the Company and its Subsidiaries as follows:

(i) In the event the Participant's employment terminates for any reason other than Death, Disability, Cause or Retirement, then the Participant may at any time within three (3) months after his or her termination of employment, exercise this SAR to the extent, and only to the extent, the SAR or portion thereof was exercisable at the date of such termination.

(ii) In the event the Participant's employment terminates, other than as a result of Death, Disability, Normal Retirement or Cause, and the Participant returns to employment with the Company within three (3) months after the termination, the termination will have no effect on the SAR and the Participant shall have the same number of shares and the same vesting schedule set forth in this Agreement.

(iii) In the event the Participant's employment terminates as a result of Disability, then the Participant may at any time within one (1) year after such termination exercise such SAR.

(iv) In the event the Participant's employment terminates for Cause, the SAR shall terminate immediately and no rights thereunder may be exercised.

(v) In the event the Participant dies (x) within three (3) months after termination as described in clause (i) above, then, to the extent it is not exercisable, the SAR shall become immediately and fully exercisable; or (y) within one (1) year after termination as a result of Disability as described in clause (iii) above or Retirement under clause (vi) below, then the SAR may be exercised at any time

within one (1) year after the Participant's Death by the person or persons to whom the Participant's rights pass by transfer or Beneficiary Designation, as the case may be, or, absent such a transfer or Beneficiary Designation, as the case may be, by the person or persons to whom such rights under the SAR shall pass by will or the laws of descent and distribution.

(vi) In the event the Participant terminates employment as a result of Retirement, the Participant may at any time within one (1) year after termination of service by reason of Retirement, exercise such SARs to the extent, and only to the extent, the SAR or portion thereof was exercisable at the date of such termination.

Article 4. Change in Control

Notwithstanding anything herein to the contrary, upon a Change in Control, the Participant shall be entitled to exercise all of the SAR shares that such Participant is awarded under this Agreement. Shares or cash shall be paid out to the Participant within thirty (30) days of the effective date of the Change in Control.

"Change in Control" of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any of the following events:

(a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c) (i), (ii) and (iii), below;

(b) Individuals who, as of , 20 [same date as this Agreement] are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company and/or its subsidiaries, or a sale or other disposition (whether by sale, taxable or non-taxable exchange, formation of a joint venture or otherwise) of fifty percent (50%) or more of the assets of the Company and/or its subsidiaries (each a "Business Combination"), unless, in each case, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one (1) or more subsidiaries)(the "Successor Entity"); (ii) no Person (excluding any Successor entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of

Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c) (i), (ii), and (iii) above.

(e) A Change in Control shall not be deemed to occur solely because any Person (the “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the then outstanding Common Stock as a result of the acquisition of Common Stock by the Company which, by reducing the number of shares of Common Stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Common Stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Common Stock which increases the percentage of the then outstanding Common Stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

Article 5. Dividends

All dividends and other distributions paid with respect to the shares of Common Stock shall accrue for the benefit of the Participant to be paid out to the Participant pursuant to Article 8.

Article 6. Rights of the Participant

No Participant shall be deemed for any purpose to be the owner of any Granted Shares subject to any SAR unless and until (a) the SAR shall have been exercised pursuant to the terms thereof, (b) the Company shall have issued and delivered the shares of Stock to the Participant and (c) the Participant’s name shall have been entered as a stockholder of record on the books of the Company. Thereupon, the Participant shall have full voting, dividend and other ownership rights with respect to such Granted Shares.

Article 7. Withholding

Subject to limitations set forth in the Plan, the Company shall have the right to deduct from any distribution of shares of Stock to any Participant, an amount equal to the federal, state and local income taxes and other amounts as may be required by law to be withheld (the “Withholding for Taxes”) with respect to any SAR. If a Participant is entitled to receive shares of Stock upon exercise of a SAR, the Participant shall pay the Withholding for Taxes to the Company prior to the issuance of such shares of Stock. Notwithstanding the preceding sentence, all or any portion of the taxes required to be withheld by the Company or, if permitted by the Board, desired to be paid by the Participant, in connection with the exercise of a SAR, at the election of the Participant, may be paid by the Company by withholding shares of Stock otherwise issuable or subject to a SAR. Any such election is subject to such conditions or procedures as may be established by the Board and may be subject to disapproval by the Board.

Article 8. Adjustment

If the outstanding shares of Stock or other securities of the Company, or both, for which a SAR is then exercisable or as to which a SAR is to be settled shall at any time be changed or exchanged by declaration of a stock dividend, stock split or reverse stock split, combination of shares, recapitalization, or reorganization, the number and kind of shares of common stock or other securities which are subject to the Plan or subject to any SARs theretofore granted, and the exercise or settlement prices of such SARs, shall be automatically appropriately and equitably adjusted so as to maintain the proportionate number of

shares or other securities without changing the aggregate exercise or settlement price; provided, however, that such adjustment shall be made only to the extent that such adjustment will not affect the status of a SAR which was intended to qualify as "performance based compensation" under Internal Revenue Code section 162(m) at the time of grant. If the Company recapitalizes or otherwise changes its capital structure, or merges, consolidates, sells all of its assets or dissolves (each of the foregoing a "Fundamental Change"), then thereafter upon any exercise of a SAR theretofore granted, the Participant shall be entitled to purchase under such SAR, in lieu of the number of shares of Stock as to which such SAR shall then be exercisable, the number and class of shares of stock, securities, cash, property or other consideration to which the Participant would have been entitled pursuant to the terms of the Fundamental Change if, immediately prior to such Fundamental Change, the Participant had been the holder of record of the number of shares of Stock as to which such SAR is then exercisable.

Article 9. Nontransferability

SARs may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, a Participant's rights under the Plan shall be exercisable during the Participant's lifetime only by the Participant or the Participant's legal representative.

Article 10. Administration

This Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time by the Board of Directors, as well as to such rules and regulations as the Board may adopt for administration of the Plan. It is expressly understood that the Board is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, in its sole discretion, all of which shall be binding upon the Participant.

Any inconsistency between the Agreement and the Plan shall be resolved in favor of the Plan.

Article 11. Miscellaneous

(a) The selection of any employee for participation in the Plan shall not give such Participant any right to be retained in the employ of the Company. The right and power of the Company to dismiss or discharge any Participant at-will, is specifically reserved. Such Participant or any person claiming under or through the Participant shall not have any right or interest in the Plan or any Award thereunder, unless and until all terms, conditions, and provisions of the Plan that affect such Participant have been complied with as specified herein.

(b) The Board may terminate, amend, or modify the Plan; provided, however, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Agreement without the Participant's written consent.

(c) Participant shall not have voting rights with respect to the SARs. Participant shall obtain voting rights upon the settlement of SARs and distribution into shares of common stock of the Company.

(d) The Participant may defer such Participant's receipt of the payment of cash and the delivery of shares of common stock, that would otherwise be due to such Participant by virtue of the SAR, pursuant to the rules of the RBB Bancorp Nonqualified Deferred Compensation Plan and the procedures set forth by the Board. If the Participant elects to defer the receipt of the award, the Participant will be required to pay any necessary taxes from their own funds. They will not be allowed to have their deferred award reduced for tax withholding.

(e) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) To the extent not preempted by federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

(g) Any awards received by Participant are subject to the provisions of the Stock Ownership Guidelines approved by the Board of Directors.

The following parties have caused this Agreement to be executed effective as of   .

RBB BANCORP

By: ______________________________
Chairman of the Board

By: ______________________________
Secretary

____
Participant

RBB Bancorp
2017 Omnibus Stock Incentive Plan
Deferred Share Award

This Deferred Share Award is made to this day of , 20 , by RBB BANCORP, a California corporation.

W I T N E S S E T H:

WHEREAS, the Company has adopted RBB Bancorp Omnibus Stock Incentive Plan which is administered by the Board; and

WHEREAS, Executive is an officer and employee of the Company eligible to receive an award of Deferred Shares under the Plan; and

WHEREAS, the Board conducted its annual review of the Executive's performance and compensation and approved equity awards for the Executive at its meeting,

NOW, THEREFORE, the Board makes an award of Deferred Shares under the Plan to Executive pursuant to the following terms and conditions:

1. Definitions. As used herein, the following terms shall be defined as set forth below:

(a) "Award" means the Deferred Share Award to Executive, as set forth herein, and as may be amended as provided herein.

(b) "Board" means the Company's Board of Directors.

(c) "Cause" means that Executive has been convicted of a felony involving theft or moral turpitude, or engaged in conduct that constitutes willful gross neglect or willful gross misconduct with respect to Executive's employment duties which results in material economic harm to the Company; provided, however, that for purposes of determining whether conduct constitutes willful gross misconduct, no act on Executive's part shall be considered "willful" unless it is done by Executive in bad faith and without reasonable belief that his action was in the best interests of the Company; Cause shall not be deemed to exist for purposes of this Award unless: (1) a determination that Cause exists is made and approved by the Board, (2) Executive is given at least thirty (30) days' written notice of the Board meeting called to make such determination, and (3) Executive and his legal counsel are given the opportunity to address such meeting.

(d) "Change in Control" of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any of the following events:

(i) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of

the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control:

(A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (iii) (a), (b) and (c), below;

(ii) Individuals who, as of , 20 are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(iii) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company and/or its subsidiaries, or a sale or other disposition (whether by sale, taxable or non-taxable exchange, formation of a joint venture or otherwise) of fifty percent (50%) or more of the assets of the Company and/or its subsidiaries (each a "Business Combination"), unless, in each case, immediately following such Business Combination, (a) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more that fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one (1) or more subsidiaries)(the "Successor Entity"); (b) no Person (excluding any Successor entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (c) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (iii) (a), (b), and (c) above.

(v) A Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding Common Stock as a result of the acquisition of Common Stock by the Company which, by reducing the number of shares of Common Stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Common Stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Common Stock which increases the percentage of the then outstanding Common Stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(vi) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

(e) “Code” means the Internal Revenue Code of 1986, as amended.

(f) “Company” means RBB Bancorp, a California corporation, with offices at 660 South Figueroa Street, Suite 1888, Los Angeles, California 90017.

(g) “Deferred Shares” means the award of the Company’s common stock to Executive set forth in Section 2.

(h) “Executive” means .

(i) “Disability” means Executive’s inability to substantially perform his duties under the Employment Agreement, with reasonable accommodation, as evidenced by a certificate signed either by a physician mutually acceptable to the Company and Executive or, if the Company and Executive cannot agree upon a physician, by a physician selected by agreement of a physician designated by the Company and a physician designated by Executive; provided, however, that if such physicians cannot agree upon a third physician within thirty (30) days, such third physician shall be designated by the American Arbitration Association.

(j) Employment Agreement” means that certain employment agreement entered into between the Company and Executive effective as of .

(k) “Grant Date” means .

(l) “Latest Deferral Date” means the date that is twelve (12) months prior to the date on which the Deferred Shares vest, or such earlier date as may be designated by the Company in order to satisfy the deferral election requirements of Code Section 409A.

(m) “Plan” means RBB Bancorp Omnibus Stock Incentive Plan, as amended from time to time.

(n) “Retirement” means termination of employment with the Company and its subsidiaries on or after Executive’s attainment of age ( ) and having at least ( ) years of continuous service with the Company and its subsidiaries.

2. Deferred Shares Award. Company hereby grants to Executive an award of Deferred Shares under the Plan for ( ) shares of the no par value common stock of the Company, subject to the conditions set forth herein.

(a) Vesting. The Deferred Shares shall vest and become transferable: [OPTION #1: on the fifth anniversary of the Grant Date; provided that, except as provided in Section 2(d), Executive is employed by the Company or an Affiliate on the vesting date.] [OPTION #2: twenty-five percent (25%) on the third anniversary of the Grant Date, an additional twenty-five percent (25%) on the sixth anniversary of the Grant Date and the remaining fifty percent (50%) on the date Executive attains age sixty-two (62), provided that, except as provided in Section 2(d), Executive is employed by the Company or an Affiliate on the vesting date.]

(b) Delivery of Shares. Unless Executive has elected to defer receipt of the Deferred Shares in accordance with Section 2(c), and except as otherwise provided in Section 2(d), the Company shall cause a stock certificate representing the vested portion of the Deferred Shares to be transferred to Executive as soon as practicable after each vesting date.

(c) Deferral. Executive may elect in writing on or before the Latest Deferral Date to defer the issuance of all or a part of such vested Deferred Shares. Any such election shall: (1) specify the date of issuance for the Deferred Shares, which shall not be earlier [USE WITH OPTION #1 VESTING: than the tenth anniversary of the Grant Date] [USE WITH OPTION #2 VESTING: than the fifth anniversary of the vesting date set forth in Section 2(a)] or such other minimum deferral period as may be designated by the Company in order to satisfy the deferral election requirements of Code Section 409A, and (2) comply with all other applicable deferral election requirements of Code Section 409A.

(d) Termination of Employment; Change in Control. Upon termination of Executive's employment for any reason other than Retirement before the Deferred Shares have vested, all unvested shares shall be forfeited. Notwithstanding the foregoing, if (1) Executive, upon fifteen (15) days' prior written notice, terminates his employment for Good Reason, (2) Executive's employment terminates due to death or Disability, or (3) a Change in Control occurs while Executive is employed by the Company, any Deferred Shares that have not yet vested shall immediately vest and, unless Executive has elected pursuant to Section 2(c) to defer issuance to a later date, the Company shall issue such Deferred Shares to Executive within ten (10) days after the termination of Executive's employment. Upon employment termination due to Retirement, all Deferred Shares that have not lapsed as of the date of Executive's Retirement shall continue to vest according to the vesting schedule set forth in Section 2(a) and, unless Executive has elected pursuant to Section 2(c) to defer issuance to a later date, the Company shall issue such Deferred Shares to Executive as soon as practicable after the Deferred Shares vest. Notwithstanding anything in this Section 2(d) to the contrary, the Deferred Shares shall not be issued to Executive until six (6) months after his termination of employment to the extent required by Code Section 409A(a)(2)(B)(i).

3. Limitation of Rights; Dividend Equivalents. Executive shall not have any right to transfer any rights under the Deferred Shares except as permitted by Section 4, shall not have any rights of ownership of the shares of the Company's common stock subject to the Deferred Shares before the issuance of such shares, and shall not have any right to vote such shares. Executive, however, shall receive a cash payment equal to the cash dividends paid on shares underlying outstanding Deferred Shares when cash dividends are paid to shareholders of the Company.

4. Transferability. Except as otherwise provided in this Section 4, the Deferred Shares shall not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner, whether by the operation of law or otherwise. Executive may transfer the Deferred Shares, in whole or in part, to a spouse or lineal descendant (a "Family Member"), a trust for the exclusive benefit of Executive and/or Family Members, a partnership or other entity in which all the beneficial owners are Executive and/or Family Members, or any other entity affiliated with Executive that may be approved by the Board (a "Permitted Transferee"). Subsequent transfers of the Deferred Shares shall be prohibited except in accordance with this Section 4. All terms

and conditions of the Deferred Shares, including provisions relating to the termination of Executive's employment with the Company, shall continue to apply following a transfer made in accordance with this Section 4. Any attempted transfer of the Deferred Shares prohibited by this Section 4 shall be null and void.

5. Adjustments. The number of shares covered by the Deferred Shares and, if applicable, the kind of shares covered by the Deferred Shares shall be adjusted to reflect any stock dividend, stock split, or combination of shares of the Company's Common Stock. In addition, the Board may make or provide for such adjustment in the number of shares covered by the Deferred Shares, and the kind of shares covered the Deferred Shares, as the Board in its sole discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of Executive's rights that otherwise would result from (a) any exchange of shares of the Company's Common Stock, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets (other than a normal cash dividend), issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Board may provide in substitution for the Deferred Shares such alternative consideration as it may in good faith determine to be equitable under the circumstances and may require in connection therewith the surrender of the Deferred Shares so replaced.

6. Fractional Shares. The Company shall not be required to issue any fractional shares pursuant to this Award, and the Board may round fractions down.

7. Withholding. Executive shall pay all applicable federal, state and local income and employment taxes (including taxes of any foreign jurisdiction) which the Company is required to withhold at any time with respect to the Deferred Shares and any cash dividend equivalents paid thereon. Such payment shall be made in full, at Executive's election, in cash or check, by withholding from the Executive's next normal payroll check, or by the tender of Deferred Shares payable under this Award. Deferred Shares tendered as payment of required withholding shall be valued at the closing price per share of the Company's common stock on the date such withholding obligation arises.

8. No Impact on Other Benefits and Employment. This Award shall not confer upon Executive any right with respect to continuance of employment or other service with the Company and shall not interfere in any way with any right that the Company would otherwise have to terminate Executive's employment at any time, subject to the terms of the Employment Agreement. Nothing herein contained shall affect Executive's right to participate in and receive benefits under and in accordance with the then current provisions of any pension, insurance or other employment plan or program of the Company or any of its subsidiaries nor constitute an obligation for continued employment.

9. Plan Provisions. In addition to the terms and conditions set forth herein, this award of Deferred Shares is subject to and governed by the terms and conditions set forth in the Plan, which is hereby incorporated by reference. Unless the context otherwise requires, capitalized terms used in this Award and not otherwise defined herein shall have the meanings set forth in the Plan. In the event of any conflict between the provisions of the Award and the Plan, the Plan shall control.

10. Notice. Any written notice required or permitted by this Award shall be mailed, certified mail (return receipt requested) or hand-delivered, addressed to Company's President at Company's corporate headquarters in Visalia, California, or to Executive at his most recent home address on record with the Company. Notices are effective upon receipt.

11. Miscellaneous.

(a) Limitation of Rights. The granting of the award of Deferred Shares shall not give Executive any rights to similar grants in future years or any right to be retained in the employ or service of the Company or to interfere in any way with the right of the Company to terminate Executive's services at any time or the right of Executive to terminate his or her services at any time.

(b) Claim and Review Procedures. The claim and review procedures established by the Company are incorporated herein by reference.

(c) Rights Unsecured. The Company shall remain the owner of all amounts deferred by Executive pursuant to Section 2(c) and Executive shall have only Company's unfunded, unsecured promise to pay. The rights of Executive hereunder shall be that of an unsecured general creditor of the Company, and Executive shall not have any security interest in any assets of the Company.

(d) Limitation of Actions. Any lawsuit with respect to any matter arising out of or relating to this Award must be filed no later than one (1) year after the date that the Company denies the claim made by Executive or any earlier date that the claim otherwise accrues.

(e) Offset. The Company shall have the right to deduct from amounts otherwise payable under this Award all amounts owed by Executive to Company and its affiliates to the maximum extent permitted by applicable law.

(f) Controlling Law. This Award shall be governed by, and construed in accordance with, the laws of the State of California (without giving effect to the choice of law principles) and any action arising out of or related thereto shall be brought in the Tulare County Superior Court.

(g) Severability. If any term, provision, covenant or restriction contained in the Award is held by a court or a federal regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions contained in the Award shall remain in full force and effect, and shall in no way be affected, impaired or invalidated.

(h) Construction. The Award contains the entire understanding between the parties and supersedes any prior understanding and agreements between them representing the subject matter hereof, except that this Award shall be subject to the terms and conditions set forth in the Employment Agreement between Executive and Company, if any. There are no representations, agreements, arrangements or understandings, oral or written, between and among the parties hereto relating to the subject matter hereof which are not fully expressed herein.

(i) Headings. Section and other headings contained in the Award are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of the Award or any provision hereof.

(j) Code Section 409A. This Award is intended to satisfy all applicable requirements of Code Section 409A and shall be construed accordingly. The Company in its discretion may delay the issuance of Deferred Shares, impose conditions on the timing and effectiveness of any deferral election made by Executive, or take any other action it deems necessary to comply with the requirements of Code Section 409A, including amending the Award, without Executive's consent, in any manner it deems necessary to cause the Award to comply with the applicable requirements of Section 409A.

The undersigned, Chairman of the Company's Board of Directors and the Company's Secretary, have executed this Award effective as of __________.

THE BOARD OF DIRECTORS OF
RBB BANCORP

By: ______________________________
Chairman of the Board

By: ______________________________
Secretary of the Company

Exhibit 10.10

RBB Bancorp
2017 Omnibus Stock Incentive Plan
Restricted Stock Award Agreement

Dear__________:

Congratulations on your selection as a Participant of the RBB Bancorp 2017 Omnibus Stock Incentive Plan (the “Plan”). This Agreement and the Plan together govern your rights under the Plan and set forth all of the conditions and limitations affecting such rights. Terms used in this Agreement that are defined in the Plan shall have the meanings ascribed to them in the Plan. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall supersede and replace the conflicting terms of this Agreement.

Overview of Your Award

1. **Number of Restricted Shares Granted.____**

2. **Date of Grant. __________**

3. **Date of Lapse of Restrictions.**

Shares	Date
____________________	____________________
____________________	____________________
____________________	____________________

4. **Employment by the Company.** This Restricted Stock is awarded on the condition that the Participant remain in the employ of RBB Bancorp (the “Company”) from the Date of Grant through (and including) the Dates of Lapse of Restrictions. The Award of this Restricted Stock, however, shall not impose upon the Company any obligations to retain the Participant in its employ for any given period or upon any specific terms of employment.

5. **Certificate Legend**. Shares of Restricted Stock granted pursuant to the Plan shall be held by the Company in book entry form and shall be designated to have the following legend:

   “The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer set forth in the RBB Bancorp 2017 Omnibus Stock Incentive Plan and in a Restricted Stock Award Agreement. A copy of the Plan and such Restricted Stock Agreement may be obtained from the Secretary of RBB Bancorp”

6. **Removal of Restrictions**. Except as otherwise provided in the Plan, each of the Shares of Restricted Stock granted under this Agreement shall become freely transferable by the Participant on each of the “Dates of Lapse of Restrictions” set forth on Paragraph 3 herein.

   Once the shares are released from the restrictions, the Participant shall be entitled to receive certificates representing the Shares of stock which have been vested, without the restrictive legend required by Paragraph 5 of this Agreement.

Notwithstanding the terms of this Agreement, no stock shall be issued by the Corporation while its stock transfer books are closed.

7. **Voting Rights and Dividends.** During the Period of Restriction, the Participant may exercise full voting rights and is entitled to receive all dividends and other distributions paid with respect to the Shares of Restricted Stock while they are held. If any such dividends or distributions are paid in shares of Common Stock of the Company, the Shares shall be subject to the same restrictions on transferability as the Shares of Restricted Stock with respect to which they were paid.

8. **Termination of Employment By Reasons of Death, Disability, Retirement, and Vesting in Connection with a Change in Control.** Except as otherwise approved by the Compensation Board, in the event the Participant's employment is terminated by reason of Retirement, all shares of Restricted Stock that are vested then outstanding shall be issued, and as soon as is administratively practicable, the stock certificates representing the Shares of Restricted Stock without any restrictions or legend thereon, shall be delivered to the Participant. In the event the Participant's employment is terminated by reason of Death, Disability, or in the event of a Change in Control prior to the Dates of Lapse of Restrictions, all Shares of Restricted Stock then outstanding shall immediately vest one hundred percent (100%), and as soon as is administratively practicable, the stock certificates representing the Shares of Restricted Stock without any restrictions or legend thereon, shall be delivered to the Participant's beneficiary or estate.

"Change in Control" of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any of the following events:

(a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c) (i), (ii) and (iii), below;

(b) Individuals who, as of   , 20   [same date as this Agreement] are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company and/or its subsidiaries, or a sale or other disposition (whether by sale, taxable or non-taxable exchange, formation of a joint venture or otherwise) of fifty percent (50%) or more of the assets of the Company and/or its subsidiaries (each a "Business Combination"), unless, in each case, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one (1) or more

subsidiaries)(the "Successor Entity"); (ii) no Person (excluding any Successor entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c) (i), (ii), and (iii) above.

(e) A Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding Common Stock as a result of the acquisition of Common Stock by the Company which, by reducing the number of shares of Common Stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Common Stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Common Stock which increases the percentage of the then outstanding Common Stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

9. **Beneficiary Designation**. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of his or her death prior to the Dates of Lapse of Restrictions. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

10. **Termination of Employment for Other Reasons**. In the event the Participant's employment is terminated for reasons other than those described in Section 8 herein prior to the Dates of the Lapse of Restrictions, all outstanding Shares of unvested Restricted Stock granted hereunder shall immediately be forfeited by the Participant.

11. **Transferability**. This Restricted Stock is not transferable by the Participant, whether voluntarily or involuntarily, by operation of laws or otherwise, during the Restriction Period, except as provided in the Plan. If any assessment, pledge, transfer, or other disposition, voluntary or involuntary, of this Restricted Stock shall be made, or if any attachment, execution, garnishment, or client shall be issued against or placed upon the Restricted Stock, then the Participant's right to the Restricted Stock shall immediately cease and terminate and the Participant shall promptly forfeit to the Company all Restricted Stock awarded under this Agreement.

12. **Tax Treatment**. The following is a brief summary of the principal federal income tax consequences related to grants of restricted stock. This summary is based on the Company's understanding of present federal income tax law and regulations. The summary does not purport to be complete or applicable to every specific situation.

The value of restricted stock granted to the Participant will be taxable to the Participant in the year in which it is no longer subject to substantial risk of forfeiture (i.e., when the restrictions lapse). When the restrictions lapse, there is an ordinary income tax event to the Participant equal

to the number of shares multiplied by the market price of the shares at the time the restrictions lapse. The Participant must satisfy federal and state withholding requirements and may do so by having the Company sell sufficient shares to meet the withholding requirements.

The Participant has the option to make a Code Section 83(b) election on a grant of restricted stock. Code Section 83(b) allows the Participant to choose to be taxed immediately on the amounts received in connection with a substantially “nonvested” right (i.e., compensation that has not been constructively received). This is accomplished by the Participant filing an election with the IRS stating that he or she will pay ordinary income on the value as measured at the time of grant. Any future appreciation in the stock property will be treated as capital gain when sold. This election must be made within 30 days after the stock is received.

If the Participant elects Section 83(b) treatment and later forfeits the subject stock, he or she will not be entitled to any refund for the taxes paid; however, he or she will be entitled to treat the forfeiture as a sale of the stock at a loss (i.e., capital loss) (limited to the amount paid for shares—typically zero).

13. **Withholding.**

Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy federal, state and local taxes (including Participant’s FICA obligation), domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

Share Withholding. With respect to withholding required upon the lapse of restrictions or upon any other taxable event arising as a result of the Awards granted hereunder, the Participants may elect, subject to the approval of the Board, to satisfy the withholding requirement, in whole or in part, by having the Company withhold shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction. All such elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Board, in its sole discretion, deems appropriate.

14. **Requirements of Law**. The issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

15. **Inability to Obtain Authorization**. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company’s counsel to be necessary to the lawful issuance of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained.

16. **Severability**. In the event any provision of this Agreement shall be held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

17. **Continuation of Employment**. This Agreement shall not confer upon the Participant any right to continuation of employment by the Company, nor shall this Agreement interfere in any way with the Company’s right to terminate the Participant’s employment at any time.

18. **Applicable Laws and Consent to Jurisdiction**. The validity, construction, interpretation and enforceability of this Agreement shall be determined and governed by the laws of the State of California without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction in California and agree that such litigation shall be conducted in the courts of Ventura County.

19. **Miscellaneous**. The Plan may be amended at any time, and from time to time, by a written instrument approved by the Board of Directors of RBB Bancorp. No termination, amendment or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

The Plan and this Agreement are binding upon Participant, as well as his/her heirs, executors, personal representatives, trustees, attorneys, agents, administrators, and successors.

Please refer any questions you may have regarding your restricted stock to . Once again, congratulations on receipt of your restricted stock.

Sincerely,

______________________________	______________________________
Chairman of the Board, RBB Bancorp	Secretary, RBB Bancorp

Please acknowledge your agreement to participate in the Plan and this Agreement, and to abide by all of the governing terms and provisions, by signing the following representation:

Agreement to Participate

By signing a copy of this Agreement and returning it to of RBB Bancorp, I acknowledge that I have read the Plan, and that I fully understand all of my rights under the Plan, as well as all of the terms and conditions which may limit my eligibility to exercise this Award. Without limiting the generality of the preceding sentence, I understand that my right to exercise this Award is conditioned upon my continued employment with RBB Bancorp or its Subsidiaries.

____

Exhibit 10.11

RBB Bancorp
2017 Omnibus Stock Incentive Plan
Performance Share Award Agreement

(Performance Period __________ - __________)

Contents

Article 1.	Performance Period	3
Article 2.	Value of Performance Shares	3
Article 3.	Performance Shares and Achievement of Performance Measure	4
Article 4.	Termination Provisions	4
Article 5.	Change in Control	5
Article 6.	Dividends	6
Article 7.	Form and Timing of Payment of Performance Shares	6
Article 8.	Nontransferability	6
Article 9.	Administration	6
Article 10.	Miscellaneous	7

RBB Bancorp
2017 Omnibus Stock Incentive Plan
Performance Share Award Agreement

You have been selected to be a participant in the RBB Bancorp 2017 Omnibus Stock Incentive Plan (the “Plan”), as specified below:

Participant: ____________________

Target Performance Share Award: ____ shares

Performance Period: __________ to **__________**

Performance Measure: Total Shareholder Return (“TSR”)

Peer Index: [Annual Stock Performance Report prepared by __________ a financial institutions with total assets between $1 billion and $5 billion]

THIS AGREEMENT (the “Agreement”) effective __________, represents the grant of Performance Shares by RBB Bancorp, a California corporation (the “Company”), to the Participant named above, pursuant to the provisions of the Plan.

The Plan provides a complete description of the terms and conditions governing the Performance Shares. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the Plan’s terms shall completely supersede and replace the conflicting terms of this Agreement.

All capitalized terms shall have the meanings ascribed to them in the Plan, unless specifically set forth otherwise herein.

The parties hereto agree as follows:

Article 1. Performance Period

The Performance Period commences on ______________ and ends on ________________.

Article 2. Value of Performance Shares

Each Performance Share shall represent and have a value equal to one share of common stock of the Company.

Notwithstanding anything herein to the contrary, the Performance Shares shall have no value whatsoever if the Ending Stock Price (as defined herein) is not greater than Beginning Stock Price (as defined herein), taking into account any adjustments made pursuant to Paragraph 4.3 of the Plan.

Article 3. Performance Shares and Achievement of Performance Measure

(a) The number of Performance Shares to be earned under this Agreement shall be based upon the achievement of pre-established TSR performance goals as set by the Board of Directors for the Performance Period, based on the following chart:

TSR Performance Relative to Companies in Peer Index	Payout (% of Target)
80th Percentile or Above	175%
70th Percentile	150%
60th Percentile	125%
50th Percentile	100%
40th Percentile	50%
30th Percentile or Below	0%

Interpolation shall be used to determine the percentile rank in the event the Company's Percentile Rank does not fall directly on one of the ranks listed in the above chart.

For this purpose, Total Shareholder Return shall be determined as follows:

$$\text{Total Shareholder Return} = \frac{\text{Change in Stock Price + Dividends Paid}}{\text{Beginning Stock Price}}$$

Beginning Stock Price shall mean the average closing price on the applicable stock exchange of one share of stock for the twenty (20) trading days immediately prior to the first day of the Performance Period; Ending Stock Price shall mean the average closing price on the applicable stock exchange of one share of stock for the twenty (20) trading days immediately prior to the last day of the Performance Period; Change in Stock Price shall mean the difference between the Beginning Stock Price and the Ending Stock Price; and Dividends Paid shall mean the total of all dividends paid on one (1) share of stock during the Performance Period.

Following the Total Shareholder Return determination, the Company's Percentile Rank shall be determined as follows:

Percentile Rank shall be determined by listing from highest Total Shareholder Return to lowest Total Shareholder Return each company in the Peer Index (excluding the Company). The top company would have a one hundred percentile (100%) rank and the bottom company would have a zero percentile (0.0%) rank. Each company in between would be one hundred divided by n minus one (100/n-1) above the company below it. The Company percentile rank would then be interpolated based on the Company TSR. The Companies in the Peer Index shall remain constant throughout the entire Performance Period.

Article 4. Termination Provisions

Except as provided below, a Participant shall be eligible for payment of awarded Performance Shares, as determined in Section 3, only if the Participant's employment with the Company continues through the end of the Performance Period.

If participant retires, suffers a Disability, or dies during the Performance Period, the Participant (or the Participant's estate) shall be entitled to that proportion of the number of Performance Shares as such Participant is entitled to under Section 3 for such Performance Period that the number of full months of participation during the Performance Period bears to the total number of months in the Performance Period. The form and timing of the payment of such Performance Shares shall be as set forth in Article 7.

Termination of employment for any reason other than Retirement, Disability, or death during the Performance Period shall require forfeiture of this entire award, with no payment to the Participant.

Article 5. Change in Control

Notwithstanding anything herein to the contrary, upon a Change in Control, the Participant shall be entitled to that proportion of the number of Performance Shares as such Participant is entitled to under Section 3 for such Performance Period that the number of full months of participation during the Performance Period (as of the effective date of the Change in Control) bears to the total number of months in the Performance Period. When there is a Change in Control, the TSR shall be calculated as set forth in Article 3, except that the Ending Stock Price shall mean the average closing price on the applicable stock exchange of one share of stock for the twenty (20) trading days immediately prior to the Change in Control. Performance Shares shall be paid out to the Participant in cash within thirty (30) days of the effective date of the Change in Control.

"Change in Control" of the Company shall be deemed to have occurred (as of a particular day, as specified by the Board) upon the occurrence of any of the following events:

(a) The acquisition in a transaction or series of transactions by any Person of Beneficial Ownership of thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Company; provided, however, that for purposes of this Agreement, the following acquisitions will not constitute a Change in Control: (A) any acquisition by the Company; (B) any acquisition of common stock of the Company by an underwriter holding securities of the Company in connection with a public offering thereof; and (C) any acquisition by any Person pursuant to a transaction which complies with subsections (c) (i), (ii) and (iii), below;

(b) Individuals who, as of , 20 [same date as this Agreement] are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's common shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Plan, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(c) Consummation, following shareholder approval, of a reorganization, merger, or consolidation of the Company and/or its subsidiaries, or a sale or other disposition (whether by sale, taxable or non-taxable exchange, formation of a joint venture or otherwise) of fifty percent (50%) or more of the assets of the Company and/or its subsidiaries (each a "Business Combination"), unless, in each case, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were beneficial owners of shares of the common stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of the entity resulting from the Business Combination or any direct or indirect parent corporation thereof (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one (1) or more subsidiaries)(the "Successor Entity"); (ii) no Person (excluding any Successor entity or any employee benefit plan or related trust, of the Company or such Successor Entity) owns, directly or indirectly, thirty percent (30%) or more of the combined voting power of the then outstanding shares of common stock of the Successor Entity, except to the extent that such ownership existed prior to such Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination or any direct or indirect parent corporation thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with subsections (c) (i), (ii), and (iii) above.

(e) A Change in Control shall not be deemed to occur solely because any Person (the “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the then outstanding Common Stock as a result of the acquisition of Common Stock by the Company which, by reducing the number of shares of Common Stock then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Common Stock by the Company, and after such stock acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Common Stock which increases the percentage of the then outstanding Common Stock Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(f) A Change in Control shall not be deemed to occur unless and until all regulatory approvals required in order to effectuate a Change in Control of the Company have been obtained and the transaction constituting the Change in Control has been consummated.

Article 6. Dividends

During the Performance Period, all dividends and other distributions paid with respect to the shares of Common Stock shall accrue for the benefit of the Participant to be paid out to the Participant pursuant to Article 7.

Article 7. Form and Timing of Payment of Performance Shares

Payment of the Performance Shares, including accrued dividends, shall be made percent (%) in cash and percent (%) in shares of Company stock.

Payment of Performance Shares shall be made within thirty (30) calendar days following the close of the Performance Period, subject to the following:

(a) The Participant shall have no right with respect to any Award or a portion thereof, until such award shall be paid to such Participant.

(b) If the Board determines, in its sole discretion, that a Participant at any time has willfully engaged in any activity that the Board determines was or is harmful to the Company, any unpaid pending Award will be forfeited by such Participant.

(c) All appropriate taxes will be withheld from the cash portion of the award.

Article 8. Nontransferability

Performance Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant’s Award Agreement, a Participant’s rights under the Plan shall be exercisable during the Participant’s lifetime only by the Participant or the Participant’s legal representative.

Article 9. Administration

This Agreement and the rights of the Participant hereunder are subject to all the terms and conditions of the Plan, as the same may be amended from time to time by the Board of Directors, as well as to such rules and regulations as the Board may adopt for administration of the Plan. It is expressly understood that the Board is authorized to administer, construe, and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, in its sole discretion, all of which shall be binding upon the Participant.

Any inconsistency between the Agreement and the Plan shall be resolved in favor of the Plan.

Article 10. Miscellaneous

(a) The selection of any employee for participation in the Plan shall not give such Participant any right to be retained in the employ of the Company. The right and power of the Company to dismiss or discharge any Participant at-will, is specifically reserved. Such Participant or any person claiming under or through the Participant shall not have any right or interest in the Plan or any Award thereunder, unless and until all terms, conditions, and provisions of the Plan that affect such Participant have been complied with as specified herein.

(b) The Board may terminate, amend, or modify the Plan; provided, however, that no such termination, amendment, or modification of the Plan may in any way adversely affect the Participant's rights under this Agreement without the Participant's written consent.

(c) Participant shall not have voting rights with respect to the Performance Shares. Participant shall obtain voting rights upon the settlement of Performance Shares and distribution into shares of common stock of the Company.

(d) The Participant may defer such Participant's receipt of the payment of cash and the delivery of shares of common stock, that would otherwise be due to such Participant by virtue of the satisfaction of the performance goals with respect to the Performance Shares, pursuant to the rules of the RBB Bancorp Nonqualified Deferred Compensation Plan and the procedures set forth by the Board. If the Participant elects to defer the receipt of the award, the Participant will be required to pay any necessary taxes from their own funds. They will not be allowed to have their deferred award reduced for tax withholding.

(e) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) To the extent not preempted by federal law, this Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

(g) Any awards received by Participant are subject to the provisions of the Stock Ownership Guidelines approved by the Board of Directors.

The following parties have caused this Agreement to be executed effective as of .

RBB BANCORP

By: ______________________________

Chairman of the Board

By: ______________________________

Secretary of the Company

____

Participant

Exhibit 10.12

INDEMNITY AGREEMENT

THIS AGREEMENT is made as of the date of , by and between RBB BANCORP, a California corporation (the "Company"), and ("Indemnitee"), a director and/or officer of the Company, with reference to the following facts:

A. The Company and the Indemnitee recognize the importance of providing the Company's directors and executive officers ("officers") with advance information and guidance with respect to the legal risks and potential liabilities to which they may become personally exposed as a result of performing their duties for the Company;

B. The Company and the Indemnitee are aware of the substantial growth in the number of lawsuits filed against corporate officers and directors in connection with their activities in such capacities and by reason of their status as such;

C. The Company and the Indemnitee recognize that the cost of defending against such lawsuits, whether or not meritorious, could be beyond the financial resources of most directors and officers of the Company;

D. The Company and the Indemnitee recognize that the legal risks and potential liabilities, and the threat thereof, and the resultant substantial time and expense endured in defending against such lawsuits, bear no reasonable or logical relationship to the amount of compensation received by the Company's directors and officers. These factors pose a significant deterrent to, and induce increased reluctance on the part of, experienced and capable individuals to serve as directors and officers of the Company;

E. The Company has investigated the availability and deficiency of liability insurance to provide its directors and officers with adequate protection against the foregoing legal risks and potential liabilities it has concluded that such insurance does not provide adequate protection to its directors and officers, is unreasonably expensive, may require indemnification as a condition to issuance, or a combination of the foregoing. Thus, it would be in the best interests of the Company and its shareholders to contract with its directors and certain officers, including the Indemnitee, to indemnify them to the fullest extent permitted by law (as in effect on the date hereof, or, to the extent any amendment may expand such permitted indemnification, as hereinafter in effect) against personal liability for actions taken in the performance of their duties to the Company;

F. The Board of Directors of the Company has concluded that it is not only reasonable and prudent but necessary for the Company to contractually obligate itself to indemnify in a reasonable and adequate manner its directors and officers and to assume for itself maximum liability for expenses and damages in connection with claims lodged against such directors and officers for their line of duty decisions and actions;

G. The General Corporation Law of the State of California (the “Code”) empowers the Company to indemnify certain persons serving as a director, officer, employee or agent of the Company or a person who serves at the request of the Company as a director, officers, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, and further specifies in Code Section 317(g) that the indemnification provisions set forth in the Code “shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent such additional rights to indemnification are authorized in the articles of the corporation”; thus, Section 317 does not by itself limit the extent to which the Company may indemnify persons serving as its officers and directors;

H. In order to give proper effect to the indemnification provisions provided under the Code, the Articles of Incorporation which permit the Company to indemnify its directors and officers to the fullest extent permissible under the Code, subject to the limitations set forth in Section 204(a) (11) of the Code, as applicable, the Company is entering into this Agreement for the benefit of Indemnitee and to induce Indemnitee to accept a position as an officer or director;

I. The Board of Directors of the Company has determined, after due consideration and investigation of this Agreement and various other options available in lieu hereof, that this Agreement is reasonable, prudent and necessary to promote and ensure the best interests of the Company and its shareholders. This Agreement is intended to: (1) induce and encourage highly experienced and capable persons such as the Indemnitee to serve as officers and/or directors of the Company; (2) encourage such persons to resist what they consider unjustifiable suits and claims made against them in connection with the good faith performance of their duties to the Company, secure in knowledge that certain expenses, costs and liabilities incurred by them in their defense of such litigation will be borne by the Company and that they will receive the maximum protection against such risks and liabilities legally may be made available to them; and (3) encourage directors to exercise their best business judgment regarding matters which come before the Board of Directors without undue concern for the risk that claims may be made against them on account thereof.

J. The Indemnitee may not be willing to continue to serve as an officer and/or director of the Company, unless he is furnished with the indemnity set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below and based on the premises set forth above, the Company and Indemnitee do hereby agree as follows:

Definitions. For the purposes of this Agreement, the following definitions shall apply:

(a) The term “Proceeding” shall include, for the purposes of this

Agreement, any threatened, pending or completed action, suit or proceeding, whether brought in the name of the Company or otherwise and whether of a civil, criminal or administrative or investigative nature, including, but not limited to, actions, suits or proceedings brought under and/or predicated upon the Securities Act of 1933, as amended, and/or the Securities Exchange Act of 1934, as amended, and/or their respective state counterparts and/or any rule or regulation promulgated thereunder, in which Indemnitee may be or may have been involved as party or otherwise (other than plaintiff against the Company), by reason of the fact that Indemnitee is or was an Agent of the Company by reason any action taken by him or of any inaction on his part while acting as such Agent.

(b) The term “Expenses”, includes, without limitation, all direct and indirect costs of any type or nature whatsoever, including, without limitation, expenses of investigations, judicial or administrative proceedings or appeals, court costs, attorneys’ fees, accountant’s costs and disbursements and any expenses of establishing a right to indemnification under law or Paragraph 7 of this Agreement, actually and reasonably incurred by the Indemnitee in connection with the investigation, preparation, defense or appeal of a Proceeding or action for indemnification for which Indemnitee is not otherwise compensated by the Company or any third party, except that “Expenses” shall not include the amount of any judgment, fine or penalty actually levied against Indemnitee or amounts paid in settlement of a Proceeding.

(c) References to “other enterprise” shall include employee benefit plans; reference to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director of the Company which imposes duties on, or involves services by, such director with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acts in good faith and in a manner he reasonably believes to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner in the best interests of the Company as referred to in this Agreement.

(d) For the purposes of this Agreement, Indemnitee shall be deemed to have been acting as an “Agent” if he was acting in his capacity as an officer of the Company, director of the Company, member of a committee of the Board of Directors of this Company, or agent of the Company, or was serving as a director or officer of another foreign or domestic corporation, partnership, joint venture, trust or any other enterprise at the request of the Company, or was a director and/or officer of the foreign or domestic corporation which was a predecessor corporation to the Company or of another enterprise at the request of such predecessor corporation, whether or not he is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Agreement.

(e) The term “Applicable Standard” means that a person acted in good faith and in a manner such person believed to be in the best interests of the Company; except that in a criminal proceeding, such person must also have had no reasonable cause to believe that such person’s conduct was unlawful. The termination

of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create any presumption, or establish, that the person did not meet the "Applicable Standard."

(f) "Independent Legal Counsel" shall include any firm of attorneys selected by the Board of Directors or by the regular corporate counsel for the Company from a list of firms which meet minimum size criteria and other reasonable criteria established by the Board of Directors of the Company, so long as such firm has not represented the Company, Indemnitee or any entity controlled by Indemnitee within the proceeding 24 calendar months.

2. Indemnification in Third Party Proceedings. Subject to the "Limitations on Indemnification" provided in Paragraph 10 herein, or any other such limitations provided under the Code or any amendment thereto, the Company shall indemnify Indemnitee if Indemnitee is made a party to or threatened to be made a party to, or otherwise involved in, any Proceeding (other than a Proceeding which is an action by or in the right of the Company to procure a judgment in its favor), by reason of the fact that Indemnitee is or was or is alleged to be an Agent. This indemnification shall apply, and be limited, to and against all Expenses, judgments, fines, settlements (if the settlement is approved in advance by the Company, which approval shall not be unreasonably withheld, conditioned or delayed) and other amounts actually and reasonably incurred by Indemnitee in connection with the defense or settlement of the Proceeding, so long as it is determined pursuant to Paragraph 7 of this Agreement or by the court before which such action was brought, that Indemnitee met the Applicable Standard.

3. Indemnification in Proceedings By or In the Name of the Company. Subject to the "Limitations on Indemnification" provided in Paragraph 10 herein, the Company shall indemnify Indemnitee if Indemnitee is made a party to, or threatened to be made a party to, or otherwise involved in, any Proceeding which is an action by or in the right of the Company or any subsidiary of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was or is alleged to be an Agent. This indemnity shall apply, and be limited, to and against all Expenses actually and reasonably incurred by Indemnitee in connection with the defense or settlement of such Proceeding, but only if (a) Indemnitee met the Applicable Standard, and (b) the action is not settled or otherwise disposed of without court approval. No indemnification shall be made under this Paragraph 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company in the performance of such person's duty to the Company, unless, and only to the extent that, the court in which such Proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for the Expenses which such court shall determine.

4. Expense of Successful Indemnitee. Notwithstanding any other provision of this Agreement, or any limitation contained therein, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding or in defense of any claim, issue or matter therein, including the dismissal of an action or

portion thereof without prejudice, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred in connection therewith.

5. Scope. Notwithstanding any other provision of this Agreement but subject to Paragraph 10, the Company shall indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by other provisions of this Agreement, the Company's Articles of Incorporation, the Company's Bylaws or by statute.

6. Advancement and Repayment of Expenses. The Expenses incurred by Indemnitee in defending and investigating any Proceeding shall be advanced by the Company prior to the final disposition of such Proceeding after receiving from Indemnitee the copies of invoices presented to Indemnitee for such Expenses, but only if Indemnitee shall undertake in the form attached as Exhibit A to repay such advances to the extent, that it is ultimately determined that the Indemnitee is not entitled to indemnification. Any advance required hereunder shall be deemed to have been approved by the Board of Directors of the Company. In determining whether or not to make an advance hereunder, the ability of Indemnitee to repay shall not be a factor. In the event that the Company shall be obligated under this Section 6 to pay the Expenses of any Proceeding against Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (i) Indemnitee shall have the right to employ his counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, or (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of such defense or (C) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

7. Procedure Upon Application. Any claim for indemnification and advance of Expenses under Paragraph 6 hereof shall be paid no later than 20 days after receipt of a written request of Indemnitee in accordance with Paragraph 12 hereof.

However, in a proceeding brought by the Company directly, in its own right (as distinguished from an action brought by a third party or derivatively or by any receiver or trustee), the Company may determine not to make the advances called for hereby (subject to Indemnitee's right to seek a contrary determination and enforce his or her right to indemnity and advances under Paragraph 8) if independent legal counsel advises in writing that the Company has probable cause to believe, and in the Company in good faith does believe, that Indemnitee did not act in good faith with regard to the subject matter of the Proceeding or a material portion thereof.

In all other cases, indemnification shall be made by the Company only if authorized in the specific case, upon a determination that indemnification of the Agent is proper under the circumstances and the terms of this Agreement by: (a) a majority vote of a quorum of the Board of Directors (or a duly constituted committee thereof), consisting of directors who are not parties to such proceeding; (b) if such a quorum of directors is not obtainable, by independent legal counsel in a written opinion; (c) approval of the shareholders (as defined in Section 153 of the California Corporations Code), with the Indemnitee’s shares not being entitled to vote thereon; or (d) the court in which such proceeding is or was pending upon application made by the Company, the Indemnitee or any person rendering services in connection with the Indemnitee’s defense, whether or not the Company opposes such application. Once a determination has been made in accordance with the preceding sentence that indemnification is proper, in a particular case or matter, the Company may delegate administration of process of indemnification to one or more of its officers.

If Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, the Company shall indemnify Indemnitee’s estate and his or her spouse, heirs, administrators and executors against and shall assume all of the Expenses, judgments, penalties and fines actually and reasonably incurred by or for Indemnitee or his estate, in connection with the investigation, defense, settlement or appeal of any such action, suit or proceeding. When requested in writing by the spouse of Indemnitee, and/or the heirs, executors or administrators of Indemnitee’s estate, the Company shall provide appropriate evidence of the Agreement set our herein to indemnify Agent against and to itself assume such costs, liabilities and Expenses.

If Indemnitee is entitled under any provision of this Agreement or indemnification by the Company for some or a portion of the Expenses, judgments, fines or penalties actually and reasonably incurred by him in the investigation, defense, appeal or settlement of any Proceeding but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion (determined on an equitable basis) of such Expenses, judgments, fines or penalties to which Indemnitee is entitled.

Company’s obligations to advance or indemnify hereunder shall be deemed satisfied to the extent of any payments made by an insurer on behalf of Company or Indemnitee.

8. Right to Enforce or to Contest Adverse Company Action. The right to indemnification or advances as provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction, notwithstanding (and such right shall not be limited by) (a) the failure of the Company (including its Board of Directors, shareholders or independent legal counsel) to act or to make any determination as contemplated by Paragraph 7; or (b) any adverse determination by the Company (including its Board of Directors, shareholders or independent legal counsel). The burden of proving that indemnification or advances are not appropriate shall be on the Company. The question of the Indemnitee’s right to indemnification shall be for the

court to decide, and none of (a) the failure of the Company (including its Board of Directors, shareholders or independent legal counsel) to have made a determination that indemnification or advances are proper in the circumstances because Indemnitee has met the applicable standard of conduct, (b) an actual determination by the Company (including its Board of Directors, shareholders or independent legal counsel) that Indemnitee has not met such applicable standard of conduct or that indemnification is otherwise not appropriate under this Agreement, or (c) any other failure to act by or adverse action or determination by the Company (including its Board of Directors, shareholders or independent legal counsel), shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's Expenses incurred in connection with successfully establishing his right to indemnification or advances, in whole or in part, in any such Proceeding shall also be indemnified by the Company; provided, however, that if Indemnitee is only partially successful, only an equitably allocated portion of such Expenses shall be indemnified.

9. Indemnification Hereunder Not Exclusive.

(a) The indemnification provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Articles of Incorporation, the Bylaws, any agreement, policy of insurance, any vote of shareholders or disinterested directors, the General Corporation Law of the State of California, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification under this Agreement shall continue as to Indemnitee even though he may have ceased to be a director or officer and shall inure to the benefit of the heirs and personal representatives of Indemnitee.

(b) In the event of any changes, after the date of this Agreement, in any applicable law, statute, or rule which expand the right of a California corporation to indemnify its officers and directors, the Indemnitee's rights and the Company's obligations under this Agreement shall be expanded to the full extent permitted by such changes. In the event of any changes in any applicable law, statute or rule, which narrow the right of a California corporation to indemnify a director or officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

10. Limitations on Indemnification. The Company shall not be liable under Section 3 of this Agreement to make any payment in connection with any claim made against the Indemnitee:

(a) for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(b) for which the Indemnitee is actually indemnified by the Company otherwise than pursuant to this Agreement;

(c) for an accounting of profits made from the purchase or sale by the Agent of securities for the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law;

(d) brought about or contributed to by the active and deliberate dishonesty of the Indemnitee; however, notwithstanding the proceeding clause, the Indemnitee shall be protected to the extent otherwise provided under this Agreement as to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to the Indemnitee shall establish that he committed (i) acts of active and deliberate dishonesty (ii) with actual dishonest purpose and intent, which acts were material to the cause of action so adjudicated;

(e) for actions commenced by a bank regulatory agency against Indemnitee only in which indemnification payments are prohibited by federal law or regulation;

(f) for acts or omissions that involve intentional misconduct or a knowing and culpable violation of law;

(g) for acts or omissions that the Indemnitee believes to be contrary to the best interests of the Company or its shareholders that involve the absence of good faith on the part of the Indemnitee;

(h) for any transaction from which the Indemnitee derived an improper personal benefit;

(i) for acts or omissions that show a reckless disregard for the indemnitee’s duty to the Company or its shareholders in circumstances in which the Indemnitee was aware, or should have been aware, in the ordinary course of performing Indemnitee’s duties, of a risk of serious injury to the Company or its shareholders;

(j) for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the Indemnitee’s duties to the Company or its shareholders;

(k) under Section 310 of the Code [i.e., for any transaction between the Company and (a) a director, or (b) a corporation, firm, or association in which the director has a material financial interest], to the extent the transaction in question is void or voidable in accordance with the terms of said Section;

(l) under Section 316 of the Code [i.e., for any distribution to shareholders, and for any loan or guaranty to officers or directors, that violate specified provisions of the Code], to the extent Indemnitee is determined to be liable thereunder; or

(m) for any such further acts or omissions delineated under Code Section 204(a) (10) or any successor statute thereto.

11. Savings Clause. If this Agreement or any portion hereof is invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee as to Expenses, judgments, fines and penalties with respect to any Proceeding to the full extent permitted by any applicable portion of this Agreement by any other applicable law.

12. Notices. Indemnitee shall, as a condition precedent to his right to be indemnified under this Agreement, give to the Company notice in writing within 30 days after he becomes aware of any claim made against him for which he believes, or should reasonably believe, indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to the Company's main office, Attention: Chief Executive Officer (or such other address the Company shall designate in writing to Indemnitee). Failure to so notify Company shall not relieve Company of any liability which it may have to Indemnitee otherwise than under this Agreement.

All notices, requests, demands and other communications (collectively "notices") provided for under this Agreement shall be in writing (including communications by telephone, telex or telecommunication facilities providing facsimile transmission) and mailed (postage prepaid and return receipt requested), telegraphed, telexed, transmitted or personally served to each party at the address set forth at the end of this Agreement or at such other address as any party affected may designate in a written notice to the other parties in compliance with this section. All such notices shall be effective when received; provided, however, receipt shall be deemed to be effective within three (3) business days of any properly addressed notice having been deposited in the mail, within twenty-four (24) hours from the time electronic transmission was made, or upon actual receipt of electronic delivery, whichever occurs first.

No costs, charges or expenses for which indemnity shall be sought hereunder shall be incurred without the Company's consent, which consent shall not be unreasonably withheld.

13. Maintenance of Liability Insurance.

(a) The Company hereby agrees that so long as Indemnitee shall continue to serve as a director and/or officer of the Company and thereafter so long as Indemnitee shall be subject to any possible Proceeding, the Company, subject to Paragraph 13(b), shall use its best efforts to obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") which provides Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if Indemnitee is a director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer.

(b) Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith

that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit or the Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Company.

(c) If, at the time of the receipt of a notice of a claim pursuant to Paragraph 11 hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

14. Choice of Law. This Agreement should be interpreted and enforced in accordance with the laws of the State of California, including applicable statutes of limitation and other procedural statutes.

15. Amendments. Provisions of this Agreement may be waived, altered, amended or repealed in whole or in part only by the written consent of all parties.

16. Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any right or remedies under or by reason of this Agreement to any persons other than the parties to it and their respective successors and assigns (including an estate of Indemnitee), nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party hereto. Furthermore, no provision of this Agreement shall give any third persons any right of subrogation or action against any party hereto.

17. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company’s inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any portion of this Agreement shall be deemed by a court of competent jurisdiction to be unenforceable, the remaining portions shall be valid and enforceable only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transaction contemplated herein in substantially the same manner as originally set forth at the date this Agreement was executed.

18. Successor and Assigns. All terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective transferees, successors and assigns.

19. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed an original, but all of which together shall constitute one and

the same instrument.

20. Entire Agreement. Except as provided in Paragraph 8 hereof, this Agreement represents and contains the entire agreement and understanding between and among the parties, and all previous statements or understandings, whether express or implied, oral or written, relating to the subject matter hereof are fully and completely extinguished and superseded by this Agreement. This Agreement shall not be altered or varied except by a writing duly signed by all of the parties.

21. Mutual Acknowledgment. Both the Company and Indemnitee acknowledge that in certain instances, federal law, federal regulations or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise, and in the event the Company is so prohibited from indemnifying its directors and officers under this Agreement or otherwise, the Company will not be required to indemnify Indemnitee under this Agreement. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

INDEMNITEE	RBB BANCORP (the "Company")
By: ____________________	____________________ Louis C. Chang Chairman of the Board
	____________________ Pei-Chin (Peggy) Huang Secretary

Exhibit 10.13

INDEMNITY AGREEMENT

THIS AGREEMENT is made as of the date of , 20 by and between ROYAL BUSINESS BANK, a state-chartered banking corporation (the "RBB"), and ("Indemnitee"), a director and/or officer of TFC Holding Company ("TFC") or TomatoBank (the "Bank"), with reference to the following facts:

A. Pursuant to Section 7.02(e) of that certain Agreement and Plan of Merger dated , 2015 (the "Merger Agreement") by and between the RBB, TFC and the Bank, RBB has concluded that it is not only reasonable and prudent but necessary for the RBB to contractually obligate itself to indemnify in a reasonable and adequate manner the TFC and Bank directors and officers and to assume for itself maximum liability for expenses and damages in connection with claims lodged against such directors and officers for their line of duty decisions and actions at TFC and the Bank;

B. The General Corporation Law of the State of California (the "Code") empowers RBB to indemnify certain persons and further specifies in Code Section 317(g) that the indemnification provisions set forth in the Code "shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent such additional rights to indemnification are authorized in the articles of the corporation"; thus, Section 317 does not by itself limit the extent to which RBB may indemnify persons serving as its officers and directors;

C. In order to give proper effect to the indemnification provisions provided under the Code, the Articles of Incorporation which permit the Bank to indemnify its directors and officers to the fullest extent permissible under the Code, subject to the limitations set forth in Section 204(a) (11) of the Code, as applicable, and as required in Section 7.03(e) of the Merger Agreement, RBB is entering into this Agreement for the benefit of Indemnitee.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below and based on the premises set forth above, RBB and Indemnitee do hereby agree as follows:

1. Definitions. For the purposes of this Agreement, the following definitions shall apply:

(a) The term "Proceeding" shall include, for the purposes of this Agreement, any threatened, pending or completed action, suit or proceeding, whether brought in the name of RBB or otherwise and whether of a civil, criminal or administrative or investigative nature, including, but not limited to, actions, suits or proceedings brought under and/or predicated upon the Securities Act of 1933, as

amended, and/or the Securities Exchange Act of 1934, as amended, and/or their respective state counterparts and/or any rule or regulation promulgated thereunder, in which Indemnitee may be or may have been involved as party or otherwise (other than plaintiff against RBB), by reason of the fact that Indemnitee is or was an Agent of RBB by reason any action taken by him or of any inaction on his part while acting as such Agent.

(b) The term “Expenses”, includes, without limitation, all direct and indirect costs of any type or nature whatsoever, including, without limitation, expenses of investigations, judicial or administrative proceedings or appeals, court costs, attorneys’ fees, accountant’s costs and disbursements and any expenses of establishing a right to indemnification under law or Paragraph 7 of this Agreement, actually and reasonably incurred by the Indemnitee in connection with the investigation, preparation, defense or appeal of a Proceeding or action for indemnification for which Indemnitee is not otherwise compensated by RBB or any third party, except that “Expenses” shall not include the amount of any judgment, fine or penalty actually levied against Indemnitee or amounts paid in settlement of a Proceeding.

(c) References to “other enterprise” shall include employee benefit plans; reference to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of RBB” shall include any service as a director of RBB which imposes duties on, or involves services by, such director with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acts in good faith and in a manner he reasonably believes to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner in the best interests of RBB as referred to in this Agreement.

(d) For the purposes of this Agreement, Indemnitee shall be deemed to have been acting as an “Agent” if he was acting in his capacity as an officer of RBB, director of RBB, member of a committee of the Board of Directors of this Bank, or agent of RBB, or was serving as a director or officer of another foreign or domestic corporation, partnership, joint venture, trust or any other enterprise at the request of RBB, or was a director and/or officer of the foreign or domestic corporation which was a predecessor corporation to RBB or of another enterprise at the request of such predecessor corporation, whether or not he is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement can be provided under this Agreement.

(e) The term “Applicable Standard” means that a person acted in good faith and in a manner such person believed to be in the best interests of RBB; except that in a criminal proceeding, such person must also have had no reasonable cause to believe that such person’s conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create any presumption, or establish, that the person did not meet the “Applicable Standard.”

(f) "Independent Legal Counsel" shall include any firm of attorneys selected by the Board of Directors or by the regular corporate counsel for RBB from a list of firms which meet minimum size criteria and other reasonable criteria established by the Board of Directors of RBB, so long as such firm has not represented RBB, Indemnitee or any entity controlled by Indemnitee within the preceding 24 calendar months.

2. Indemnification in Third Party Proceedings. Subject to the "Limitations on Indemnification" provided in Paragraph 10 herein, or any other such limitations provided under the Code or any amendment thereto, RBB shall indemnify Indemnitee if Indemnitee is made a party to or threatened to be made a party to, or otherwise involved in, any Proceeding (other than a Proceeding which is an action by or in the right of RBB to procure a judgment in its favor), by reason of the fact that Indemnitee is or was or is alleged to be an Agent. This indemnification shall apply, and be limited, to and against all Expenses, judgments, fines, settlements (if the settlement is approved in advance by RBB, which approval shall not be unreasonably withheld, conditioned or delayed) and other amounts actually and reasonably incurred by Indemnitee in connection with the defense or settlement of the Proceeding, so long as it is determined pursuant to Paragraph 7 of this Agreement or by the court before which such action was brought, that Indemnitee met the Applicable Standard.

3. Indemnification in Proceedings By or In the Name of RBB. Subject to the "Limitations on Indemnification" provided in Paragraph 10 herein, RBB shall indemnify Indemnitee if Indemnitee is made a party to, or threatened to be made a party to, or otherwise involved in, any Proceeding which is an action by or in the right of RBB or any subsidiary of RBB to procure a judgment in its favor by reason of the fact that Indemnitee is or was or is alleged to be an Agent. This indemnity shall apply, and be limited, to and against all Expenses actually and reasonably incurred by Indemnitee in connection with the defense or settlement of such Proceeding, but only if (a) Indemnitee met the Applicable Standard, and (b) the action is not settled or otherwise disposed of without court approval. No indemnification shall be made under this Paragraph 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to RBB in the performance of such person's duty to RBB, unless, and only to the extent that, the court in which such Proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for the Expenses which such court shall determine.

4. Expense of Successful Indemnitee. Notwithstanding any other provision of this Agreement, or any limitation contained therein, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding or in defense of any claim, issue or matter therein, including the dismissal of an action or portion thereof without prejudice, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred in connection therewith.

5. Scope. Notwithstanding any other provision of this Agreement but subject to Paragraph 10, RBB shall indemnify the Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by other provisions of this Agreement, RBB's Articles of Incorporation, RBB's Bylaws or by statute.

6. Advancement and Repayment of Expenses. The Expenses incurred by Indemnitee in defending and investigating any Proceeding shall be advanced by RBB prior to the final disposition of such Proceeding after receiving from Indemnitee the copies of invoices presented to Indemnitee for such Expenses, but only if Indemnitee shall undertake in the form attached as Exhibit A to repay such advances to the extent, that it is ultimately determined that the Indemnitee is not entitled to indemnification. Any advance required hereunder shall be deemed to have been approved by the Board of Directors of RBB. In determining whether or not to make an advance hereunder, the ability of Indemnitee to repay shall not be a factor. In the event that RBB shall be obligated under this Section 6 to pay the Expenses of any Proceeding against Indemnitee, RBB, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by RBB, RBB will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, provided that (i) Indemnitee shall have the right to employ his counsel in any such Proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by RBB, or (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between RBB and the Indemnitee in the conduct of such defense or (C) RBB shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of RBB.

7. Procedure Upon Application. Any claim for indemnification and advance of Expenses under Paragraph 6 hereof shall be paid no later than 20 days after receipt of a written request of Indemnitee in accordance with Paragraph 12 hereof.

However, in a proceeding brought by RBB directly, in its own right (as distinguished from an action brought by a third party or derivatively or by any receiver or trustee), RBB may determine not to make the advances called for hereby (subject to Indemnitee's right to seek a contrary determination and enforce his or her right to indemnity and advances under Paragraph 8) if independent legal counsel advises in writing that RBB has probable cause to believe, and in RBB in good faith does believe, that Indemnitee did not act in good faith with regard to the subject matter of the Proceeding or a material portion thereof.

In all other cases, indemnification shall be made by RBB only if authorized in the specific case, upon a determination that indemnification of the Agent is proper under the circumstances and the terms of this Agreement by: (a) a majority vote of a quorum of the Board of Directors (or a duly constituted committee thereof), consisting of directors who are not parties to such proceeding; (b) if such a quorum of directors is not obtainable, by independent legal counsel in a written opinion; (c) approval of the

shareholders (as defined in Section 153 of the California Corporations Code), with the Indemnitee's shares not being entitled to vote thereon; or (d) the court in which such proceeding is or was pending upon application made by RBB, the Indemnitee or any person rendering services in connection with the Indemnitee's defense, whether or not RBB opposes such application. Once a determination has been made in accordance with the preceding sentence that indemnification is proper, in a particular case or matter, RBB may delegate administration of process of indemnification to one or more of its officers.

If Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, RBB shall indemnify Indemnitee's estate and his or her spouse, heirs, administrators and executors against and shall assume all of the Expenses, judgments, penalties and fines actually and reasonably incurred by or for Indemnitee or his estate, in connection with the investigation, defense, settlement or appeal of any such action, suit or proceeding. When requested in writing by the spouse of Indemnitee, and/or the heirs, executors or administrators of Indemnitee's estate, RBB shall provide appropriate evidence of the Agreement set our herein to indemnify Agent against and to itself assume such costs, liabilities and Expenses.

If Indemnitee is entitled under any provision of this Agreement or indemnification by RBB for some or a portion of the Expenses, judgments, fines or penalties actually and reasonably incurred by him in the investigation, defense, appeal or settlement of any Proceeding but not, however, for the total amount thereof, RBB shall nevertheless indemnify Indemnitee for the portion (determined on an equitable basis) of such Expenses, judgments, fines or penalties to which Indemnitee is entitled.

Bank's obligations to advance or indemnify hereunder shall be deemed satisfied to the extent of any payments made by an insurer on behalf of Bank or Indemnitee.

8. Right to Enforce or to Contest Adverse Bank Action. The right to indemnification or advances as provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction, notwithstanding (and such right shall not be limited by) (a) the failure of RBB (including its Board of Directors, shareholders or independent legal counsel) to act or to make any determination as contemplated by Paragraph 7; or (b) any adverse determination by RBB (including its Board of Directors, shareholders or independent legal counsel). The burden of proving that indemnification or advances are not appropriate shall be on RBB. The question of the Indemnitee's right to indemnification shall be for the court to decide, and none of (a) the failure of RBB (including its Board of Directors, shareholders or independent legal counsel) to have made a determination that indemnification or advances are proper in the circumstances because Indemnitee has met the applicable standard of conduct, (b) an actual determination by RBB (including its Board of Directors, shareholders or independent legal counsel) that Indemnitee has not met such applicable standard of conduct or that indemnification is otherwise not appropriate under this Agreement, or (c) any other failure to act by or adverse action or determination by RBB (including its Board of Directors, shareholders or independent legal counsel), shall be a defense to

the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's Expenses incurred in connection with successfully establishing his right to indemnification or advances, in whole or in part, in any such Proceeding shall also be indemnified by RBB; provided, however, that if Indemnitee is only partially successful, only an equitably allocated portion of such Expenses shall be indemnified.

9. Indemnification Hereunder Not Exclusive.

(a) The indemnification provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under the Articles of Incorporation, the Bylaws, any agreement, policy of insurance, any vote of shareholders or disinterested directors, the General Corporation Law of the State of California, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification under this Agreement shall continue as to Indemnitee even though he may have ceased to be a director or officer and shall inure to the benefit of the heirs and personal representatives of Indemnitee.

(b) In the event of any changes, after the date of this Agreement, in any applicable law, statute, or rule which expand the right of a California corporation to indemnify its officers and directors, the Indemnitee's rights and RBB's obligations under this Agreement shall be expanded to the full extent permitted by such changes. In the event of any changes in any applicable law, statute or rule, which narrow the right of a California corporation to indemnify a director or officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement, shall have no effect on this Agreement or the parties' rights and obligations hereunder.

10. Limitations on Indemnification. RBB shall not be liable under Section 3 of this Agreement to make any payment in connection with any claim made against the Indemnitee:

(a) for which payment is actually made to the Indemnitee under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance;

(b) for which the Indemnitee is actually indemnified by RBB otherwise than pursuant to this Agreement;

(c) for an accounting of profits made from the purchase or sale by the Agent of securities for RBB within the meaning of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any state statutory law or common law;

(d) brought about or contributed to by the active and deliberate dishonesty of the Indemnitee; however, notwithstanding the preceding clause, the Indemnitee shall be protected to the extent otherwise provided under this Agreement as

to any claims upon which suit may be brought against him by reason of any alleged dishonesty on his part, unless a judgment or other final adjudication thereof adverse to the Indemnitee shall establish that he committed (i) acts of active and deliberate dishonesty (ii) with actual dishonest purpose and intent, which acts were material to the cause of action so adjudicated;

(e) for actions commenced by a bank regulatory agency against Indemnitee only in which indemnification payments are prohibited by federal law or regulation;

(f) for acts or omissions that involve intentional misconduct or a knowing and culpable violation of law;

(g) for acts or omissions that the Indemnitee believes to be contrary to the best interests of RBB or its shareholders that involve the absence of good faith on the part of the Indemnitee;

(h) for any transaction from which the Indemnitee derived an improper personal benefit;

(i) for acts or omissions that show a reckless disregard for the Indemnitee's duty to RBB or its shareholders in circumstances in which the Indemnitee was aware, or should have been aware, in the ordinary course of performing Indemnitee's duties, of a risk of serious injury to RBB or its shareholders;

(j) for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the Indemnitee's duties to RBB or its shareholders;

(k) under Section 310 of the Code [i.e., for any transaction between RBB and (a) a director, or (b) a corporation, firm, or association in which the director has a material financial interest], to the extent the transaction in question is void or voidable in accordance with the terms of said Section;

(l) under Section 316 of the Code [i.e., for any distribution to shareholders, and for any loan or guaranty to officers or directors, that violate specified provisions of the Code], to the extent Indemnitee is determined to be liable thereunder; or

(m) for any such further acts or omissions delineated under Code Section 204(a) (10) or any successor statute thereto.

11. Savings Clause. If this Agreement or any portion hereof is invalidated on any ground by any court of competent jurisdiction, then RBB shall nevertheless indemnify Indemnitee as to Expenses, judgments, fines and penalties with respect to any Proceeding to the full extent permitted by any applicable portion of this Agreement by any other applicable law.

12. Notices. Indemnitee shall, as a condition precedent to his right to be indemnified under this Agreement, give to RBB notice in writing within 30 days after he becomes aware of any claim made against him for which he believes, or should reasonably believe, indemnification will or could be sought under this Agreement. Notice to RBB shall be directed to RBB's main office, Attention: President (or such other address RBB shall designate in writing to Indemnitee). Failure to so notify Bank shall not relieve Bank of any liability which it may have to Indemnitee otherwise than under this Agreement.

All notices, requests, demands and other communications (collectively "notices") provided for under this Agreement shall be in writing (including communications by telephone, telex or telecommunication facilities providing facsimile transmission) and mailed (postage prepaid and return receipt requested), telegraphed, telexed, transmitted or personally served to each party at the address set forth at the end of this Agreement or at such other address as any party affected may designate in a written notice to the other parties in compliance with this section. All such notices shall be effective when received; provided, however, receipt shall be deemed to be effective within three (3) business days of any properly addressed notice having been deposited in the mail, within twenty-four (24) hours from the time electronic transmission was made, or upon actual receipt of electronic delivery, whichever occurs first.

No costs, charges or expenses for which indemnity shall be sought hereunder shall be incurred without RBB's consent, which consent shall not be unreasonably withheld.

13. Maintenance of Liability Insurance.

(a) RBB hereby agrees that so long as Indemnitee shall continue to serve as a director and/or officer of RBB and thereafter so long as Indemnitee shall be subject to any possible Proceeding, RBB, subject to Paragraph 13(b), shall use its best efforts to obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") which provides Indemnitee the same rights and benefits as are accorded to the most favorably insured of RBB's directors, if Indemnitee is a director; or of RBB's officers, if Indemnitee is not a director of RBB but is an officer.

(b) Notwithstanding the foregoing, RBB shall have no obligation to obtain or maintain D&O Insurance if RBB determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit or the Indemnitee is covered by similar insurance maintained by a subsidiary or parent of RBB.

(c) If, at the time of the receipt of a notice of a claim pursuant to Paragraph 11 hereof, RBB has D&O Insurance in effect, RBB shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the

procedures set forth in the respective policies. RBB shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

14. Choice of Law. This Agreement should be interpreted and enforced in accordance with the laws of the State of California, including applicable statutes of limitation and other procedural statutes.

15. Amendments. Provisions of this Agreement may be waived, altered, amended or repealed in whole or in part only by the written consent of all parties.

16. Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any right or remedies under or by reason of this Agreement to any persons other than the parties to it and their respective successors and assigns (including an estate of Indemnitee), nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party hereto. Furthermore, no provision of this Agreement shall give any third persons any right of subrogation or action against any party hereto.

17. Severability. Nothing in this Agreement is intended to require or shall be construed as requiring RBB to do or fail to do any act in violation of applicable law. RBB's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any portion of this Agreement shall be deemed by a court of competent jurisdiction to be unenforceable, the remaining portions shall be valid and enforceable only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transaction contemplated herein in substantially the same manner as originally set forth at the date this Agreement was executed.

18. Successor and Assigns. All terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective transferees, successors and assigns.

19. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. Entire Agreement. Except as provided in Paragraph 8 hereof, this Agreement represents and contains the entire agreement and understanding between and among the parties, and all previous statements or understandings, whether express or implied, oral or written, relating to the subject matter hereof are fully and completely extinguished and superseded by this Agreement. This Agreement shall not be altered or varied except by a writing duly signed by all of the parties.

21. Mutual Acknowledgment. Both RBB and Indemnitee acknowledge that in certain instances, federal law, federal regulations or applicable public policy may prohibit RBB from indemnifying its directors and officers under this Agreement or otherwise, and in the event RBB is so prohibited from indemnifying its directors and officers under this Agreement or otherwise, RBB will not be required to indemnify Indemnitee under this Agreement. Indemnitee understands and acknowledges that RBB has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of RBB's right under public policy to indemnify Indemnitee.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

INDEMNITEE

By: ______________________________

____

____

____

ROYAL BUSINESS BANK
(the "Bank")

____
Alan Thian
President and Chief Executive Officer

____

____
Secretary

Exhibit 21.1

Subsidiaries of RBB Bancorp
(as of March 31, 2017)

Subsidiary	Jurisdiction of Organization
Royal Business Bank	California
RBB Asset Management Company	California
TFC Statutory Trust I	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement (Form S-1) of our report dated March 22, 2017, relating to the consolidated financial statements of RBB Bancorp, which is included in the Prospectus that is part of this Registration Statement.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
May 3, 2017