PACIFIC PREMIER BANCORP INC
Form PRE 14A
March 28, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934, as amended
(Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant o

Check the appropriate box:

Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under ss. 240.14a-12

PACIFIC PREMIER BANCORP, INC.
(Name of Registrant as Specified in Its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

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4. The filing fee was determined based on_____________

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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17901 Von Karman Avenue, Suite 1200
Irvine, California 92614
949-864-8000

April , 2018

Fellow Stockholders:

On behalf of the Board of Directors and management of Pacific Premier Bancorp, Inc. (the Company), you are cordially invited to attend the Annual Meeting of Stockholders of the Company (Annual Meeting). The Annual Meeting will be held on Monday, May 14, 2018, at 9:00 a.m., Pacific Time, at the Company s corporate headquarters located at 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614.

The attached Notice of the Annual Meeting and Proxy Statement describe in greater detail all of the formal business that will be transacted at the Annual Meeting. Directors and officers of the Company will be present at the Annual Meeting to respond to any questions that you may have regarding the business to be transacted.

The Company s Board of Directors has determined that each of the proposals that will be presented to the stockholders for their consideration at the Annual Meeting are in the best interests of the Company and its stockholders, and unanimously recommends and urges you to vote FOR each director nominee, FOR the approval, on a non-binding advisory basis, of the every year option with respect to the frequency of future advisory votes by the Company s stockholders on the compensation of the Company s named executive officers, and FOR each of the other proposals presented in the attached Proxy Statement for the reasons set forth therein. If any other business is properly presented at the Annual Meeting, the proxies will be voted in accordance with the recommendations of the Company s Board of Directors.

We encourage you to attend the Annual Meeting in person if it is convenient for you to do so. If you are unable to attend, it is important that you vote via the Internet, by telephone, or sign, date and return the enclosed proxy card in the enclosed postage-paid envelope. Your cooperation is appreciated since a majority of the common stock must be represented, either in person or by proxy, to constitute a quorum for the transaction of business at the Annual Meeting.

On behalf of the Board of Directors and all of the employees of the Company, we thank you for your continued support.

Best Regards,

Steven R. Gardner
Chairman, President and Chief Executive Officer

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PACIFIC PREMIER BANCORP, INC.
17901 Von Karman Avenue, Suite 1200
Irvine, California 92614
949-864-8000

NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 14, 2018

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders (Annual Meeting) of Pacific Premier Bancorp, Inc. (the Company) will be held on Monday, May 14, 2018 at 9:00 a.m., Pacific Time, at the Company s corporate headquarters located at 17901 Von Karman Avenue, Suite 1200, Irvine, California, to consider and act upon the following matters:

1. To elect nine (9) directors, each for a one-year term, or until their successors are elected and qualified;
2. To amend Article FOURTH of the Company's Amended and Restated Certificate of Incorporation, as amended (the Certificate of Incorporation), to increase the number of authorized shares of the Company's common stock, par value $0.01 per share, from 100,000,000 to 150,000,000;
3. To amend Article FIFTH of the Company's Certificate of Incorporation, to remove the prohibition against stockholder action by written consent;
4. To amend Article FIFTH of the Company's Certificate of Incorporation to remove the limitation that only the Company's board of directors may call special meetings of stockholders;
5. To amend Article SEVENTH of the Company's Certificate of Incorporation to permit the adoption, amendment or repeal of the Company's Amended and Restated Bylaws (the Bylaws) upon the affirmative vote of holders of at least a majority of our outstanding shares of capital stock entitled to vote;
6. To amend Article ELEVENTH of the Company's Certificate of Incorporation to eliminate the requirement that a supermajority vote of holders of our outstanding shares of capital stock entitled to vote be required to amend or repeal certain provisions of our Certificate of Incorporation;
7. To approve, on a non-binding advisory basis, the compensation of the Company's named executive officers;
8. To approve, on a non-binding advisory basis, whether the frequency of stockholder advisory votes on the compensation of the Company's named executive officers should be held every one, two or three years;
9. To ratify the appointment of Crowe Horwath LLP as the Company's independent auditor for the fiscal year ending December 31, 2018;
10. To consider and act upon a proposal to approve, if necessary, an adjournment or postponement of the Annual Meeting to solicit additional proxies if there are not sufficient votes at the time of the Annual Meeting to approve Items 2 through 6; and
11. To transact such other matters as may properly come before the meeting and at any adjournments thereof. Management is not aware of any other such business.

The Board of Directors has fixed March 22, 2018 as the record date for determination of stockholders entitled to receive notice of and to vote at the Annual Meeting and any adjournment thereof. Only those stockholders of record as of the close of business on that date will be entitled to vote at the Annual Meeting or at any such adjournment.

By Order of the Board of Directors,

Steve Arnold

Senior Executive Vice President, General Counsel and Corporate Secretary

Irvine, California

, 2018

IMPORTANT: Whether or not you expect to attend the Annual Meeting, we urge you to vote your proxy at your earliest convenience via the Internet, by telephone or mail by using the enclosed postage-paid reply envelope. This will ensure the presence of a quorum at the Annual Meeting and will save the Company the expense of additional solicitation. Submitting your proxy will not prevent you from voting your shares in person at the Annual Meeting if you desire to do so. Your proxy is revocable at your option in the manner described in the Proxy Statement.

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IMPORTANT NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 14, 2018

The proxy materials for this Annual Meeting, which consist of the Proxy Statement, annual report, and form of proxy, are available over the Internet at *www.proxyvote.com*.

If you would like to vote in person at the Annual Meeting and would like to obtain directions to the Annual Meeting, please contact Investor Relations, Pacific Premier Bancorp, Inc., 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614 at (949) 864-8000. All persons attending the Annual Meeting must present photo identification.

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PACIFIC PREMIER BANCORP, INC.
17901 Von Karman Avenue, Suite 1200
Irvine, California 92614

PROXY STATEMENT

GENERAL INFORMATION
For the 2018 Annual Meeting of Stockholders
To Be Held on Monday, May 14, 2018

Our Board of Directors is soliciting proxies to be voted at our 2018 Annual Meeting of Stockholders (Annual Meeting) on May 14, 2018, at 9:00 a.m., Pacific Time, to be held at our corporate headquarters located at 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614, for the purposes set forth in the attached Notice of Annual Meeting of Stockholders (the Notice) and in this Proxy Statement. This Proxy Statement and the proxies solicited hereby are being first sent or delivered to stockholders of the Company on or about April , 2018.

As used in this Proxy Statement, the terms Company, we, us and our refer to Pacific Premier Bancorp, Inc., term Bank refers to Pacific Premier Bank (the Bank) and the terms Board of Directors and Board refers to t Board of Directors of the Company or the Bank, as the case may be.

Questions and Answers about these Proxy Materials and the Annual Meeting

Question: ***Why am I receiving these materials?***

Answer: Our Board of Directors is providing these proxy materials to you in connection with the Annual Meeting, to be held on May 14, 2018. As a stockholder of record as of March 22, 2018 (the Record Date), you are invited to attend the Annual Meeting, and are entitled to and requested to vote on the items of business described in this Proxy Statement.

Question: ***What information is contained in this Proxy Statement?***

Answer: This information relates to the proposals to be voted on at the Annual Meeting, the voting process, compensation of our directors and most highly paid executives, and certain other required information.

Question: ***Can I access the Company s proxy materials and annual report electronically?***

Answer: Yes. The Proxy Statement, form of proxy and annual report are available at *www.proxyvote.com*. To view this material, you must have available the 16-digit control number located on the proxy card or, if shares are held in the name of a broker, bank or other nominee, the voting instruction form.

Question: ***Who is soliciting my vote pursuant to this Proxy Statement?***

Answer: Our Board of Directors is soliciting your vote at the Annual Meeting.

Question: ***Who is entitled to vote?***

Answer: Only stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting.

<u>Question:</u> ***How many shares are eligible to be voted?***

Answer: As of the Record Date, we had 46,504,586 shares of common stock outstanding. Each outstanding share of our common stock will entitle its holder to one vote on each of the nine (9) director nominees to be elected and one vote on each other matter to be voted on at the Annual Meeting.

<u>Question:</u> ***What am I voting on?***

Answer: You are voting on the following matters:

- The election of nine (9) director nominees. Our director nominees are John J. Carona, Ayad A. Fargo, Steven R. Gardner, Joseph L. Garrett, Jeff C. Jones, Simone F. Lagomarsino, Michael J. Morris, Zareh H. Sarrafian, and Cora M. Tellez;
- An amendment to the Company's Amended and Restated Certificate of Incorporation, as amended

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(the Certificate of Incorporation), to increase the number of authorized shares of the Company s common stock from 100,000,000 to 150,000,000;

- An amendment to the Company's Certificate of Incorporation to remove the prohibition against stockholder action by written consent;
- An amendment to the Company's Certificate of Incorporation to remove the limitation that only the Company's Board of Directors may call special meetings of stockholders;
- An amendment to the Company's Certificate of Incorporation to permit the adoption, amendment or repeal of the Company's Amended and Restated Bylaws (the Bylaws) upon the affirmative vote of holders of at least a majority of our outstanding shares of capital stock entitled to vote;
- An amendment to the Company's Certificate of Incorporation to eliminate the requirement that a supermajority vote of the holders of our outstanding shares of capital stock entitled to vote be required to amend or repeal certain provisions of our Certificate of Incorporation;
- The approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers;
- The approval, on a non-binding advisory basis, of the frequency of future advisory votes by the Company's stockholders on the compensation of the Company's named executive officers;
- The ratification of the appointment of Crowe Horwath LLP as the Company's independent auditor for the fiscal year ending December 31, 2018; and
- The adjournment of the Annual Meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Annual Meeting to approve Items 2 through 6.

Question: ***How does our Board of Directors recommend that I vote?***

Answer: Our Board recommends that stockholders vote their shares as follows:

- **FOR** each director nominee;
- **FOR** the amendment of the Company's Certificate of Incorporation to increase the authorized shares of the Company's common stock from 100,000,000 to 150,000,000;
- **FOR** the amendment of the Company's Certificate of Incorporation to remove the prohibition against stockholder action by written consent;
- **FOR** the amendment of the Company's Certificate of Incorporation to remove the limitation that only the Company's board of directors may call special meetings of stockholders;
- **FOR** the amendment of the Company's Certificate of Incorporation to permit the adoption, amendment or repeal of the Company's Bylaws upon the affirmative vote of holders of at least a majority of our outstanding shares of capital stock entitled to vote;
- **FOR** the amendment of the Company's Certificate of Incorporation to eliminate the requirement that a supermajority vote of the holders of our outstanding shares of capital stock entitled to vote be required to amend or repeal certain provisions of our Certificate of Incorporation;
- **FOR** the approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers;
- **FOR** the approval, on a non-binding advisory basis, of the every year option with respect to the frequency of future advisory votes by the Company's stockholders on the compensation of the Company's named executive officers;
- **FOR** the ratification of the appointment of Crowe Horwath LLP as the Company's independent auditor for the fiscal year ending December 31, 2018; and
- **FOR** the adjournment of the Annual Meeting to a later date or dates, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the Annual Meeting to approve Items 2 through 6.

Question: ***How many votes are required to hold the Annual Meeting and what are the voting procedures?***

Answer: Quorum Requirement: As of the Record Date, 46,504,586 shares of the Company s common stock were issued and outstanding. A majority of the outstanding shares entitled to vote at the Annual Meeting, present or represented by proxy, constitutes a quorum for the purpose of adopting proposals at the Annual Meeting. If you submit a properly executed proxy, then you will be considered part of the quorum.

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Required Votes: Each outstanding share of our common stock is entitled to one vote on each proposal at the Annual Meeting.

If there is a quorum at the Annual Meeting, the matters to be voted upon by the stockholders require the following votes for such matter to be approved:

- ***Election of Directors.*** Because the election of directors to occur at the Annual meeting is not contested, the vote required for the election of each of the nine (9) director nominees by the stockholders is the affirmative vote of a majority of the votes cast in favor of or against the election of such director nominee. There is no cumulative voting for our directors. If you indicate withhold authority to vote for a particular nominee on your proxy card, your vote will not count either FOR or AGAINST the nominee. Abstentions are not counted in the election of directors and do not affect the outcome.
- ***Increase in Authorized Shares.*** The affirmative vote of holders of at least a majority of our outstanding shares is required to approve the amendment to the Certificate of Incorporation to increase our outstanding shares of common stock from 100,000,000 to 150,000,000 shares.
- ***Removal of the Prohibition against Stockholder Action By Written Consent Without a Meeting.*** The affirmative vote of the holders of at least 66⅔% of our outstanding shares is required to approve the amendment to the Certificate of Incorporation to remove the prohibition against stockholder action by written consent.
- ***Removal of Limitation that Only the Company's Board of Directors May Call a Special Meeting of Stockholders.*** The affirmative vote of the holders of at least 66⅔% of our outstanding shares is required to approve the amendment to the Certificate of Incorporation to remove the limitation that only the Company's board of directors may call special meetings of stockholders.
- ***Permitting a Majority Vote of Stockholders to Adopt, Amend or Repeal the Company's Bylaws.*** The affirmative vote of the holders of at least 66⅔% of our outstanding shares is required to approve the amendment to the Certificate of Incorporation to permit the adoption, amendment

or repeal of the Company s Bylaws upon the affirmative vote of holders of at least a majority of our outstanding shares of capital stock entitled to vote.

- ***Eliminating Supermajority Stockholder Vote Requirement for Amendment or Repeal of Certain Provisions of the Company's Certificate of Incorporation.*** The affirmative vote of the holders of at least 66⅔% of our outstanding shares is required to eliminate the requirement that the amendment or repeal of certain provisions of our Certificate of Incorporation be approved by holders of at least 66⅔% of our outstanding shares of capital stock entitled to vote.
- ***Advisory Vote on Approval of Named Executive Officer Compensation.*** The affirmative vote of the holders of at least of a majority of the shares for which votes are cast at the Annual Meeting is required to approve, on a non-binding advisory basis, the compensation of the Company's named executive officers. Abstentions will not be counted as votes cast and, therefore, will not affect the outcome.
- ***Advisory Vote on Frequency of Stockholder Advisory Votes on the Compensation of Named Executive Officer Compensation.*** The frequency (one, two, or three years) that receives the highest number of votes cast at the Annual Meeting will constitute the non-binding advisory recommendation of the stockholders as to the frequency of future advisory votes on the compensation of the Company's named executive officers. Abstentions will not be counted as votes cast and, therefore, will not affect the outcome.
- ***Ratification of Independent Auditors.*** The affirmative vote of the holders of at least the majority of the shares for which votes are cast at the Annual Meeting is required for ratification of the appointment of Crowe Horwath LLP as our independent auditor for the fiscal year ending December 31, 2018. Abstentions will not be counted as votes cast and, therefore, will not affect the outcome.
- ***Adjournment of the Annual Meeting.*** The affirmative vote of the holders of at least the majority of the shares for which votes are cast at the Annual Meeting is required to approve the adjournment of the Annual Meeting to a later date or dates, if necessary, to permit further solicitation of additional proxies.

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If a broker indicates on its proxy that it submits to the Company that it does not have authority to vote certain shares held in street name, the shares not voted are referred to as broker non-votes. Broker non-votes occur when brokers do not have discretionary voting authority to vote certain shares held in street name on particular proposals under the rules of the New York Stock Exchange, and the beneficial owner of those shares has not instructed the broker how to vote on those proposals. If you are a beneficial owner and you do not provide instructions to your broker, bank or other nominee, your broker, bank or other nominee is permitted to vote your shares for or against routine matters such as Item 9, the ratification of the appointment of our independent registered public accounting firm. Brokers are not permitted to exercise discretionary voting authority to vote your shares for or against non-routine matters. All of the matters on which stockholders will be asked to vote on at the Annual Meeting, with the exception of Item 9, the ratification of the appointment of our independent registered public accounting firm, are non-routine matters.

Shares represented by proxies that are marked vote withheld with respect to the election of any nominee for director will not be considered in determining whether such nominee has received the affirmative vote of a plurality of the shares. Unless otherwise specified above, shares represented by proxies that are marked abstain with respect to any other matter to be voted upon at the Annual Meeting will have the effect of a negative vote.

Question: ***How may I cast my vote?***

Answer: If you are the stockholder of record, you may vote by one of the following four methods (as instructed on the enclosed proxy card):

- in person at the Annual Meeting;
- via the Internet;
- by telephone; or
- by mail.

If you would like to vote in person at the Annual Meeting and would like to obtain directions to the Annual Meeting, please contact Investor Relations, Pacific Premier Bancorp, Inc., 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614 at (949) 864-8000.

If you elect to vote by mail and you received a printed proxy card, you may mark, sign, date and mail the proxy card you received from us in the return envelope. If you did not receive a printed proxy card and wish to vote by mail, you may do so by requesting a paper copy of the proxy materials (as described below), which will include a proxy card.

Whichever method of voting you use, the proxies identified on the proxy card will vote the shares of which you are the stockholder of record in accordance with your instructions. If you submit a proxy card properly voted and returned through available channels without giving specific voting instructions, the proxies will vote the shares as recommended by our Board of Directors.

If you own your shares in street name, that is, through a brokerage account or in another nominee form, you must provide instructions to the broker or nominee as to how your shares should be voted. Your broker or nominee will usually provide you with the appropriate instruction forms at the time you receive this Proxy Statement and our annual report. If you own your shares in this manner, you cannot vote in person at the Annual Meeting unless you receive a proxy to do so from the broker or the nominee, and you bring the proxy to our Annual Meeting.

Question: ***How may I cast my vote over the Internet or by telephone?***

Answer: Voting over the Internet: If you are a stockholder of record, you may use the Internet to transmit your vote up until 11:59 P.M., Eastern Time, May 13, 2018. Visit *www.proxyvote.com* and have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

Voting by Telephone: If you are a stockholder of record, you may call 1-800-690-6903 and use any touch-tone telephone to transmit your vote up until 11:59 P.M., Eastern Time, May 13, 2018. Have your proxy card in hand when you call and then follow the instructions.

If you hold your shares in street name, that is through a broker, bank or other nominee, that institution will instruct you as to how your shares may be voted by proxy, including whether telephone or Internet voting options are available.

Question: ***How may a stockholder nominate someone at the Annual Meeting to be a director or bring any other business before the Annual Meeting?***

Answer: The Company's Bylaws require advance notice to the Company if a stockholder intends to attend an annual meeting of stockholders in person and to nominate someone for election as a director or to bring other business before the meeting. Such a notice may be made only by a stockholder of record within the time period established in the Bylaws and described in each year's Proxy Statement. See Stockholder Proposals for the 2019 Annual Meeting beginning on page 68.

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Question: ***How may I revoke or change my vote?***

Answer: If you are the record owner of your shares, and you completed and submitted a proxy card, you may revoke your proxy at any time before it is voted at the Annual Meeting by:

- submitting a new proxy card with a later date,
- delivering written notice to our Secretary on or before May 14, 2018, stating that you are revoking your proxy,
- attending the Annual Meeting and voting your shares in person, or
- If you are a record owner of your shares and you submitted your proxy by telephone or via the Internet, you may change your vote or revoke your proxy with a later telephone or Internet proxy, as the case may be.

Please note that attendance at the Annual Meeting will not, in itself, constitute revocation of your proxy.

If you own your shares in street name, you may later revoke your voting instructions by informing the bank, broker or other holder of record in accordance with that entity s procedures.

Question: ***Who is paying for the costs of this proxy solicitation?***

Answer: The Company will bear the cost of preparing, printing and mailing the materials in connection with this solicitation of proxies. In addition to mailing these materials, officers and regular employees of the Company may, without being additionally compensated, solicit proxies personally and by mail, telephone, facsimile or electronic

communication. We have retained DF King & Co., Inc. to assist in the solicitation at a cost of approximately $10,500, plus payment of reasonable out-of-pocket expenses incurred by DF King & Co., Inc.

Question: ***Who will count the votes?***

Answer: Broadridge will receive and tabulate the ballots and voting instruction forms.

Question: ***How can I obtain the Company s Corporate Governance information?***

Answer: Our Corporate Governance information is available on our website at *www.ppbi.com* under the Investor Relations section. Our stockholders may also obtain written copies at no cost by writing to us at 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614, Attention: Investor Relations Department, or by calling (949) 864-8000.

Question: ***How do I request electronic or printed copies of this and future proxy materials?***

Answer: You may request and consent to delivery of electronic or printed copies of this and future Proxy Statements, annual reports and other stockholder communications by

- visiting *www.proxyvote.com*,
- calling 1-800-690-6903, or
- sending an email to *sendmaterial@proxyvote.com*.

When requesting copies of proxy materials and other stockholder communications, you should have available the 16-digit control number located on the proxy card or, if shares are held in the name of a broker, bank or other nominee, the voting instruction form.

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ITEM 1. ELECTION OF DIRECTORS

Board Nominees

Our Board of Directors has nominated each of the following persons for re-election as a director. Under our Bylaws, directors are elected by the stockholders each year at the annual meeting of stockholders and shall hold office until the next annual meeting or until their successors are elected and qualified. Each nominee is currently a director of the Company and each has indicated that he or she is willing and able to continue to serve as a director. We have provided biographical and other information on each of the nominees beginning on page 1 of this Proxy Statement.

John J. Carona	**Ayad A. Fargo**
Steven R. Gardner	**Joseph L. Garrett**
Jeff C. Jones	**Simone F. Lagomarsino**
Michael J. Morris	**Zareh H. Sarrafian**
Cora M. Tellez	

Vote Required

Because the election of directors to occur at the Annual Meeting is not contested, the vote required for the election of each of the nine (9) director nominees by the stockholders is the affirmative vote of a majority of the votes cast in favor of or against the election of such director nominee. If the election of directors were a contested election, which it is not, director nominees would be elected by a plurality of the votes cast at a meeting of stockholders by the holders of shares entitled to vote in the election. There is no cumulative voting for our directors. If you indicate withhold for a particular nominee on your proxy card, your vote will not be considered in determining whether a nominee has received the affirmative vote of a majority of the votes cast in an uncontested election and a plurality of the votes cast in a contested election. The election of directors is considered a non-routine item upon which brokerage firms may not vote in their discretion on behalf of their clients if such clients have not furnished voting instructions. Therefore, broker non-votes will not be considered in determining whether a nominee has received the affirmative vote of a majority of the shares in an uncontested election and a plurality of the shares in a contested election.

If any nominee becomes unable or unwilling to serve, which is not anticipated, the accompanying proxy may be voted for the election of such other person as shall be designated by the Governance Committee (the Governance Committee) of our Board of Directors. Proxies granted may not be voted for a greater number of nominees than the nine (9) named above. Unless instructions to the contrary are specified in a proxy properly voted and returned through available channels, the proxies will be voted **FOR** each of the nominees listed above.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS

VOTE FOR EACH OF THE DIRECTOR NOMINEES.

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Nominated Directors

Below is information regarding each of our director nominees, each of whom has been nominated for re-election at the Annual Meeting.

John J. Carona, 62, has served as a member of the Board and the Bank s board of directors (the Bank Board) since 2013, when he was appointed to the Board and the Bank Board in connection with the Company s acquisition of First Associations Bank (FAB). Mr. Carona served as a director of FAB since its inception in 2007. Mr. Carona is the President and Chief Executive Officer of Associa Inc. (Associa). Mr. Carona was a six term Senator in the State of Texas from 1990 to 2014, where he represented District 16 in Dallas County. Previously, Mr. Carona was elected to three terms in the Texas House of Representatives. Mr. Carona served as Chairman of the Senate Business and Commerce Committee, Joint Chairman of the Legislative Oversight Board on Windstorm Insurance and as Co-Chairman of the Joint Interim Committee to Study Seacoast Territory Insurance. He also served as a member of the Senate Select Committee on Redistricting and the Senate Criminal Justice, Education and Jurisprudence committees. Previously, he served as Chairman of the Senate Transportation and Homeland Security Committee. Senator Carona received a Bachelor of Business Administration degree in insurance and real estate from the University of Texas at Austin in 1978.

Ayad A. Fargo, 57, was appointed to the Board and the Bank Board on January 31, 2016, in connection with the Company s acquisition of Security California Bancorp (SCAF) and its banking subsidiary Security Bank of California (SBC). Mr. Fargo has served as the President of Biscomerica Corporation, a food manufacturing company based in Rialto, California, since 1984. Prior to joining the Board and the Bank Board, Mr. Fargo served as a director of SCAF and SCB since 2005. Mr. Fargo received his B.S. from Walla Walla University.

Steven R. Gardner, 57, has been President, Chief Executive Officer and a director of the Company and Bank since 2000, and became Chairman of the Board of the Company and the Bank in May 2016. Prior to joining the Company, he was an executive officer of Hawthorne Financial Corporation since 1997, responsible for credit administration and portfolio management. He has more than 30 years of experience as a commercial banking executive. He has extensive knowledge of all facets of financial institution management, including small and middle market business banking, investment securities management, loan portfolio and credit risk management, enterprise risk management and retail banking. As the architect of both whole bank and FDIC assisted acquisitions as well as the acquisition of a nationwide specialty finance firm, Mr. Gardner has significant experience in successfully acquiring and integrating financial institutions. Mr. Gardner currently serves on the Board of Directors of the Federal Reserve Bank of San Francisco. Mr. Gardner formerly served on the Board of Directors of the Federal Home Loan Bank of San Francisco, and was the Chairman of the Finance Committee of the Federal Home Loan Bank of San Francisco. Mr. Gardner previously served as the Vice Chairman of the Federal Reserve Bank of San Francisco s Community Depository Institutions Advisory Council, as a director and a member of the Executive Committee of the Independent Community Bankers of America (ICBA), and as a director of ICBA Holding Company and ICBA Securities, a registered broker-dealer. Additionally, Mr. Gardner served as the former President and Chairman of the California Independent Bankers. Mr. Gardner holds a B.A. from California State University, Fullerton.

Joseph L. Garrett, 69, has served as a member of the Board and Bank Board since 2012. Mr. Garrett was the President, Chief Executive Officer, a member and chairman of the Board of Directors for both American Liberty Bank and Sequoia National Bank. He also served as a member of the Board of Directors for Hamilton Savings Bank. Since 2003, Mr. Garrett has been a principal at Garrett, McAuley & Co., which provides mortgage banking advisory services to commercial banks, thrifts, and mortgage banking companies. He served on the California State Controller s Advisory Commission on Public Employee Retirement Systems and currently serves on the National Advisory Council for the Institute of Governmental Studies at the University of California (Berkeley). Mr. Garrett received his A.B. and M.B.A. from the University of California (Berkeley) and his M.A. from the University of Washington

(Seattle).

Jeff C. Jones, 63, has served as a member of the Board and Bank Board since 2006, and was Chairman of the Board of the Company and the Bank from August 2012 to May 2016. Mr. Jones is the current Managing Partner and current Executive Committee member of, and partner in, the regional accounting firm Frazer, LLP, which he has been with since 1977. Mr. Jones has over 30 years of experience in servicing small and medium sized business clients primarily within the real estate, construction, and agricultural industries. Mr. Jones is a past

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president of Inland Exchange, Inc., an accommodator corporation, and has served on the Board of Directors of Moore Stephens North America, Inc. Mr. Jones holds a B.S. degree in Business Administration from Lewis and Clark College in Portland, Oregon, and a Masters of Business Taxation from Golden Gate University. Mr. Jones is a CPA in California, is licensed as a life insurance agent and holds a Series 7 securities license.

Simone F. Lagomarsino, 56, was appointed to the Board of the Company and the Bank effective as April 1, 2017, in connection with the Company s acquisition by merger of Heritage Oaks Bancorp (HEOP) and its wholly-owned subsidiary, Heritage Oaks Bank. Ms. Lagomarsino currently serves as President and Chief Executive Officer of Western Bankers Association, the organization resulting from the January 1, 2018 merger of the California Bankers Association and the Western Independent Bankers Association. Prior to that merger, she served as the President and Chief Executive Officer of the California Bankers Association since April 2017. In addition, Ms. Lagomarsino has served on the Board of Directors of the Federal Home Loan Bank of San Francisco since 2013, where she has served as Chair of the Audit Committee since 2015 and served as Vice Chair of the Audit Committee in 2014. Prior to joining the Company s and the Bank s boards of directors, Ms. Lagomarsino was a director, President and Chief Executive Officer of HEOP, and Chief Executive Officer of Heritage Oaks Bank, beginning September, 2011. She was appointed President of Heritage Oaks Bank in January 2012 and served in that position until January 2015. Ms. Lagomarsino, a financial services professional, has over 30 years of experience in executive leadership positions in the financial services industry, including serving in such capacities as President and Chief Executive Officer of Hawthorne Financial Corporation and Chief Financial Officer of Ventura County National Bank. Ms. Lagomarsino previously served on the boards of directors of the Alzheimer s Association s California Central Coast Chapter, Sierra Vista Regional Medical Center, and the Foundation for the Performing Arts Center of San Luis Obispo, and is the majority owner of Vino Al Lago LLC. Ms. Lagomarsino received her B.A. from Claremont McKenna College and her M.B.A. from Claremont Graduate School.

Michael J. Morris, 72, was appointed as a director of the Company and of the Bank effective April 1, 2017, in connection with the Company s acquisition of HEOP and its subsidiary Heritage Oaks Bank. Mr. Morris is an attorney and serves as Chairman of the Board of the law firm of Andre, Morris & Buttery. He has been a member of the Board of Directors of NioCorp, a publicly held company traded on the Toronto Stock Exchange, since 2014. He has served as a member and chairman of various non-profit boards of directors. He has practiced law in California for over 40 years, during which he has represented a broad array of corporate and individual clients. Prior to joining the Board and the Bank Board, Mr. Morris was a director of HEOP and of Heritage Oaks Bank beginning in January of 2001 and served as the Chairman of HEOP and Heritage Oaks Bank beginning in May of 2007. Mr. Morris received his B.A. from Georgetown University and his J.D. from the University of San Francisco School of Law.

Zareh H. Sarrafian, 54, was appointed to the Board and Bank Board on January 31, 2016, in connection with the Company s acquisition of SCAF and its subsidiary SCB. Mr. Sarrafian has served as the Chief Executive Officer of Riverside County Regional Medical Center in Riverside, California since 2014. Prior to that, Mr. Sarrafian served as Chief Administrative Officer at Loma Linda Medical Center in Loma Linda, California since 1998. Prior to joining the Company s and the Bank s boards of directors, Mr. Sarrafian served as a director of SCAF and SBC since 2005. Mr. Sarrafian received his B.S. from California State Polytechnic University, Pomona, and his M.B.A. from California State University, San Bernardino. Mr. Sarrafian has served as a member of the Board of Directors of Switch, Inc. since its formation and serves as a member of its Audit and Governance Committees.

Cora M. Tellez, 68, has served as a member of the Board and Bank Board since October 2015. Ms. Tellez has served as the Chief Executive Officer and President of both Sterling Health Services Administration, Inc. and Sterling Self Insurance Administration since founding the companies in 2003 and 2010, respectively. Ms. Tellez previously served as the President of the health plans division of Health Net, Inc., an insurance provider that operated in seven states. She also has served as President of Prudential's western healthcare operations, Chief Executive Officer of Blue Shield of California, Bay Region, and Regional Manager for Kaiser Permanente of Hawaii. Ms. Tellez serves on the board of directors of HMS Holdings, Inc., (HMS), and previously was a director of CorMedix. For HMS, Ms. Tellez chairs the Nominating and Governance Committee and serves on the Audit and Compensation Committees. She also serves on several nonprofit organizations such as the Institute for Medical Quality and UC San Diego s Center for Integrative Medicine. Ms. Tellez received her B.A. from Mills College and her M.S. in public administration from California State University, Hayward.

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Executive Officers Who Are Not Serving As Directors

Below is information regarding each of our executive officers who are not directors of the Company or Bank, including their title, age, date they became an officer of the Company or the Bank, as the case may be, and a brief biography describing each executive officer s business experience.

Edward Wilcox, 51, President of the Bank, was hired in August 2003 as the Bank s Senior Vice President and Chief Credit Officer. In September 2004, Mr. Wilcox was promoted to Executive Vice President and was responsible for overseeing loan and deposit production. In the fourth quarter of 2005, Mr. Wilcox was promoted to Chief Banking Officer and assumed responsibility of the branch network. In March 2014, Mr. Wilcox was promoted to Chief Operating Officer of the Bank. In April 2015, Mr. Wilcox was promoted to Senior Executive Vice President and Chief Banking Officer and served in that role until his appointment as President and Chief Banking Officer in May 2016. In January 2018, Mr. Wilcox s title was changed to President only. Prior to joining the Bank, Mr. Wilcox served as Loan Production Manager at Hawthorne Savings Bank for two years and as the Secondary Marketing Manager at First Fidelity Investment & Loan for five years. Mr. Wilcox has an additional nine years of experience in real estate banking, including positions as Asset Manager, REO Manager and Real Estate Analyst at various financial institutions. Mr. Wilcox obtained his B.A. degree in Finance from New Mexico State University.

Ronald J. Nicolas, Jr., 59, Senior Executive Vice President and Chief Financial Officer of the Company and the Bank, was hired in May 2016. Mr. Nicolas serves as Chairman of the Bank s Asset Liability Committee. Prior to joining the Company and Bank, Mr. Nicolas served as Executive Vice President and Chief Financial Officer at each of: Banc of California (2012-2016); Carrington Holding Company, LLC (2009-2012); Residential Credit Holdings, LLC (2008-2009); Fremont Investment and Loan (2005-2008); and Aames Investment/Financial Corp. (2001-2005). Earlier in his career, Mr. Nicolas served in various capacities with KeyCorp, a $60-billion financial institution, including Executive Vice President Group Finance of KeyCorp (1998-2001), Executive Vice President, Treasurer and Chief Financial Officer of KeyBank USA (1994-1998), and Vice President of Corporate Treasury (1993-1994). Before joining KeyCorp, he spent eight years at HSBC-Marine Midland Banks in a variety of financial and accounting roles. Mr. Nicolas obtained his B.S. degree in Finance and his Masters in Business Administration from Canisius College.

Michael S. Karr, 49, Senior Executive Vice President and Chief Risk Officer of the Bank, was hired in April 2006. Mr. Karr was appointed Chief Risk Officer of the Bank in March 2018, and in that capacity will oversee the Bank s enterprise risk management function. Mr. Karr previously served as the Chief Credit officer of the Bank and was responsible for overseeing the Bank s credit functions and has responsibility for all lending and portfolio operations. He is the Chairman of the Bank s Management Credit Committee and its Credit and Portfolio Review Committee. Prior to joining the Bank, Mr. Karr worked for Fremont Investment & Loan for 11 years as Vice President in charge of their Commercial Real Estate Asset Management department. Mr. Karr obtained his B.A. degree in Economics and Government, cum laude, from Claremont McKenna College and his Masters in Business Administration from the University of California, Irvine.

Thomas Rice, 46, Senior Executive Vice President and Chief Operating Officer of the Bank, was hired in November 2008 as the Bank s Senior Vice President and Chief Information Officer. Mr. Rice has overseen the technology and security functions since 2008 and has led the systems conversions and integrations of the Company s last seven acquisitions. Mr. Rice was appointed Executive Vice President and Chief Operating Officer of the Bank in April 2015 and assumed responsibility for operations of the Bank. Prior to joining the Bank, Mr. Rice was a founding partner at Compushare, where he oversaw the company s expansion and several system conversions of his banking clients. Mr. Rice obtained his B.S. degree in Computer Information Systems from DeVry University.

Steve Arnold, 47, Senior Executive Vice President and General Counsel of the Bank, was hired in February 2016. Mr. Arnold, who has more than 20 years of experience in the banking industry, oversees corporate governance matters, compliance, fair lending and operational legal matters. Mr. Arnold also has served as the Corporate Secretary of the Company since May 2017. Prior to joining the Bank, Mr. Arnold was a Partner in the financial services group at the law firm of Manatt, Phelps & Phillips, LLP (MPP) where he advised banks of all sizes on a variety of operational matters, including lending, deposits, treasury management services, electronic

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banking, regulatory compliance and core vendor agreements. Prior to joining MPP, Mr. Arnold served as Managing Counsel at Toyota Financial Services. Mr. Arnold obtained his B.A. degree from Brigham Young University and his J.D. from the George Mason University School of Law.

Donn B. Jakosky, 64, Executive Vice President, Chief Credit Officer of the Bank, was hired in December 2017. Mr. Jakosky was appointed Executive Vice President and Chief Credit Officer of the Bank in March 2018. Prior to that, he served as Deputy Chief Credit Officer of the Bank, during which time he assisted in the oversight of all of the Bank s credit and lending functions. Mr. Jakosky s leadership experience at publicly and privately held banks, spanning over 35 years, is heavily concentrated on credit and lending management. Prior to joining the Bank, Mr. Jakosky served as the Executive Vice President/Chief Credit Officer at Blue Gate Bank from January 2016 to December 2017. Mr. Jakosky served as Executive Vice President and Chief Credit Officer of Community Bank, where he was responsible for all credit and lending activities from 2009 until September 2015. At Community Bank, he supervised all credit administrators and underwriters in addition to other departments, and participated on the Bank s key committees. From 2006 to 2009, Mr. Jakosky was Executive Vice President and Chief Credit Officer at 1st Century Bank. Before that, he served at Mellon 1st Business Bank as Senior Vice President/Senior Credit Administrator and Asset Based Lending Manager from 2004 to 2006, and previously served at Bank of America and Sanwa Bank in senior credit officer roles. Mr. Jakosky obtained his Bachelor of Arts degree, *cum laude*, in Economics from the University of California, Los Angeles, where he subsequently also earned a Master of Business Administration degree.

Chris Porcelli, 37, Executive Vice President, Head of Real Estate and SBA of the Bank, was hired in 2004 and has served as the Executive Vice President and Head of Real Estate and SBA since January 2018. Mr. Porcelli maintains responsibility for the Business Development, Credit and Operations functions for the Bank s Commercial Real Estate, Construction and SBA divisions. Mr. Porcelli has held numerous senior management positions over his 14-year tenure. Commencing in January 2015, Mr. Porcelli served as Senior Vice President and Senior Credit Operations Manager. In June 2015, Mr. Porcelli was promoted to Executive Vice President and Deputy Chief Credit Officer, where he served until commencing as Executive Vice President and Division Lending Manager in July 2016. Prior to joining the Bank, Mr. Porcelli spent three years at Privest Bank. Mr. Porcelli obtained his B.A. degree from Loyola Marymount University and his M.B.A. degree from Chapman University.

Teresa Dawson, 48, Senior Executive Vice President and Chief Retail Banking Officer of the Bank, was hired in 2011. Ms. Dawson is responsible for the operations of the Retail Bank, Project Management and Client Services functions. Ms. Dawson has more than 25 years of experience in the banking industry, with deep experience in the area of mergers and acquisitions. She has led system conversions and integrations for the Company s four most recent acquisitions. Ms. Dawson was hired in March 2011 as the Bank s Project Conversion Manager. In March 2013, she was appointed Senior Vice President and Director of Branch Operations and assumed the responsibility of the Bank s branch network, bank operations, facilities, bank security and acquisitions. In February 2017, Ms. Dawson was appointed as the Senior Vice President and Director of Banking Operations, focusing on central operations. Prior to joining the Bank, Ms. Dawson held operational and technological positions with various financial institutions beginning in 1988.

Jamie Robinson, 47, Senior Executive Vice President and Head of Commercial Banking of the Bank, was hired in 2016. Mr. Robinson has served as Senior Executive Vice President and Head of Commercial Banking since January 2018, and in that capacity, he leads the Market Presidents within the Bank s commercial banking platform. Mr. Robinson joined the Bank as Director of Commercial Banking and subsequently was promoted to Market President for the Inland Empire and Coachella regions. Mr. Robinson has over 26 years of commercial banking experience. Before joining the Bank, he served as Executive Vice President, Commercial Banking Manager at Security Bank of California from June 2005 to January 2016. Mr. Robinson holds a B.A. degree in business economics from the University of California, Riverside, and is a graduate of the Pacific Coast Banking School at the University of Washington.

Ernest Hwang, 54, Senior Executive Vice President and Chief Banking Officer of the Bnak, was hired in January 2016. Mr. Hwang has served as Senior Executive Vice President and Chief Banking Officer since January 2018, and in that capacity he offers leadership throughout the organization in areas such as commercial lending, loan and deposit pricing, product development and marketing. Mr. Hwang also serves as Chairman of the Bank s Sales and Marketing Committee. Previously, Mr. Hwang served as the Bank s Senior Executive Vice President and President of Commercial Banking. Mr. Hwang has over 30 years of commercial banking

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experience. Before joining the Bank, Mr. Hwang served as a Director and the President of Security California Bancorp and a founding Director, Vice Chairman and Chief Lending Officer of Security Bank of California. Earlier in his career, Mr. Hwang served as a Senior Vice President at City National Bank and previously held commercial lending positions with Security Pacific National Bank and Bank of California (Mitsubishi Bank). Mr. Hwang received his B.S. in biology from Loma Linda University and is a graduate of Pacific Coast Banking School at the University of Washington.

John Rinaldi, 70, Executive Vice President and President of Franchise Lending of the Bank, was hired in January 2014 and has lead the Bank s Franchise Lending division since that date. As a franchise restaurant finance industry veteran of more the 20 years, Mr. Rinaldi offers a wealth of experience and leadership to the Bank s Franchise Lending division. Previously, Mr. Rinaldi served as the President and Chief Executive Officer of Irwin Franchise Capital, a company that he founded which was a wholly owned subsidiary of Irwin Financial Corporation for 8 years and the predecessor of First Franchise Capital, a subsidiary of First Financial Bank. Prior to those engagements, he served in executive capacities at a number of financial companies and had full profit and loss responsibility at a variety of companies. Mr. Rinaldi served at Franchise Mortgage Acceptance Company (FMAC) as Chief Operations Officer, President of the Equipment Finance business and a senior member of the Credit Committee; at Federated Capital Corporation he served as Executive Vice President and at Bell Atlantic Capital Corporation he was a Senior Vice President and led the Middle Market and Franchise Lending businesses.

Corporate Governance

We value strong corporate governance principles and adhere to the highest ethical standards. These principles and standards, along with our core values of fairness and caring, assist us in achieving our corporate mission. To foster strong corporate governance and business ethics, our Board of Directors continues to take many steps to strengthen and enhance our corporate governance practices and principles. To that end, we have adopted certain corporate governance guidelines, which are embodied in the Corporate Governance Policy that our Board has approved to achieve the following goals:

- to promote the effective functioning of the Board of Directors;
- to ensure that the Company conducts all of its business in accordance with the highest ethical and legal standards; and
- to enhance long-term stockholder value.

The full text of our Corporate Governance Policy is available on our website at *www.ppbi.com* under the Investor Relations section. Our stockholders may also obtain a written copy of the guidelines at no cost by writing to us at 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614, Attention: Investor Relations Department, or by calling (949) 864-8000.

The Governance Committee of our Board of Directors administers our Corporate Governance Policy, reviews performance under the guidelines and the content of the guidelines annually and, when appropriate, recommends that our Board approve updates and revisions to our Corporate Governance Policy.

Director Qualifications, Diversity and Nomination Process

Our Governance Committee is responsible for reviewing with the Board of Directors annually the appropriate skills and characteristics required of the Board members, and for selecting, evaluating and recommending nominees for election by our stockholders. The Governance Committee has authority to retain a third-party search firm to identify or evaluate, or assist in identifying and evaluating, potential nominees if it so desires, although it has not done so to date.

In evaluating both the current directors and the nominees for director, the Governance Committee considers such other relevant factors, as it deems appropriate, including the current composition of the Board, the need for Audit Committee expertise, and the director qualification guidelines set forth in the Company s Corporate Governance Policy. Under the Company s Corporate Governance Policy, the factors considered by the Governance Committee and the Board in its review of potential nominees and directors include: integrity and independence; substantial accomplishments, and prior or current association with institutions noted for their excellence; demonstrated leadership ability, with broad experience, diverse perspectives, and the ability to exercise sound business judgment; the

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background and experience of candidates, particularly in areas important to the operation of the Company such as business, education, finance, government, law or banking; the ability to make a significant and immediate contribution to the Board s discussions and decision-making; special skills, expertise or background that add to and complement the range of skills, expertise and background of the existing directors; career success that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make; and the availability and energy necessary to perform his or her duties as a director. In addition, the Governance Committee and the Board believes the composition of the Board should reflect sensitivity to the need for diversity as to gender, ethnic background and experience. Application of these factors involves the exercise of judgment by the Board and cannot be measured in any mathematical or routine way.

In connection with the evaluation of nominees, the Governance Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the Governance Committee, in concert with the Company s Chief Executive Officer (CEO), interviews prospective nominees. After completing its evaluation, the Governance Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Governance Committee.

For each of the nominees to the Board and the current directors, the biographies shown above highlight the experiences and qualifications that were among the most important to the Governance Committee in concluding that the nominee or the director should serve or continue to serve as a director of the Company. The table below supplements the biographical information provided above. The vertical axis displays the primary attributes and qualifications reviewed by the Governance Committee in evaluating a board candidate, and the marks within the boxes indicate those particular attributes and qualifications that the Board determined each particular candidate possesses.

Experience, Qualifications, Skill or Attribute	**Carona**	**Fargo**	**Gardner**	**Garrett**	**Jones**	**Lagomarsino**	**Morris**	**Sarrafian**	**Tellez**
Professional standing in chosen field	X	X	X	X	X	X	X	X	X
Expertise in financial services or related industry	X		X	X	X	X	X	X	X
Audit Committee Financial Expert qualifications			X		X	X	X	X	X
Civic and community involvement	X	X	X	X	X	X	X	X	X
Other public company experience		X	X			X	X	X	X
Leadership and team building skills	X	X	X	X	X	X	X	X	X
Specific skills/knowledge:									
– finance	X	X	X	X	X	X	X	X	X
– marketing	X		X			X			
– public affairs	X			X					
– human resources	X		X			X			
– governance	X	X	X	X	X	X	X	X	X

Our stockholders may propose director candidates for consideration by the Governance Committee by submitting the individual s name and qualifications to our Corporate Secretary at 17901 Von Karman Avenue, Suite 1200, Irvine, CA 92614. Our Governance Committee will consider all director candidates properly submitted by our stockholders in accordance with our Bylaws and Corporate Governance Guidelines.

Board of Directors Independence

Each member of our Board and the Bank Board is elected annually and will continue to serve until their successors are elected and qualified, or until their early resignation. Our Corporate Governance Policy requires that our Board consist predominantly of directors who are not currently, and have not been, during the most recent three years, employed by us (i.e. non-management directors). Currently, the Company s Chairman, President and CEO, Mr. Gardner, is the only director who is also a member of management.

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In addition, our Corporate Governance Policy requires that a majority of our Board consist of independent directors as defined under the NASDAQ Stock Market (NASDAQ) rules. No director will be independent unless the Board affirmatively determines that the director meets the categorical standards set forth in the NASDAQ rules and otherwise has no relationship with the Company that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and has no material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company. In addition, the Board of Directors considers the director independence guidelines established by institutional shareholder advisory services. The Board of Directors balances those guidelines with the independence standards established by NASDAQ rules and other important qualitative factors identified by the Board of Directors when evaluating whether an individual who otherwise satisfies the independence standards set forth in the NASDAQ rules also should be considered sufficiently independent for service on the Audit, Compensation and Governance Committees.

The Governance Committee is responsible for the annual review, together with the Board of Directors, of the appropriate criteria and standards for determining director independence consistent with NASDAQ rules. The Board of Directors has determined that Ayad A. Fargo, Joseph L. Garrett, Jeff C. Jones, Simone Lagomarsino, Michael Morris, Zareh H. Sarrafian, and Cora M. Tellez are independent under the NASDAQ rules and have no material relationships with the Company.

Responsibilities of the Board of Directors

In addition to each director s basic duties of care and loyalty, the Board of Directors has separate and specific obligations enumerated in our Corporate Governance Policy. Among other things, these obligations require directors to effectively monitor management s capabilities, compensation, leadership and performance, without undermining management s ability to successfully operate the business. Our Board and its committees have the authority to retain and establish the fees of outside legal, accounting or other advisors, as necessary to carry out their responsibilities.

The directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. As a result, our directors must disclose all business relationships with the Company and with any other person doing business with us to the entire Board and to recuse themselves from discussions and decisions affecting those relationships. We periodically solicit information from directors in order to monitor potential conflicts of interest and to confirm director independence. In addition, each director is subject to the Company s Related Party Transactions Policy, pursuant to which transactions between the Company or the Bank, on one hand, and any of our directors or certain of their affiliates, on the other hand, need to be approved or ratified by disinterested members of the Governance Committee, if not otherwise pre-approved under the terms of the policy. For more information, see *Related-Party Transactions* .

Board of Directors Leadership Structure

Our Bylaws provide for a Board of Directors that will serve for one-year terms. Unless otherwise determined by the Board, our Bylaws require that our Board be comprised of seven (7) members. The Board currently has ten (10) members. In connection with Mr. Pfau s determination not to stand for re-election as a director at the Annual Meeting, the Board has determined that it is in our best interests and the best interests of our stockholders that the size of the Board be reduced to nine (9) members effective immediately prior to the Annual Meeting. In addition, the Board has authorized an increase in the size of the Board to eleven (11) members effective upon consummation of the proposed acquisition of Grandpoint Capital, Inc. and its subsidiary, Grandpoint Bank (collectively, Grandpoint), in order to accommodate the addition of two new director nominees from Grandpoint. Vacancies on the Board may be filled by a majority of the remaining directors. A director elected to fill a vacancy, or a new directorship created by an increase in the size of the Board, serves for a term expiring at the next annual meeting of stockholders.

The Board is committed to having a non-executive Chairman or a lead independent director. Our Corporate Governance Policy provides that either of these structures is appropriate to ensure independent Board leadership and that the Company is managed for the long-term benefit of its stockholders. Each year, the Board evaluates the its leadership structure to ensure that it remains appropriate. Currently, the offices of Chairman of the Board of Directors and CEO are jointly held and the Board has designated a lead independent director to ensure independent director oversight of the Company.

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Mr. Jones currently serves as the Board s lead independent director. The lead independent director:

- ensures independent oversight of the Company;
- ensures active participation of the independent directors in setting agendas and establishing priorities for the Board;
- presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; and
- serves as a liaison between the Chairman and the independent directors.

Board of Directors Risk Oversight

The understanding, identification and management of risk are essential elements for the successful management of our Company. The entire Board of Directors is responsible for oversight of the Company s risk management processes. The Board delegates many of these functions to the Audit Committee. Under its charter, the Audit Committee is responsible for monitoring business risk practices and legal and ethical programs. In this way, the Audit Committee helps the Board fulfill its risk oversight responsibilities relating to the Company s financial statements, financial reporting process and regulatory requirements. The Audit Committee also oversees our corporate compliance programs, as well as the internal audit function. In addition to the Audit Committee s work in overseeing risk management, our full Board regularly engages in discussions of the most significant risks that the Company is facing and how these risks are being managed, and the board receives reports on risk management from senior officers of the Company and from the chair of the Audit Committee. The Board receives periodic assessments from the Company s ongoing enterprise risk management process that are designed to identify potential events that may affect the achievement of the Company s objectives. In addition, our Board and its standing committees periodically request supplemental information or reports as they deem appropriate.

Communication With Directors

Individuals may submit communications to any individual director, including our presiding Chairman, our Board as a group, or a specified Board committee or group of directors, including our non-management directors, by sending the communications in writing to the following address: Pacific Premier Bancorp, Inc., 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614. All correspondence should indicate to whom it is addressed. The Company s Corporate Secretary will sort the Board correspondence to classify it based on the following categories into which it falls: stockholder correspondence, commercial correspondence, regulatory correspondence or customer correspondence. All stockholder correspondence will then be forwarded to the Board members to whom it is directed.

Board Meetings and Executive Sessions

During 2017, our Board of Directors met 11 times and anticipates holding 8 regularly-scheduled Board meetings in 2018, and any special meetings that may be necessary or appropriate. Directors, on average, attended approximately 96.36% of the Board and applicable Board committee meetings during 2017. All of our directors are encouraged to attend each meeting in person. Our management provides all directors with an agenda and appropriate written materials sufficiently in advance of the meetings to permit meaningful review. Any director may submit topics or request changes to the preliminary agenda as he or she deems appropriate in order to ensure that the interests and needs of non-management directors are appropriately addressed. To ensure active and effective participation, all of our directors are expected to arrive at each Board and committee meeting having reviewed and analyzed the materials for the meeting.

It is the Company s policy that the independent directors of the Company meet in executive sessions without management at least twice on an annual basis in conjunction with regularly scheduled board meetings. Executive sessions at which the independent directors meet with the CEO also may be scheduled. During 2017, the independent directors met 10 times in executive session without the presence of management.

Director Attendance at Company Annual Meetings

All of our directors are encouraged to attend every Company annual meeting of stockholders. All of our directors attended our 2017 Annual Meeting of Stockholders.

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Director Contact with Management

All of our directors are invited to contact our Chief Executive Officer and or any of our executive or senior level managers at any time to discuss any aspect of our business. In addition, there generally are frequent opportunities for directors to meet with other members of our management team.

Corporate Code of Business Conduct and Ethics

We have implemented a Code of Business Conduct and Ethics applicable to our directors, CEO, Chief Financial Officer (CFO), other senior management, and to all of our officers and employees. Our Code of Business Conduct and Ethics provides fundamental ethical principles to which these individuals are expected to adhere. Our Code of Business Conduct and Ethics operates as a tool to help our directors, officers, and employees understand and adhere to the high ethical standards required for employment by, or association with, the Company and the Bank. Our Code of Business Conduct and Ethics is available on our website at *www.ppbi.com* under the Investor Relations section. Our stockholders may also obtain written copies at no cost by writing to us at 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614, Attention: Investor Relations Department, or by calling (949) 864-8000. Any future changes or amendments to our Code of Business Conduct and Ethics and any waiver that applies to one of our senior financial officers or a member of our Board of Directors will be posted to our website.

The table below sets forth the membership of our Audit Committee, Compensation Committee, Governance Committee, and Executive Committee as of December 31, 2017, as well as the number of meetings each committee held during the year ended December 31, 2017.

	Board Committee(1)			
Director	**Audit(2)**	**Compensation**	**Governance(3)**	**Executive(4)**
John J. Carona				
Ayad A. Fargo		X		
Steven R. Gardner				X*
Joseph L. Garrett	X	X*		X
Jeff C. Jones	X*	X	X*	X
Simone F. Lagomarsino				
Michael J. Morris	X			
Michael E. Pfau		X	X	
Zareh H. Sarrafian			X	X
Cora M. Tellez	X	X		
	9 meetings in 2017	7 meetings in 2017	4 meetings in 2017	No meetings in 2017

* Chairperson

(1) Effective March 26, 2018, the Board established an Enterprise Risk Management Committee of the Board. Mr. Morris (Chair), Ms. Lagomarsino and Ms. Tellez have been appointed to serve on the Enterprise Risk Management Committee.

(2) Effective March 26, 2018, Mr. Garrett no longer serves on the Audit Committee and Mr. Sarrafian has been appointed to serve on the Audit Committee.

(3) Effective March 26, 2018, Mr. Pfau no longer serves on the Governance Committee or Compensation Committee, Mr. Fargo has been appointed to serve on the Governance Committee and Mr. Sarrafian has been appointed Chairperson of the committee. Mr. Pfau is not standing for re-election to the Board at the Annual Meeting.

(4) Effective March 26, 2018, the Executive Committee has been discontinued as a Board committee.

A description of the general functions of each of the Company s Board committees and the composition of each committee is set forth below.

Audit Committee. The Audit Committee is responsible for selecting and communicating with the Company s independent auditors, reporting to the Board on the general financial condition of the Company and the results of the annual audit, and ensuring that the Company s activities are being conducted in accordance with applicable laws and regulations. The internal auditor of the Bank participates in the Audit Committee meetings. A copy of the Audit Committee charter can be found on the Company s website at *www.ppbi.com* under the Investor Relations section.

No member of the Audit Committee receives any consulting, advisory or other compensation or fee from the Company other than fees for service as a member of the Board of Directors, committee member or officer of the Board. Each of the Audit Committee members is considered independent under the NASDAQ listing standards

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and rules of the U.S. Securities and Exchange Commission (the SEC). The Board of Directors has determined that each of Mr. Jones, Mr. Sarrafian and Ms. Tellez satisfies the requirements established by the SEC for qualification as an audit committee financial expert, and is independent under the NASDAQ listing standards and rules of the SEC.

Compensation Committee. The Compensation Committee reviews the amount and composition of director compensation from time to time and makes recommendations to the Board when it concludes changes are needed. In recommending director compensation, the Compensation Committee considers the potential negative effect on director independence if director compensation and perquisites exceed customary levels. The Compensation Committee also (i) has oversight responsibility for the Bank s compensation policies, benefits and practices, (ii) approves all stock option, restricted stock and restricted stock unit grants, (iii) has oversight responsibility for management planning and succession, (iv) determines the annual salary, the annual bonus, stock options, and restricted stock grants of our CEO, CFO and other named executive officers, and (v) approves the compensation structure for other members of our senior management team. Each of the Compensation Committee members is considered independent under the NASDAQ listing standards and rules of the SEC. A copy of the Compensation Committee charter can be found on the Company s website at *www.ppbi.com* under the Investor Relations section.

The Compensation Committee has the authority, in its sole discretion, to retain and terminate compensation advisors, including approval of the terms and fees of any such arrangement. In 2017, the Compensation Committee engaged Willis Towers Watson (WTW) to assist the Compensation Committee with its responsibilities related to our executive and Board compensation programs. WTW does not provide other services to the Company. Additionally, based on standards promulgated by the SEC and the NASDAQ to assess compensation advisor independence and the analysis conducted by WTW in its independence review, the Compensation Committee concluded that WTW is independent and a conflict-free advisor to the Company.

Governance Committee. The Governance Committee has oversight responsibility for nominating candidates as directors and to determine satisfaction of independence requirements. The Governance Committee has adopted a written charter. A copy of the charter and the Company s Corporate Governance Guidelines can both be found on the Company s website at *www.ppbi.com* under the Investor Relations section.

The primary responsibilities of our Governance Committee include:

- assisting the Board in identifying and screening qualified candidates to serve as directors, including considering stockholder nominees;
- recommending to the Board candidates for election or reelection to the Board or to fill vacancies on the Board;
- aiding in attracting qualified candidates to serve on the Board;
- making recommendations to the Board concerning corporate governance principles;
- periodically assessing the effectiveness of the Board in meeting its responsibilities representing the long-term interests of the stockholders; and
- following the end of each fiscal year, providing the Board with an assessment of the Board's performance and the performance of the Board committees.

Enteprise Risk Management Committee. The Enterprise Risk Management Committee (the ERM Committee) has oversight responsibility for ensuring the Company s global risk-management framework is commensurate with its structure, risk profile, complexity, activities and size. The ERM Committee has adopted a written charter, a copy of which can both be found on the Company s website at *www.ppbi.com* under the Investor Relations section.

The primary responsibilities of our ERM Committee include but are not limited to:

- reviewing management's assessment of the Company's core risks and alignment of its enterprise-wide risk profile with the Company's strategic plan, goals, and objectives;

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- reviewing the amount, nature, characteristics, concentration and quality of the Company's credit portfolio, as well as significant exposures to credit risk and reviewing exceptions (if any) to credit policies or procedures, and trends in portfolio quality (credit and position risk), market risk, liquidity risk, economic trends, and other risk information;
- reviewing and approving the Company's policies and procedures for any legally-required stress testing processes as frequently as economic conditions or the condition of the Company may warrant, but no less than annually; and
- reviewing cyber security threat reports regarding the assessment of current security updates, cyber statistics, core elements and controls, and key IT trends affecting information security.

Executive Committee. Prior to March 26, 2018, the Executive Committee was permitted exercise all authority of the Board in the intervals between Board meetings, except for certain matters. The Executive Committee s primary responsibilities included: (i) acting on behalf of the Board upon any routine operational matters, or such other matters, which, in the opinion of the Chairman of the Board, should not be postponed until the next regularly scheduled meeting of the Board, subject, in each case, to the limitations set forth in the Executive Committee charter and our Bylaws; and (ii) forming and delegating authority to subcommittees when appropriate. Effective as of March 26, 2018, the Executive Committee has been discontinued as a Board committee.

Compensation Committee Interlocks and Insider Participation

For 2017, the Compensation Committee was comprised of Messrs. Fargo, Garrett, Goddard, and Jones, and Ms. Tellez, each of whom was an independent director. Following the Company s acquisition by merger of HEOP, effective April 1, 2017, Mr. Pfau replaced Mr. Goddard as a member of the Compensation Committee. None of these individuals is or has been an officer or employee of the Company during the last fiscal year or as of the date of this Proxy Statement, or is serving or has served as a member of the compensation committee of another entity that has an executive officer serving on the Compensation Committee. No executive officer of the Company served as a director of another entity that had an executive officer serving on the Compensation Committee. Finally, no executive officer of the Company served as a member of the compensation committee of another entity that had an executive officer serving as a director of the Company.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) and the related rules and regulations, our directors and executive officers and any beneficial owners of more than 10% of any registered class of our equity securities, are required to file reports of their ownership, and any changes in that ownership, with the SEC. Based solely on our review of copies of these reports and on written representations from such reporting persons, we believe that during 2017, all such persons filed all ownership reports and reported all transactions on a timely basis, except that due to administrative oversights, two reports on Form 4 were not timely filed for Mrs. Tellez relating to shares received in lieu of cash for board fees for the first and second quarter of 2017, for which a Form 4 was filed on March 2, 2018.

Committee Independence and Additional Information

The Company s Audit, Governance and Compensation Committees are currently composed entirely of independent directors, as defined by our Corporate Governance Policy and applicable NASDAQ and SEC rules and regulations. Our Compensation, Audit and Governance Committees each have a written charter, which may be obtained on our website at www.ppbi.com under the Investor Relations section. Company stockholders may also obtain written copies of the charters at no cost by writing to us at 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614, Attention: Investor Relations Department, or by calling (949) 864-8000.

The Chair of each committee is responsible for establishing committee agendas. The agenda, meeting materials and the prior meeting minutes of each committee meeting are furnished in advance of each committee meeting to all of our directors, and each committee chair reports on his or her committee s activities to the full Board at least quarterly.

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Equity Compensation Plan Information

The following table provides information as of December 31, 2017, with respect to options and restricted stock units outstanding and shares available for future awards under the Company s active equity incentive plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
Pacific Premier Bancorp, Inc. 2004 Long-term Incentive Plan	114,454	$ 8.25	—
Pacific Premier Bancorp, Inc. Amended and Restated 2012 Stock Long-Term Incentive Plan	791,826	14.03	3,594,149
Heritage Oaks Bancorp 2005 Equity Based Compensation Plan	48,532	19.15	—
Heritage Oaks Bancorp 2015 Equity Incentive Plan	48,156	21.78	630,472 (3)
Equity compensation plans not approved by security holders	—	—	—
Total Equity Compensation plans	1,002,968 (1)	$ 13.89 (2)	4,224,621 (4)

(1) Consists of 954,523 shares issuable upon the exercise of outstanding stock options and 48,445 shares issuable in settlement of outstanding RSUs (assuming RSUs are earned at the maximum potential level). Excludes 398,398 outstanding shares of restricted stock (these do not constitutes rights under SEC rules).

(2) The weighted-average exercise price includes all outstanding stock options but does not include restricted stock units, all of which do not have an exercise price. If restricted stock units were included in this calculation, treating such awards as having an exercise price of zero, the weighted average exercise price of outstanding options, warrants and rights would be $13.22.

(3) Represents shares of Company common stock available for issuance under the Heritage Oaks Bancorp 2015 Equity Incentive Plan (the HEOP Plan), which was assumed by the Company in its acquisition of HEOP effective as of April 1, 2017. The aggregate number of shares authorized for issuance under the HEOP Plan at the date of acquisition was 630,472. The foregoing share amount represent shares available for issuance under the HEOP Plan at the relevant date, multiplied by the exchange ratio of 0.3471, which was the exchange ratio used to calculate the number of shares of the Company’s common stock into which awards issued under HEOP Plan was converted upon the Company’s assumption of the HEOP Plan.

(4) Consists of common stock remaining available for awards under our 2012 Long-Term Incentive Plan and the HEOP Plan.

Principal Holders of Common Stock

The following table sets forth information as to those persons or entities believed by management to be beneficial owners of more than 5% of the Company s outstanding shares of common stock on March 22, 2018 or as represented by the owner or as disclosed in certain reports regarding such ownership filed by such persons with the Company and with the SEC, in accordance with Sections 13(d) and 13(g) of the Exchange Act. Other than those persons listed below, the Company is not aware of any person, as such term is defined in the Exchange Act, that beneficially owns more than 5% of the Company s common stock as of the Record Date.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class[(1)]
BlackRock Inc. 55 East 52nd Street New York, NY 10055	4,970,355 [(2)]	10.69 %
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	2,780,883 [(3)]	5.98 %

(1) As of March 22, 2018, there were 46,504,586 shares of Company common stock outstanding on which Percent of Class in the above table is based.

(2) As reported in a Schedule 13 G/A filed with the SEC on January 19, 2018 for the calendar year ended December 31, 2017. BlackRock Inc. reported having sole voting power over 4,878,788 shares and sole dispositive power over 4,970,355 shares.

(3) As reported in a Schedule 13G filed with the SEC on February 14, 2018, reporting beneficial ownership as of December 31, 2017. T. Rowe Price Associates, Inc. reported having sole voting power over 444,273 shares and sole dispositive power over 2,780,883 shares.

Security Ownership of Directors and Executive Officers

This table and the accompanying footnotes provide a summary of the beneficial ownership of our common stock as of the Record Date, by (i) our directors, (ii) our named executive officers, and (iii) all of our current directors and executive officers as a group. The following summary is based on information furnished by the respective directors and officers. Each person has sole voting and investment power with respect to the shares they beneficially own.

Name	Common Stock	Restricted Stock(1)	Options Exercisable(2)	Total Beneficial Ownership #(3)	%(4)
	A	B	C	D	E
John J. Carona	15,739	1,427	15,000	32,166	*
Ayad Fargo	295,895	1,427	—	297,322	*
Joseph L. Garrett	69,263	1,795	25,000	96,058	*
Jeff C. Jones	120,541	1,427	26,000	147,968	*
Simone Lagomarsino	66,493	2,979	—	69,472	*
Michael Morris	24,791	1,427	3,470	29,688	*
Michael Pfau(5)	31,346	1,802	3,470	36,618	*
Zareh Sarrafian	21,477	1,427	—	22,904	*
Cora Tellez	12,857	1,817	—	14,674	*
Steven R. Gardner	206,478	83,178	180,842	470,498	1.00 %
Edward Wilcox	59,589	44,632	101,500	205,721	*
Ronald J. Nicolas, Jr.	4,372	29,647	—	34,019	*
Michael S. Karr	36,826	28,742	97,000	162,568	*
Thomas Rice	22,327	29,931	34,964	87,222	*
Stock Ownership of all Directors and Executive Officers as a Group (14 persons)	987,994	231,658	487,246	1,706,898	3.63 %

* Represented less than 1% of outstanding shares.

(1) In accordance with applicable SEC rules, shares of restricted stock constitute beneficial ownership because the holder has voting power, but not dispositive power.

(2) In accordance with applicable SEC rules, stock options that are exercisable or will become exercisable, and restricted stock units that will be settled, within 60 days after the Record Date are included in this column.

(3) The amounts in column D are derived by adding shares, restricted stock and options exercisable listed in columns A, B and C of the table.

(4) The amounts contained in column E are derived by dividing the amounts in column D of the table by (i) the total outstanding shares of 46,504,586 plus (ii) the amount in column C for that individual or the group, as applicable.

(5) Mr. Pfau is not standing for re-election to the Board at the Annual Meeting.

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Compensation of Non-Employee Directors

The Board of Directors, acting upon a recommendation from the Compensation Committee, annually determines the non-employee directors compensation for serving on the Board of Directors and its committees. In establishing director compensation, the Board of Directors and the Compensation Committee are guided by the following goals, compensation should:

- consist of a combination of cash and equity awards that are designed to fairly pay the directors for work required for a company of our size and scope;
- align the directors' interests with the long-term interests of the Company's stockholders; and
- assist with attracting and retaining qualified directors.

The Compensation Committee and the Board of Directors most recently completed this process in December 2017. To better position the Company s director compensation relative to our peer group, as identified below, it was determined that, for the 2018 fiscal year, the cash compensation for non-employee directors serving on the Boards of Directors of the Company and the Bank will remain the same as 2017, and director equity compensation will increase from the 2017 compensation as detailed below. The Company does not pay director compensation to directors who are also employees. Below are the elements of compensation paid to non-employee directors for their service on the Board of Directors.

Cash Compensation

During the 2017 fiscal year, non-employee directors received the following cash payments for their service on the Boards of Directors of the Company and the Bank:

- an annual cash retainer of $59,000, paid quarterly in arrears, for service on the Boards of Directors of the Company and the Bank;
- an additional annual cash retainer of $15,000, paid quarterly in arrears, to the Chairman of the audit committee of the Company's Board;
- an additional annual cash retainer of $2,500, paid quarterly in arrears, to the members of the audit committee of the Company's Board;
- an additional annual cash retainer of $10,000, paid quarterly in arrears, to the Chairman of compensation committee of the Company's Board; and
- an additional annual cash retainer of $1,000, paid quarterly in arrears, to members of the compensation committee of the Company's Board.

During 2017, the Company did not provide prerequisites to any director in an amount that is reportable under applicable SEC rules and regulations. All non-employee directors are entitled to reimbursement for travel expense incurred in attending Board and committee meetings.

We have offered to our non-executive directors the opportunity to receive all or a portion of their annual cash retainer in the form of shares of restricted stock. If a director elects to receive all or a portion of her or his annual cash retainer in restricted shares of restricted stock, the director is granted on the last day of the quarter for which payment is owed a number of shares of restricted stock equal to the amount of retainer owed divided by the closing price of our common stock on the date of grant. In 2017, we granted non-executive directors 3,199 shares of restricted stock in lieu of annual cash retainer payments.

Stock Compensation

Each non-employee director is eligible for a grant of shares of restricted stock issued from the 2012 Long-Term Incentive Plan, as recommended by the Compensation Committee. The shares of restricted stock that the Company awards to its directors fully vest as of the first anniversary of the date of grant, subject to earlier vesting on termination of service in certain circumstances. On January 26, 2017, each of our non-employee directors was granted 1,248 shares of restricted stock. On February 28, 2018, each of our non-employee directors was granted 1,427 shares of restricted stock.

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Stock Ownership Guidelines for Directors

The Board of Directors has adopted stock ownership guidelines for non-employee directors, which require that each non-employee director own shares of the Company s common stock having a value of at least equal to five times the director s annual retainer for service on the Board of the Company or the Bank Board (not including committee-related fees). New directors have five years after joining the Board of Directors or the Bank Board to meet the guidelines. Restricted stock and restricted stock units, and a portion of the shares that may be acquired by exercise of vested in-the-money stock options, are treated as stock ownership for this purpose. As of the date of this Proxy Statement, all directors met or exceeded the ownership guidelines to the extent applicable to them.

Health Insurance Benefits

Non-employee directors can elect to receive insurance benefits from the Company, including long-term care insurance or health care insurance. The aggregate cost of these benefits in 2017 was $60,400.

Aggregate Director Compensation in 2017. In accordance with applicable SEC rules and regulations, the following table reports all compensation the Company paid during 2017 to its non-employee directors.

2017 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Option Awards(1)	Changes In Nonqualified Deferred Compensation Earnings(2)	All Other Compensation	Total
Kenneth A. Boudreau*	$ 15,375	$ 49,982	$ —	$ 1,498	$ —	$ 66,855
John J. Carona	59,000	49,982	—	—	—	108,982
Ayad Fargo	60,000	49,982	—	—	—	109,982
Joseph L. Garrett	71,500	49,982	—	—	—	121,482
John D. Goddard*	15,000	49,982	—	505	—	65,487
Jeff C. Jones	68,750	49,982	—	—	—	118,732
Simone F. Lagomarsino	46,434	—	—	—	—	46,434
Michael L. McKennon*	18,500	49,982	—	3,397	—	71,879
Michael J. Morris	46,125	—	—	—	—	46,125
Michael E. Pfau**	45,000	—	—	—	—	45,000
Zareh Sarrafian	59,000	49,982	—	—	—	108,982
Cora Tellez	62,500	49,982	—	—	—	112,482

* Resigned as a director effective immediately prior to the effectiveness of the Company's acquisition of HEOP and Heritage Oaks Bank on April 1, 2017.

** Not standing for re-election to the Board at the Annual Meeting.

(1) These amounts represent the aggregate grant date fair value of restricted stock granted in 2017, calculated in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are discussed in Note 16 to our Consolidated Audited Financial Statements for the fiscal year ended December 31, 2017, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Fair value is based on 100% of the closing price per share of our common stock on the date of grant. At December 31, 2017, each of the non-employee directors named in the above table held 1,248 shares of restricted stock, except for Mr. Lagomarsino

who held 3,690 and Mr. Pfau and Mr. Morris, who held none. In addition, at December 31, 2017, non-employee directors held outstanding stock options as follows: Mr. Carona, 15,000; Mr. Garrett, 25,000; Mr. Jones, 31,000; Mr. Morris, 4,381; Mr. Pfau, 4,381; Ms. Tellez, 0; Mr. Fargo, 0; and Mr. Sarrafian, 0.

(2) Amounts reported in this column are the total interest credited on deferred compensation balances in 2017. Only the portion of such interest that exceeds 120% of the applicable federal rate is deemed to constitute compensation to a director under the SEC rules governing this table.

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Deferred Compensation Plan

The Bank created a Directors Deferred Compensation Plan in September 2006 which allowed non-employee directors to defer Board of Directors fees and provided for additional contributions from any opt-out portion of the long-term care insurance plan. See Health Insurance Benefits under Compensation of Non-Employee Directors . As of December 2016, the Directors Deferred Compensation Plan was frozen such that no new contributions may be made and existing balances remain until distribution. The Directors Deferred Compensation Plan is unfunded. The Company is under no obligation to make matching contributions to the Directors Deferred Compensation Plan. The deferred compensation was credited with interest by the Bank at prime plus one percent through January 31, 2014, after which the rate was changed to prime minus one percent. The director s account balance is payable upon retirement or resignation. The table below shows the totals for the Deferred Compensation Plan contributions and earnings, for our Directors, for the year ended December 31, 2017.

2017 NONQUALIFIED DIRECTOR DEFERRED COMPENSATION

Name	Aggregate Balance at Fiscal Year-End Prior to Last Fiscal Year-End	Director Contributions in Last Fiscal Year	Contributions in Lieu of Health Insurance in Last Fiscal Year	Aggregate Earnings in Last Fiscal Year	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year-End
Kenneth A. Boudreau*	$ 155,734	$ —	$ —	$ 1,498	$ 157,232	$ —
John J. Carona	15,974	—	—	—	—	15,974
Ayad Fargo	2,312	—	—	—	—	2,312
Joseph L. Garrett	—	—	—	—	—	—
John D. Goddard*	52,555	—	—	505	53,060	—
Jeff C. Jones	52,555	—	—	—	—	52,555
Simone F. Lagomarsino	—	—	—	—	—	—
Michael L. McKennon*	353,128	—	—	3,397	356,525	—
Michael J. Morris	—	—	—	—	—	—
Michael E. Pfau**	—	—	—	—	—	—
Zareh Sarrafian	—	—	—	—	—	—
Cora Tellez	4,048	—	—	—	—	4,048
Total	$ 636,306	—	—	$ 5,400	$ 566,817	$ 74,889

* Resigned as a director effective immediately prior to the effectiveness of the Company’s acquisition of HEOP and Heritage Oaks Bank on April 1, 2017.

** Not standing for re-election to the Board at the Annual Meeting.

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Executive Compensation Discussion & Analysis

In this Executive Compensation Discussion & Analysis (CD&A), we explain our compensation program for our CEO, our CFO and our three highest paid other executive officers (collectively, our NEOs) in 2017, as well as changes we have made with respect to our NEO compensation program design and governance for 2018, based, in part, on feedback we received from stockholders during 2017. The Compensation Committee of our Board of Directors has designed our NEO compensation program to align executive compensation with the Company s performance and the creation of long-term value for our stockholders. The NEOs for 2017 are:

Name	Title	Tenure
Steven R. Gardner	Chairman of the Board, President and Chief Executive Officer of the Company and Chairman of the Board and Chief Executive Officer of the Bank	18 years
Edward Wilcox(1)	President & Chief Banking Officer of the Bank	15 years
Ronald J. Nicolas, Jr.	Senior Executive Vice President and Chief Financial Officer of the Company and the Bank	2 years
Michael S. Karr(2)	Senior Executive Vice President & Chief Credit Officer of the Bank	12 years
Thomas Rice	Senior Executive Vice President & Chief Operating Officer of the Bank	10 years

(1) Effective as of January 25, 2018, Mr. Wilcox serves solely as the President of the Bank.
(2) Effective as of March 27, 2018, Mr. Karr’s title was changed to Senior Executive Vice President and Chief Risk Officer of the Bank.

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Executive Summary and Stockholder Outreach

Considerations in Establishing Targeted 2017 NEO Compensation. When determining targeted 2017 NEO compensation at the beginning of the 2017 fiscal year, the Compensation Committee of our Board considered multiple factors, including our management team s execution on our 2016 strategic plan of growth through acquisitions as well as organic growth. The Compensation Committee felt that our disciplined and prudent growth during the year, as evidenced by our continued strength in our asset quality results and remaining well-capitalized from a bank regulatory perspective, contributed to total shareholder returns in 2016 that exceeded our peer group and the 2016 KBW Regional Bank Index without sacrificing asset quality or taking excessive risk. Our total assets grew 44.7% during 2016, while our non-performing loans-to-total-assets and net charge-offs-to-average-total-loans were 0.04% and 0.17%, respectively, at December 31, 2016.

In light of our stated strategy to grow through acquisitions, our Compensation Committee believes that, when making decisions concerning NEO compensation, our financial performance should be considered both before and after giving effect to adjustments for merger-related expenses. Our return on assets was 1.11% and our return on average tangible common equity was 12.87% for the year ended December 31, 2016, or 1.20% and 13.87%, respectively, on an as-adjusted basis. Our Compensation Committee believed that our 2016 total shareholder return of 66.4% compared favorably to our peer group (4th overall) and the 2016 KBW Regional Bank Index, which produced, on average, total shareholder returns of 42.0% and 26.0%, respectively, for the year.

These factors, as well as other considerations, such as continued anticipated strategic growth and key executive retention-related matters were instrumental considerations in the decisions made by the Compensation

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Committee to approve targeted 2017 NEO compensation levels, which the Compensation Committee believed were in our best interests and the best interests of our stockholders. Notably, a significant portion of our targeted 2017 NEO compensation was comprised of performance-based equity incentive awards (60.4% of total targeted compensation for our CEO) that required satisfaction of certain performance metrics for 2017 and beyond as a condition to vesting, which the Compensation Committee viewed as an important feature in aligning our NEO s interests with those of our stockholders over the long-term.

2017 Financial Highlights. The Company continued its strong operating performance in 2017, which was attributable in large part to management s effective implementation of the Company s strategic plan of organic growth and growth through acquisitions during the fiscal year. S&P Global Market Intelligence recently ranked us 6th out of 533 banking institutions with between $1 billion and $10 billion in total assets based on our performance in 2017 with respect to return on average tangible common equity, loan growth, asset quality and efficiency ratio. We believe our financial performance contributed to strong returns for our shareholders. We ended 2017 with total shareholder return of 13.15% and a three-year average total shareholder return of 32%. Our three-year average total shareholder return at December 31, 2017, as compared to our 2017 peer group and the KBW Index returns, is illustrated in the following chart:

The key financial results listed below, both before and after adjusting for the effect of merger-related expenses, reflect areas in which our performance excelled. We believe that these results position us to produce strong financial results in the future.

Fiscal Year	**Diluted Earnings Per Share**	**Diluted Earnings Per Share, as adjusted(1),(2)**	**Tangible Book Value Per Share(1)**	**Return on Average Assets**	**Return on Average Assets, as Adjusted(1),(2)**	**Return on Average Tangible Common Equity(1),(2)**	**Return on Average Tangible Common Equity, as Adjusted(1),(2)**	**Total Shareholder Return**
2017	$ 1.56	$ 2.05	$ 15.26	0.99 %	1.30 %	11.96 %	15.49 %	13.15 %
2016	1.46	1.58	12.51	1.11	1.20	12.87	13.87	66.35
2015	1.19	1.34	11.17	0.97	1.10	12.13	13.62	22.62
2014	0.96	1.04	10.12	0.91	0.98	10.89	11.73	10.10
2013	0.54	0.80	9.08	0.62	0.93	6.66	9.73	53.71

(1) Results are non-GAAP financial measures that we use to evaluate our financial performance as compared to our peers. See GAAP Reconciliations below in this CD&A.

(2) Excludes tax-affected merger-related expenses of $13.2 million, $3.2 million, $3.3 million, $1.3 million and $4.4 million in 2017, 2016, 2015, 2014 and 2013, respectively, and a $5.6 million deferred tax asset revaluation in 2017.

Our 2017 financial highlights below demonstrate how we have continued to grow and evolve into a leading commercial bank headquartered in Southern California:

- Acquired HEOP and Plaza Bancorp (Plaza), which added approximately $2.0 billion and $1.3 billion in total assets, respectively, on the date of acquisition;
- Produced total shareholder return of 13.15%, resulting in a three-year average total shareholder return of 32%, which exceeded the three-year average total shareholder return of our peer group and the KBW Regional Bank Index (17% and 13%, respectively);

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- Increased total assets $4.0 billion, or 98.8% from 2016, to approximately $8.0 billion as of December 31, 2017, doubling the size of the Company and representing a 57.9% compound average growth rate (CAGR) during the three-year period ending December 31, 2017;
- Increased diluted earnings per share, as adjusted, for 2017 by $0.47, or 29.9% from 2016, representing a 25.6% CAGR during the three-year period ending December 31, 2017;
- Increased year-end book value per share by 62% as compared to 2016, and tangible book value per share grew by 22% from 2016, representing a CAGR of 31.5% and 14.7%, respectively, during the three-year period ending December 31, 2017; and
- Strengthened and maintained asset quality, with loan delinquencies of 0.16% of total loans held for investment, and total non-performing assets of 0.04% of total assets as of December 31, 2017.

2017 Performance Outcomes and NEO Compensation. The performance structure for 2017 incorporates both short-term and long-term incentives established from financial and operational metrics, with a focus on alignment with stockholders interests. Compensation of our NEOs is comprised of base salary, annual cash incentives and long-term incentives. The performance goals set by the Compensation Committee for 2017, at target and maximum levels, were much higher than the 2016 performance goals and actual results. In part, this reflected the anticipated contribution to our 2017 performance from the acquisition of HEOP, which was completed during the second quarter of 2017. However, the 2017 performance goals also required very substantial organic growth in net income, loan and deposit growth in order to achieve the target levels set by the Compensation Committee.

As a result of our continued solid 2017 financial and nonfinancial results, the successful integration of HEOP and Plaza into our operations, our achievement of targeted regulatory ratings, net income growth, and loan and deposit growth, we increased the base salaries of each of our NEOs as detailed below and paid each of our NEOs annual bonuses ranging between 59% and 118% of their respective target award opportunities pursuant to the Company s 2017 executive incentive compensation plan. The Company s total shareholder return for the three-year period ending December 31, 2017 was in the 100th percentile of its 2017 peer group, and as the following chart depicts, our CEO s 2017 total direct realizable compensation was directionally aligned with total shareholder returns. As in past years, when compared to our 2017 Peer Group, our three-year total shareholder return percentile rank was higher than the CEO s percentile rank of realizable compensation.

* Total direct realizable compensation is the sum of our CEO's (i) actual base salary paid over the three-year period, (ii) actual short-term incentives (bonuses) paid based on performance over the three-year period, (iii) in-the-money value as of December 31, 2017 of any stock options granted over the three-year period, and (iv) the value as of December 31, 2017 of any unvested restricted stock or restricted stock units granted over the three-year period.

** The CEO compensation of the 2017 peer group is based on the fiscal years 2014 through 2016, because 2017 information for most of the 2017 peer group was not available at the time of this analysis. However, all equity awards granted during the period are valued as of December 31, 2017, including the value of performance-contingent shares granted in the 2014-2016 fiscal-year period, valued as of December 31, 2017. Retention equity awards granted by the Company in 2016 also are included in this analysis.

Stockholder Outreach and Say-on-Pay ; NEO Compensation Plan Design and Governance Changes for 2018. We provide our stockholders the ability to annually cast their advisory vote on the compensation of our

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NEOs. In 2017, we received a 69.35% affirmative vote for say on pay , which was not satisfactory to us or our Board. In an effort to increase our stockholder approval percentage at our 2018 annual meeting, during 2017 we undertook a comprehensive review of our NEO compensation plan design and governance practices with the view towards making necessary or advisable changes to the plan design and governance practices, as well as the composition of our peer group, in anticipation of 2018 NEO compensation decisions. We also engaged in a stockholder outreach process, targeting our top 25 stockholders which, at the time, represented over 50% of our issued shares of common stock. Based upon the feedback received from this outreach, we adopted certain updates to our NEO compensation plan design and governance practices, including implementing double-trigger accelerated vesting provisions for our equity incentive awards and an incentive compensation clawback policy, and extending our common stock ownership requirements to all of our NEOs. Each of these items is discussed in greater detail below.

Our Compensation Practice Evolution. The enhancements to our compensation program demonstrate our commitment to ensuring that our executive compensation program aligns our executives compensation with the Company s short-term and long-term performance and stockholder interests and, at the same time, provides the compensation and incentives needed to attract, reward, motivate, and retain key executives. The following table contains a brief summary of the NEO compensation plan design modifications we adopted, which we believe demonstrate our commitment to ensuring that our executive compensation program aligns our executives compensation with the Company s short-term and long-term performance and stockholder interests. Focusing performance on key financial measures in the short term, combined with performance of relative total shareholder return (rTSR) in the long term, will provide direct alignment of our executive compensation with the interest of our stockholders.

Design Feature	Summary of 2017 Provision	Summary of Modified Provision effective commencing in 2018
Performance-Based Incentive Equity Compensation as a Percentage of Equity Incentive Award	Performance-based equity incentive compensation represents 25% of total equity incentive compensation	Performance-based equity incentive compensation represents 50% of total equity incentive compensation
Performance Metric for Restricted Stock Unit Awards[1]	Targeted annual adjusted return on average tangible common equity	Changed to a relative total shareholder return (rTSR) performance metric
Measurement Period for Restricted Stock Unit Performance Targets	Annual target for each separate year during vesting period, with retroactive feature	Changed to a three-year average rTSR performance target with no retroactive feature
Acceleration Events for Vesting of Equity Compensation Awards	Single-trigger accelerated vesting if terminated for cause or resigns for good reason	Double-trigger accelerated vesting if terminated without cause or resigns for good reason within 24 months of a change of control

(1) Currently, all of our restricted stock unit awards are performance-based awards.

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Compensation Governance and Best Practices. The following table summarizes our executive compensation plan governance features and what we believe are best practices in terms of designing and administering our executive compensation plan.

Do we	Yes	No
Provide short-term and long-term incentive plans with performance targets aligned to business goals?		
Maintain a Compensation Committee composed entirely of independent directors?		
Conduct annual advisory vote for stockholders to approve executive compensation?		
Conduct stockholder engagement by our Chairman, President and Chief Executive Officer, as well as our Chief Financial Officer?		
Retain an independent compensation consultant to advise our Compensation Committee?		
Set challenging performance objectives?		
Maintain an insider trading policy?		
Maintain a clawback policy that provides for the recoupment of certain types of NEO and other senior executive incentive compensation in certain circumstances?		
Maintain restrictions on hedging and pledging shares of our stock?		
Maintain a stock ownership policy for executive officers that requires minimum ownership as a multiple of base salary?		
Focus on presenting clear and concise CD&A disclosure to explain the Company's compensation principles and process?		
Periodically re-evaluate and update the composition of our peer group, particularly in light of our recent significant growth?		
Provide gross-up payments to cover income or excise taxes pertaining to executive or severance benefits?		
Reward executives without considering whether reward creates an incentive to take excessive, inappropriate or unnecessary risk?		
Allow the repricing or backdating of equity awards?		
Have employment-related agreements with multi-year guaranteed salary increases or non-performance bonus arrangements?		

Role of the Compensation Committee

The Compensation Committee of our Board of Directors annually reviews policies and practices with respect to our executive compensation program. To conduct this review, the Compensation Committee evaluates our practices and policies, including the balanced mix between pay elements, short and long-term incentive programs, Compensation Committee control over the establishment, review and approval of goals, use of multiple performance measures, Compensation Committee discretion on individual awards, and Compensation Committee oversight of compensation programs. The Compensation Committee also evaluates the conformity of performance-based compensation criteria and targets with our risk profile and whether the proposed goals or the structure of the awards might have the inadvertent effect of encouraging excessive risk or other undesirable behavior. The Compensation Committee believes that its overarching risk management framework supports effective risk management of our incentive arrangements.

Executive Compensation Program Principles and Key Features.

Our Compensation Committee oversees our compensation program and incentive plans, including our NEO equity incentive plan. The Compensation Committee s compensation consultant advises the Compensation Committee on competitive benchmarking on pay level practices and governance trends, reviews and assists with peer group selection and analysis, and provides recommendations on plan design and business goals. Our management provides input on individual performance and results against our business goals. The components of compensation for each of our NEOs are designed in a way that we believe will maximize each NEO s contribution to achieving the Company s strategic goals and driving superior financial performance while minimizing overall risk to the Company. The various components of compensation allow our Compensation Committee to use both cash and equity to encourage and motivate NEOs to achieve both our the short- and long-term business objectives.

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Executive Compensation Program Principles. Our Compensation Committee has established three key principles that provide the framework for our executive compensation program: (i) our executives interests should be aligned with our stockholders interests; (ii) a significant portion of an executive s compensation should be linked to achieving our short-term and long-term business goals; and (iii) our executive compensation program should be designed to attract and retain key executives who are capable and motivated to help us continue to grow and prudently manage our business. These three guiding principles are described in greater detail in the table below:

Executive Compensation Program Principles	**How Principles are Reflected in Our Executive Compensation Program**
Alignment with Stockholder Interests – *NEO compensation is tied to financial performance and achievement of strategic goals*	Our NEO equity incentive plan is designed to align executive compensation with value creation for our stockholders. NEO compensation is tied to financial performance and achievement of strategic goals. Key components of compensation paid to our NEOs and other executive officers are paid only if certain financial and non-financial objectives that our Board and Compensation Committee have identified as value-enhancing are achieved.
Alignment with Stockholder Interests – *NEO stock ownership requirements*	Our executive stock ownership guidelines require our NEOs to accumulate and maintain a meaningful position in Company shares.
Alignment with Stockholder Interests – *NEO disincentives for excessive risk-taking*	We believe that our executive compensation program is designed to balance risk and financial results in a manner that does not encourage imprudent risk-taking. Key design features include our clawback policy and our restrictions against hedging and pledging of our stock.
Linkage to Achieving Short-Term and Long-Term Business Goals (Performance-Based Compensation)	We deliver incentive-based compensation both as annual cash and longer-term, equity-based awards predicated on achieving prospective financial goals. Focused on our key financial metrics and strategic plans, which may take several quarters or years to realize.
Attraction and Retention of Key Executives	Our Compensation Committee reviews executive compensation levels paid by members of our peer group based on available data with the dual goals of paying total compensation at a level commensurate with how well we perform compared to our peer group and rewarding our executives for achieving strategic goals while maintaining discipline and prudence.

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2017 Program Features. We annually analyze the various elements of our executive compensation program in an effort to ensure that each element is designed in a way that is consistent with the program principles described above. The purpose and key characteristics of each element of our executive compensation program is summarized below. As a preliminary matter, no incentive compensation (cash or equity-based) would have been payable unless the Bank s tier 1 capital ratio as of December 31, 2017 was at least 8%, the bank regulatory minimum to be considered well-capitalized. The Bank s tier 1 capital ratio as of December 31, 2017 was 11.88%.

Element	Relevant Program Principle	Purpose	Key Characteristics
Base Salary	• Attraction and Retention of Key Employees	Provides a fixed level of compensation for performing essential job functions. The level of base salary reflects each NEO's level of responsibility, leadership, tenure, qualifications, and the competitive marketplace for executive talent in our industry.	Fixed compensation reviewed annually and adjusted, if and when appropriate.
Annual Cash Incentive Awards	• Attraction and Retention of Key Employees • Linkage to Achieving Short-Term Business Goals	Motivates NEOs to achieve our short-term business objectives while providing flexibility to respond to opportunities and market conditions.	In 2017, performance goals include net income (weighted 50%), loan growth (weighted 25%) and deposit growth (weighted 25%).[1]
Long-Term Incentive Awards	• Alignment with Stockholder Interests • Linkage to Achieve Long-Term Business Goals • Attraction and Retention of Key Executives	Motivates NEOs to achieve our long-term business objectives by tying incentive to long-term metrics.	Long-term incentive awards can be in the form of restricted stock or restricted stock unit awards. For 2017, restricted stock was awarded based on the achievement of a threshold performance goal tied to the ratio of non-performing assets to total assets. For 2017, restricted stock units were awarded based on the achievement of a threshold performance goal tied to Company's nonperforming assets as a percentage of total assets, and vest ratably over three years based on the attainment of pre-established

			annual performance goals based on annual return on average tangible common equity.[2]
Other Compensation	• Attraction and Retention of Key Executives	Provide benefits that allow NEOs to defer a portion of their compensation on a pre-tax basis to save for retirement and that promote employee health and welfare, which assists in attracting and retaining our NEOs.	Indirect compensation consisting of a qualified retirement plan, health and welfare plans and minimal perquisites.

1 For 2018, performance goals include earnings per share (weighted 40%), average loan growth (weighted 20%), average core deposit growth (weighted 20%), and regulatory exam results of at least satisfactory (weighted 20%). Annual incentives are capped at 150% of target levels.

2 Beginning with awards made in 2018, restricted stock units will be awarded and contingent on the attainment of pre-established three-year rTSR performance compared to the KBW Regional Bank Index, with the payout ranging between 0% and 200% of a target award based on 3-year relative TSR compared with the KBW Regional Bank Index.

Role of the Independent Compensation Consultant

In 2016 and 2017, the Compensation Committee engaged independent consulting firms specializing in compensation program design and evaluation with significant experience in the financial services industry to assist the Compensation Committee in revising our compensation program for NEOs. In selecting Pearl Meyer in

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2016 and WTW in 2017, the Compensation Committee reviewed the independence of each firm under applicable NASDAQ listing standards and SEC rules and regulations. Based on its review and information provided by each firm regarding the provision of services, fees, policies and procedures, the presence of any conflicts of interest, ownership of the Company s stock, and other relevant factors, the Compensation Committee concluded that engaging Pearl Meyer and WTW raised no conflicts of interest concerns, and both were deemed to be independent for purposes of their services as advisors to the Compensation Committee.

The Compensation Committee sought the assistance of these independent consulting firms to improve the rigor of the Compensation Committee s compensation evaluation and design process, to ensure adherence to appropriate governance standards, and to ensure that our compensation program is competitive in terms of design, amount of compensation, and alignment of compensation determinations with the Company s performance. The Compensation Committee believes that the assistance of these independent consulting firms was necessary and appropriate in helping the Compensation Committee respond to what it felt were valid points raised by stockholder representatives, which are discussed above under *Stockholder Outreach and Say-on-Pay ; NEO Compensation Plan Design and Governance Changes for 2018.*

2017 Peer Group

In 2016, the Compensation Committee engaged Pearl Meyer to develop an appropriate peer group of financial institutions and to prepare a study comparing the Company s performance, its compensation of NEOs, and the alignment of performance and compensation to the performance and compensation programs of the companies in the peer group. Pearl Meyer and the Compensation Committee, with assistance from our human resources team, developed a peer group consisting of 24 banking institutions for purposes of 2017 executive compensation decisions (the 2017 Peer Group). The 2017 Peer Group was not selected based on the levels of executive compensation or attributes of their compensation program. Instead, the 2017 Peer Group was selected based on the following criteria:

- publicly-traded commercial banks or savings institutions focused on commercial banking;
- companies headquartered in the Federal Reserve 12th District (Western States), primarily California;
- companies having total assets generally between $1.5 billion and $8.0 billion as of the most recent quarter-end; and
- institutions with operations in larger U.S. metropolitan areas and strong performance, as measured by a return on tangible equity greater than 10%.

The following companies comprised the 2017 Peer Group:

Banc of California, Inc.	Banner Corporation*	Bofl Holding, Inc.*
Boston Private Financial Holdings, Inc.*	Brookline Bancorp, Inc.*	Cardinal Financial Corporation*
Century Bancorp, Inc.*	ConnectOne Bancorp, Inc.*	CU Bancorp
CVB Financial Corp.	Farmers & Merchants Bancorp	First Foundation Inc.
Flushing Financial Corporation*	Hanmi Financial Corporation	HomeStreet, Inc.*
Independent Bank Group, Inc.*	Lakeland Bancorp, Inc.*	LegacyTexas Financial Group, Inc.*
Opus Bank	Preferred Bank	Provident Financial Services, Inc*.
Sandy Spring Bancorp, Inc.*	TriCo Bancshares	Westamerica Bancorporation

Represents 2017 Peer Group member added after 2016.

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2017 Compensation Decisions

Set forth below is a summary of our executive compensation decisions for 2017.

Base Salary. As discussed above, the Compensation Committee considers base salary levels as part of its process of ensuring that the NEO s overall compensation is competitive, including annual and long-term incentives, the target amount of which is generally based on a percentage or multiple of base salary. The Compensation Committee determined that the increases in base salary from 2016 to 2017 were justified based on the Company s 2016 financial performance and anticipated growth and talent competition during 2017.

The following table provides information regarding base salaries for our NEOs serving at year end 2016 and 2017:

Name	Title	2016 Base Salary	2017 Base Salary
Steven R. Gardner	Chairman of the Board, President and Chief Executive Officer of the Company and Chairman of the Board and Chief Executive Officer of the Bank	$ 600,000	$ 700,000
Edward Wilcox(1)	President and Chief Banking Officer of the Bank	325,000	400,000
Ronald J. Nicolas, Jr.	Senior Executive Vice President and Chief Financial Officer of the Company and the Bank	300,000	340,000
Michael S. Karr(2)	Senior Executive Vice President & Chief Credit Officer of the Bank	275,000	300,000
Thomas Rice	Senior Executive Vice President & Chief Operating Officer of the Bank	275,000	325,000

(1) Effective as of January 25, 2018, Mr. Wilcox serves solely as the President of the Bank.

(2) Effective as of March 27, 2018, Mr. Karr’s title was changed to Senior Executive Vice President and Chief Risk Officer of the Bank.

Annual Cash Incentive Program. As discussed above, we use annual cash incentive awards to provide each NEO with a strong incentive to execute our business plan for the year. During the first 90 days of the year, the Compensation Committee creates an award opportunity for each NEO, providing for a range of potential payouts equal to a percentage or multiple of salary that is tied to the achievement of specific, pre-established performance goals for that year. Those performance goals are meant to focus the NEO on the key elements of our strategic and annual financial plan. At the same time, the Compensation Committee seeks to use an array of performance goals that broadly measure Company performance, so as to not encourage undue risk taking or distort management decisions that arise when executives are incentivized to achieve a narrow performance goal.

For a given performance goal, the target level of performance that must be achieved to earn the target annual cash incentive payout typically is set at a level based on the Company s annual financial plan for the fiscal year. The Compensation Committee also specifies a threshold performance goal - the minimum level of performance required to earn a payout that is less than the target payout - and a maximum performance level that, if exceeded, will cap the above-target payout. Shortly after year end, the Compensation Committee determines the extent to which the just-ended year s performance goals have been achieved and the corresponding payout. Importantly, the Compensation Committee has discretion to reduce the level of payout based on its assessment of an NEO s individual performance and other circumstances relating to the Company s business. Generally, the extent of reduction in payout is limited to 20% of the target award.

For 2017, the Compensation Committee created annual cash incentive award opportunities with performance goals that used the same business metrics and weightings as in 2016. These performance goals include net income (weighted 50%), loan growth (weighted 25%) and deposit growth (weighted 25%). Net income is the financial item we determine and report under Generally Accepted Accounting Principles (GAAP). Loan and deposit growth are non-GAAP performance metrics based on our year-over-year changes.

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The dollar amounts of these potential payments are shown in the Grants of Plan-Based Awards table on page 42 of this Proxy Statement. The table below shows the potential cash incentive amount (as a percentage of base salary) payable to each of our NEOs upon achievement of the relevant performance metric.

Name	Title	Incentive as a % Base Threshold	 Target	 Max.
Steven R. Gardner	Chairman of the Board, President and Chief Executive Officer of the Company and Chairman of the Board and Chief Executive Officer of the Bank	50 %	100 %	150 %
Edward Wilcox(1)	President and Chief Banking Officer of the Bank	45	90	135
Ronald J. Nicolas, Jr.	Senior Executive Vice President and Chief Financial Officer of the Company and the Bank	38	75	113
Michael S. Karr(2)	Senior Executive Vice President & Chief Credit Officer of the Bank	25	50	75
Thomas Rice	Senior Executive Vice President & Chief Operating Officer of the Bank	25	50	75

(1) Effective as of January 25, 2018, Mr. Wilcox serves solely as the President of the Bank.

(2) Effective as of March 27, 2018, Mr. Karr’s title was changed to Senior Executive Vice President and Chief Risk Officer of the Bank.

The performance goals set by the Compensation Committee for 2017, at target and maximum levels, were much higher than the 2016 performance goals and 2016 actual results. In part, this reflected the anticipated contribution to our 2017 performance from the acquisition of HEOP, which was completed on April 1, 2017. However, the 2017 performance goals also required very substantial organic growth in net income, loan growth and deposit growth in order to achieve the target levels set by the Compensation Committee. For each performance metric, the threshold level of performance was set at 80% of the target level of performance, and the maximum performance level was set at 120% of the target performance level.

The table below shows the 2017 annual cash incentive award performance goals relating to net income, loan growth and deposit growth (the growth performance goals), the actual performance achieved, and related information:

2017 Performance Goals

Performance Metric	2016 Actual Performance	Threshold (80% of target)	Target	Maximum (120% of target)	2017 Actual achievement level(1)(2)	2017 achievement as percent of target
Net income	$ 40,103	$ 53,208	$ 66,510	$ 79,812	$ 75,989	114.3 %
Loan growth	986,444	1,510,575	1,888,219	2,265,863	1,919,355	101.6 %
Deposit growth	564,297	1,586,427	1,983,034	2,379,641	1,957,425	98.7 %

(1) Net income for 2017 excludes tax effected merger-related expense and deferred tax asset revaluation.

(2) Loan and deposit growth for 2017 excludes Plaza Bancorp.

To determine the annual cash incentive award payout to each NEO, the Compensation Committee multiplied the percentage achievement of each of the growth performance goals by the weighting of the performance goal. For this purpose, the weighting of the net income goal was 50% and the other two goals were weighted 25% each. The table below illustrates the 2017 weighted performance as a percent of target:

Performance Metric	2017 achievement as a percentage of target (a)	Performance goal weighting (b)	Weighted achievement percentage ((a)x(b))
Net Income	114.3 %	50 %	57.15 %
Loan growth	101.6	25	25.40
Deposit Growth	98.7	25	24.675
		Aggregate weighted achievement percentage	**107.23 %**

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Once the aggregate weighted achievement percentage is determined, the Compensation Committee compares that percentage to the threshold/target/maximum cash incentive amounts (as a percentage of base salary) and determines the final award payout based upon the proportionate amount the aggregate weighted achievement percentage exceeds either the threshold or target amount, as the case may be. The table below illustrates the calculation for determining the actual 2017 cash incentive payouts:

	Target award (a)	Target award as a % of salary (b)	Difference between targeted award as % of salary and maximum award as a % of salary (c)	Difference between aggregate weighted achievement percentage and 100% (d)	% change between target and maximum performance goals (e)	Total payout as a percentage of target award (f) = (b) + (d) (e)/(c)	Total payout (a)*(f)
Steven R. Gardner	$ 700,000	100 %	50 %	7.23 %	20 %	118.0 %	$ 826,269
Edward Wilcox	360,000	90	45	7.23	20	106.2	424,939
Ronald J. Nicolas, Jr.	255,000	75	38	7.23	20	88.5	300,998
Thomas Rice	162,500	50	25	7.23	20	59.0	191,813
Michael S. Karr	150,000	50	25	7.23	20	59.0	177,058

As stated above, the Compensation Committee included an overall 2017 performance goal relating to the Bank s tier 1 capital ratio, a measure of safety and soundness. For purposes of 2017 annual cash incentive bonuses, the Bank had to achieve a tier 1 capital ratio of 8.00% as of December 31, 2017. As of that date, the Bank s tier 1 capital ratio was 11.88%, and as a result, each NEO received the total payout set forth above as his 2017 annual cash incentive bonus.

The 2017 annual cash incentive awards were paid on February 28, 2018, following the completion of our audit for the fiscal year ended December 31, 2017. The payouts are reflected as 2017 compensation in the Summary Compensation Table on page 41 of this Proxy Statement in the column labeled Non-Equity Incentive Plan Compensation.

The 2016 annual cash incentive payouts for Messrs. Gardner, Wilcox, Nicolas, Wilcox, Karr and Rice were $637,393, $207,153, $159,348, $146,069 and $146,069, respectively.

Long-Term Equity Incentive Awards. The Compensation Committee grants long-term incentive awards to our NEOs and to a broader group of employees under our 2012 Long-Term Incentive Plan in order to align the interests of our management team with the interests of our stockholders and to create substantial incentives for the team to achieve our long-term goals. These awards enable us to provide competitive compensation to help in the recruitment of executives and employees and also, through vesting provisions, help to promote retention and long-term service of executives and key employees.

Two forms of equity incentive awards were used for the annual 2017 equity awards: restricted stock and restricted stock units. Each form of award contains one or more performance requirements. Restricted stock units could be earned in a range from 75% to 125% of the designated target number, based on the level of performance achieved. Assuming a 100% payout level for restricted stock units, approximately 75% of each NEO s aggregate grant-date award fair value was in the form of restricted sock with the remaining approximately 25% in the form of restricted stock units.

As stated above, the Compensation Committee included an overall 2017 performance goal relating to the Bank s tier 1 capital ratio, a measure of safety and soundness, being at least 8% as of December 31, 2017 as a condition to any incentive awards, including long-term equity incentive awards. The Bank s tier 1 capital ratio was 11.88% as of December 31, 2017.

2017 Restricted Stock Awards: If the Bank had not achieved an 8% tier 1 capital ratio as of December 31, 2017, all 2017 NEO restricted stock long-term incentive awards would have been forfeited. Since the Bank achieved the threshhold tier 1 capital ratio, one-third (1/3) of each NEO s 2017 restricted stock award vested in January 2018, and, so long as the NEO does not otherwise forfeit the award, 1/3 of the 2017 restricted stock award will vest on each of January 2019 and 2020. Based on the summary above, we describe our 2017 NEO restricted stock awards as being subject to performance-based and time-based vesting.

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2017 Restricted Stock Unit Awards: Similar to our 2017 NEO restricted stock awards, our 2017 restricted stock unit awards were granted subject to the Bank achieving the threshhold tier 1 capital ratio as of December 31, 2017. Unlike our 2017 restricted stock awards, which are subject to time-based vesting once the Bank s threshhold tier 1 capital ratio was achieved, our 2017 restricted stock unit awards are subject to the further performance condition related to our adjusted return on average tangible common equity (our AROATCE) for each of 2017, 2018 and 2019. In order for any vesting to occur in a particular year, our AROATCE must be at least 10%, which we refer to as our threshhold percentage. The table below illustrates the additional performance-based vesting of our 2017 restricted stock unit awards:

	% AROATCE(1),(2)		
Year	**Threshold (10%)**	**Target (12.5%)**	**Maximum (15%)**
2017	20% of original award	26.67% of original award	33.33% of original award
2018	20% of original award	26.67% of original award	33.33% of original award
2019	20% of original award	Any remaining unearned restricted stock units(3)	

(1) AROATCE is a non-GAAP performance metric, determined by adjusting net income for the effect of core deposit intangibles (CDI) amortization and merger-related expenses and excluding average CDI and average goodwill from average stockholders' equity during the period.
(2) For awards in 2018, restricted stock unit awards will be subject to a three-year average rTSR performance target.
(3) For awards in 2018, restricted stock units will no longer have this retroactive feature.

As of December 31, 2017, our AROATCE was 15.49%, which exceeded the target payout but was less than the maximum payout for restricted stock units. Accordingly, in January 2018, each NEO who received this 2017 grant and remained in service in January 2018 vested at that time in one-third of the restricted stock units using a target multiplier of 146.8% and received a corresponding payout in shares.

For accounting purposes, as of the grant date we adopted the conservative view that the probable level of achievement of the performance goals would be at the maximum level, so that the number of restricted stock units reflected in the table below is 125% of the target number, and the grant-date fair value reflects that maximum number of restricted stock units. This is in part a reflection of the sustained high performance of the Company. The performance goals relating to return on assets would be reasonably challenging for our 2017 Peer Group, but the Company s achieved performance in recent years, and specifically management s performance in positioning the Company for future high performance, results in what the Compensation Committee believes is a higher-than-usual probability that the Company s performance will reach levels that trigger a maximum payout with respect to the restricted stock units.

The following table provides information on the 2017 annual long-term incentive awards. The annual grants of long-term incentives are treated as an award earned by service in the prior year.

		Restricted Stock Awards			Restricted Stock Units		
Name	**Base Salary 2017**	**Restricted Stock (Number of shares)**	**Award Grant Date Fair Value**	**Award Fair Value as a % of Base Salary**	**Restricted Stock Units at Maximum Payout Level**	**Award Grant Date Fair Value**	**Award Fair value as a % of Base Salary**
Steven R. Gardner	$ 700,000	42,135	$ 1,687,507	241.07 %	14,045	$ 562,502	80.36 %

Ronald J. Nicolas, Jr.	340,000	4,214	168,771	49.64	1,404	56,230	16.54
Edward Wilcox	400,000	7,491	300,015	75.00	2,497	100,005	25.00
Michael S. Karr	300,000	3,278	131,284	43.76	1,092	43,735	14.58
Thomas Rice	325,000	3,278	131,284	40.40	1,092	43,735	13.46

The aggregate grant-date fair value of 2016 long-term equity incentive awards for Messrs. Gardner, Nicolas, Wilcox, Karr and Rice were $1,921,766, $500,000, $970,167, $644,769 and $644,769, respectively.

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NEO Compensation Plan Governance Features

We believe that our executive compensation program incorporates many best practices, including the ones described below.

We Can Claw Back Incentive Compensation. If we restate our financial statements, or a financial statement or the calculation of a performance goal or metric is materially inaccurate, the Compensation Committee may require recoupment from our executive officers, including our NEOs, of the portion of any annual bonus, equity or equity-based incentive compensation paid, provided or awarded to any executive officer on or after January 1, 2018 that represents the excess over what would have been paid if such event had not occurred, as determined by the Compensation Committee in its sole discretion.

We Require Minimum Levels of Common Stock Ownership by Our Executives. Our common stock ownership requirement for our CEO and our executive officers is calculated as a multiple of base salary, as noted below:

Position	Minimum Ownership of Common Stock (Multiple of Base Salary)
CEO	5.0x
Other NEOs	3.0x

The Company s CEO is already subject to, and compliant with, the ownership requirement. The other NEOs and any new NEO must satisfy the ownership requirement within five years of the later of November 15, 2017, or the date of their appointment to the applicable position. We believe that the Stock Ownership Guidelines result in significant common stock ownership by our executive officers and align the interests of our executive officers with those of our stockholders.

Stock ownership is determined from the totals on Table 1 of Form 4 Statement of Changes in Beneficial Ownership of Securities , as filed by the Company with the SEC on behalf of the Company s executive officers. Qualifying shares that count toward the ownership requirement include:

- shares owned outright (including shares in existing brokerage accounts, and shares acquired upon stock option exercises or the vesting of restricted stock units or performance share awards);
- restricted stock and restricted stock units issued and held, whether or not vested;
- shares acquired upon stock option exercises;
- shares or share equivalent units deferred; and
- vested stock options, where the attributed value will equal 50% of the in-the-money value of the outstanding option.

There may be instances where the share ownership policy would place a severe hardship. In such instances, the Compensation Committee will make the final decision that reflects both the intention of the policy and the personal circumstances of the individual seeking relief from the policy.

We Adopted Double-Trigger Change of Control Provisions for Our Equity Awards. In 2017, the Compensation Committee modified the terms of future equity awards to implement a double-trigger change in control provision. The terms of any equity awards granted after 2017 provide that the awards will vest only if: (i) we undergo a change in control and (ii) within two years after the change in control, the recipient of the award is terminated from employment without cause or terminates employment for good reason (for example, if his or her job duties have been significantly diminished) (double-trigger vesting). The terms of our equity awards granted during or prior to 2017 provided that the awards would vest immediately upon a change in control of our Company (single-trigger vesting).

We Have an Anti-Hedging Policy. Our Share Ownership and Insider Trading and Disclosure Policy prohibits all directors and executive officers from purchasing financial instruments designed to hedge or offset any decrease in the market value of the Company s equity securities. We believe that these instruments result in an individual no longer being exposed to the full risks of ownership of our stock and, accordingly, the interests of our directors and executive officers could be different from stockholder objectives.

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Retirement Plans. The Company provides a 401(k) Plan to all employees of the Company, which allows employees to defer a portion of their compensation and contribute such amount to the plan on a pre-tax basis. For 2017, the Company matched 100% of employee contributions up to three percent of the employee s compensation and matched 50% of the employee contributions up to an additional two percent of compensation. The Company may also provide nonqualified, deferred compensation plans to NEOs, as designated by the Compensation Committee.

Other Benefits. Our compensation process focuses our executives on goals and objectives that are in the best interests of the Company and stockholders. Other than certain perquisites to our executive officers such as an automobile allowance or use of a company vehicle, reimbursement of relocation expenses, reimbursement of club dues for clubs that are used frequently for business purposes, and life, disability and long- term care insurance (which has been eliminated starting in 2018), the Company does not provide any other compensation benefits.

Tax Deductibility of Compensation Expense. Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), generally places a $1 million limit on the amount of compensation a company can deduct in any one year for certain executive officers. While the Compensation Committee considers the deductibility of awards as one factor in determining executive compensation, the Compensation Committee also looks at other factors in making its decisions, as noted above, and retains the flexibility to award compensation that it determines to be consistent with the goals of our executive compensation program even if the awards are not deductible by us for tax purposes.

The 2017 annual cash incentive opportunities and performance-based awards granted to our executive officers were designed in a manner intended to be exempt from the deduction limitation of Section 162(m) because they are paid based on the achievement of pre-determined performance goals established by the Compensation Committee pursuant to our stockholder-approved equity incentive plan.

Following the Tax Cut and Jobs Act of 2017, Section 162(m) of the Code exempts qualifying performance-based compensation with respect to taxable years beginning on or before December 31, 2017 and payable pursuant to a binding written agreement in effect on November 2, 2017. Thus, only performance-based awards outstanding on that date or awarded pursuant to a binding written agreement on that date may be exempt from the Section 162(m) of the Code deductibility cap. Effectively, the Tax Cut and Jobs Act of 2017 eliminated the ability to rely on the ‘performance-based exception under Section 162(m) of the Code with respect to new awards and compensation paid to our covered executive officers in excess of $1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. Despite the Compensation Committee s efforts to structure the executive team annual cash incentives and performance-based awards in a manner intended to be exempt from Section 162(m) and, therefore, not subject to its deduction limits, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) of the Code and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing Section 162(m) s exemption from the deduction limit, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will. Further, the Compensation Committee reserves the right to modify compensation that was initially intended to be exempt from Section 162(m) of the Code if it determines that such modifications are consistent with our business needs.

Despite the changes to Section 162(m) of the Code, the Compensation Committee and the Board believe that performance-based compensation rewards executive officers for the achievement of specific annual strategic goals, and promotes sustainable growth as well as creates long-term stockholder value even though some compensation awards may result in non-deductible compensation expenses and will continue to grant performance-based awards. Therefore, the Compensation Committee and the Board may grant awards and approve compensation that may not be deductible for income tax purposes.

CEO Pay Ratio Disclosure

Our compensation and benefits philosophy and the overall structure of our compensation and benefit programs are broadly similar across the organization to encourage and reward all employees who contribute to our success. We strive to ensure the pay of each of our employees reflects the level of their job impact and responsibilities and is competitive within our peer group. Compensation rates are benchmarked and set to be competitive in the markets in which we operate. As a result of rules the SEC adopted under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), we are providing the following

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disclosure about the ratio of the annual total compensation of our chief executive officer to the median annual total compensation of our employees. The paragraphs that follow describe our methodology and the resulting pay ratio for the year ended December 31, 2017.

Measurement Date. We identified the median employee using our employee population on December 31, 2017.

Consistently Applied Compensation Measure (CACM). Under the relevant rules, we were required to identify the median employee by use of a consistently applied compensation measure, or CACM. We chose a CACM that closely approximates the annual total direct cash compensation of our employees, which we gathered from payroll data. Specifically, we identified the median employee by looking at annual base pay, inclusive of overtime pay actually received. We did not consider equity awards as part of our CACM because those awards are not distributed widely among our employees. We did not perform adjustments to the compensation paid to part-time employees to calculate what they would have been paid on a full-time basis. We annualized the base salary paid to those full-time employees who commenced work with us during 2017 and therefore did not work for us the entire calendar year.

Methodology and Pay Ratio. We had 836 full-time and 12 part-time employees at the measurement date who all reside within the United States and therefore we did not exclude anyone based on the 5% foreign exemption rule. Using the salary plus overtime compensation data, we reviewed data for employees within +/-5% of the median. We then reviewed the total compensation of each of these employees based on Summary Compensation Table disclosure rules Item 402(c)(2)(x) of Regulation S-K and determined the median employee. The median employee earned $92,675 in 2017.

Our CEO s compensation as reported in the Summary Compensation Table was $4,130,982 for the year ended December 31, 2017. Therefore, our CEO to median employee pay ratio is 45:1.

Our pay ratio is a reasonable estimate calculated based on rules and guidance provided by the Commission based on our payroll and employment records and the methodology described above. The Commission rules allow for varying methodologies for companies to identify their median employee; and other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios. Consequently, the pay ratios reported by other companies are unlikely to be relevant or meaningful for purposes of comparison to our pay ratio as reported here.

This information is being provided for compliance purposes. Neither the Compensation Committee nor management of the Company used the pay ratio measure in making compensation decisions.

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GAAP RECONCILIATIONS

The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance investors' overall understanding of such financial performance. The non-GAAP measures used herein include net income, as adjusted, return on average assets, as adjusted, diluted earnings per share, as adjusted, return on average tangible common equity, return on average tangible common equity, as adjusted and tangible book value per share.

Management believes that the exclusion of such items from these financial measures provides useful information to an understanding of the operating results of our core business. However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. As other companies may use different calculations for these adjusted measures, this presentation may not be comparable to other similarly titled adjusted measures reported by other companies. A reconciliation of the non-GAAP measure to the GAAP measure are set forth below:

	For the Years Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(dollars in thousands, except per share data)				
Net income	$ 60,100	$ 40,103	$ 25,515	$ 16,616	$ 8,993
Plus DTA revaluation	5,633	—	—	—	—
Plus merger-related expense	21,002	4,388	4,799	1,490	6,926
Less merger-related expense tax adjustment	(7,766)	(1,182)	(1,546)	(143)	(2,556)
Net income, as adjusted	$ 78,969	$ 43,309	$ 28,768	$ 17,963	$ 13,363
Average assets	$ 6,094,883	$ 3,601,411	$ 2,621,545	$ 1,827,551	$ 1,441,555
Return on average assets	0.99 %	1.11 %	0.97 %	0.91 %	0.62 %
Plus merger-related expense, net of tax and DTA revaluation	0.31	0.09	0.12	0.07	0.30
Return on average assets, as adjusted	1.30 %	1.20 %	1.10 %	0.98 %	0.93 %
Weighted average shares outstanding-diluted	38,511,261	27,439,159	21,488,698	17,343,977	16,609,954
Diluted earnings per share, as adjusted	$ 2.05	$ 1.58	$ 1.34	$ 1.04	$ 0.80

	For the Years Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(dollars in thousands)				
Net income	$ 60,100	$ 40,103	$ 25,515	$ 16,616	$ 8,993
Plus CDI amortization	6,144	2,039	1,350	1,014	764

Less CDI amortization expense tax adjustment	(2,272)	(549)	(435)	(97)	(282)
Net income for average tangible common equity	$ 63,972	$ 41,593	$ 26,430	$ 17,533	$ 9,475
Pluss DTA revaluation	5,633	—	—	—	—
Plus merger-related expense	21,002	4,388	4,799	1,490	6,926
Less merger-related expense tax adjustment	(7,766)	(1,182)	(1,546)	(143)	(2,556)
Adjusted net income for average tangible common equity	$ 82,841	$ 44,799	$ 29,683	$ 18,880	$ 13,845

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	For the Years Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(dollars in thousands)				
Average stockholders' equity	$ 890,856	$ 431,016	$ 274,002	$ 189,659	$ 160,391
Less average CDI	30,270	10,219	7,984	6,156	6,056
Less average goodwill	325,859	97,738	48,058	22,508	12,085
Average tangible common equity	$ 534,727	$ 323,059	$ 217,960	$ 160,995	$ 142,250
Return on average tangible common equity	11.96 %	12.87 %	12.13 %	10.89 %	6.66 %
Return on average tangible common equity, as adjusted	15.49	13.87	13.62	11.73	9.73

	For the Years Ended December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
	(dollars in thousands)				
Total stockholders' equity	$ 1,241,996	$ 459,740	$ 298,980	$ 199,592	$ 175,226
Less: Intangible assets	536,343	111,941	58,002	28,564	24,056
Tangible common equity	$ 705,653	$ 347,799	$ 240,978	$ 171,028	$ 151,170
Basic shares outstanding	46,245,050	27,798,283	21,570,746	16,903,884	16,656,279
Book value per share	$ 26.86	$ 16.54	$ 13.86	$ 11.81	$ 10.52
Less: Intangible book value per share	(11.60)	(4.03)	(2.69)	(1.69)	(1.44)
Tangible book value per share	$ 15.26	$ 12.51	$ 11.17	$ 10.12	$ 9.08

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis set forth in this Proxy Statement as required by Item 402(b) of Regulation S-K promulgated by the SEC and, based on this review and discussion, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Joseph L. Garrett, Committee Chair
Ayad A. Fargo
Jeff C. Jones
Cora M. Tellez

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Summary Compensation Table

The NEOs for 2017 consisted of Steven R. Gardner, Chairman, President and Chief Executive Officer of the Company and Chairman and Chief Executive Officer of the Bank, Ronald J. Nicolas, Jr., Senior Executive Vice President and Chief Financial Officer of the Company and the Bank, Edward Wilcox, President of the Bank, Michael S. Karr, Senior Executive Vice President and Chief Credit Officer of the Bank, and Thomas Rice, Senior Executive Vice President and Chief Operating Officer of the Bank. The following table shows the compensation of the NEOs for services to the Company or the Bank during the years ended December 31, 2017, 2016 and 2015.

Summary Compensation Table

Name and Principal Position	**Year**	**Salary**	**Bonus**	**Restricted Stock Awards**[1]	**Option Awards**[2]	**Non-Equity Incentive Plan Compensation**[3]	**Change in Pension Value (Nonqualified Compensation Contribution)**[4]	**All Other Compensation**[5]	**Total**
Steven R. Gardner	2017	$ 700,000	$ —	$ 2,250,009	$ —	$ 826,269	$ 273,282	$ 81,422	$ 4,130,982
Chairman, President and Chief Executive Officer	2016	600,000	—	1,921,766	—	637,393	257,406	81,506	3,498,071
	2015	500,000	—	758,000	236,729	496,861	242,452	82,473	2,316,515
Ronald J. Nicolas, Jr.	2017	340,000	—	225,001	—	300,998	—	29,219	895,218
Senior Executive Vice President and Chief Financial Officer	2016	175,000	—	500,000	—	159,348	—	10,334	844,682
	2015	—	—	—	—	—	—	—	—
Edward Wilcox	2017	400,000	—	400,019	—	424,939	50,924	34,440	1,310,322
President and Chief Banking Officer	2016	325,000	—	970,167	—	207,153	47,965	37,761	1,588,046
	2015	300,000	—	—	165,710	178,870	45,179	35,353	725,112
Mike Karr	2017	300,000	—	175,019	—	177,058	—	36,433	688,509
Senior Executive Vice President	2016	275,000	—	644,769	—	146,069	—	34,049	1,099,887
	2015	240,000	—	—	118,365	119,247	—	26,373	503,985

and Chief Credit Officer									
Tom Rice	2017	325,000	—	175,019	—	191,813	—	37,618	729,449
Senior Executive Vice President and Chief Operating Officer	2016	275,000	—	644,769	—	146,069	—	34,282	1,100,120
	2015	240,000	—	—	118,365	97,500	—	30,254	486,119

(1) These amounts represent the aggregate grant date fair value of restricted stock and RSUs granted in 2015, 2016 and 2017, calculated in accordance with Financial Accounting Standards Board Account Standards Codification Topic 718 (FASB ASC Topic 718). Assumptions used in the calculation of these amounts are discussed in Note 16 to our Consolidated Audited Financial Statements for the fiscal year ended December 31, 2017, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Fair value is based on 100% of the closing price per share of our common stock on the date of grant. The number of awards granted in 2017 is reflected in the Grants of Plan-Based Awards in 2017 table, below. The grant date fair value of the RSUs granted in 2017, which may be earned at varying levels based on performance over the period 2017-2019, is shown in this table assuming that the maximum level of RSUs will be earned by performance.

(2) The grant date fair value of options granted in 2015, as reflected in this column, were determined in accordance with FASB ASC Topic 718. Refer to Note 16 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2015 for a discussion of the assumptions underlying the option award valuations. There were no stock options granted in 2016 or 2017.

(3) Amounts in this column are payouts of our annual cash incentive awards. See Executive Compensation Discussion & Analysis – Annual Cash Incentive Program. Awards earned in 2015 were paid in 2016, Awards earned in 2016 were paid in 2017 and Awards earned in 2017 were paid in 2018.

(4) Amounts in this column represent Company contributions under our Salary Continuation Plan. See Nonqualified Deferred Compensation, below.

(5) All Other Compensation consisted of amounts shown in the All Other Compensation table below.

ALL OTHER COMPENSATION

Name and Principal Position	Year	401(k) Contributions ($)	Auto ($)(1)	Insurance ($)(2)	Other ($)(3)	Total ($)
Steven R. Gardner	2017	10,800	23,999	24,869	21,754	81,422
Edward Wilcox	2017	10,800	6,000	15,780	1,860	34,440
Ronald J. Nicolas, Jr.	2017	10,800	—	16,379	2,040	29,219
Mike Karr	2017	10,800	6,000	17,773	1,860	36,433
Tom Rice	2017	10,800	6,000	20,818	—	37,618

(1) Mr. Gardner has the use of a Company-leased vehicle, and Mr. Wilcox, Mr. Karr, and Mr. Rice are granted an automobile allowance.

(2) In addition to health care benefits, Mr. Gardner is covered under a separate $1.5 million life insurance policy, for which the Bank pays $1,398 per year. Pursuant to the September 2006 long-term care insurance plan for Messrs. Gardner and Wilcox, the premiums paid by the Bank in 2017 were $2,502 and $1,467, respectively. These programs were discontinued effective January 1, 2018.

(3) Club membership fees.

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Grants of Plan-Based Awards in 2017

The following table includes information about awards granted to the NEOs in 2017. All of the awards shown were granted under the 2012 Long-Term Incentive Plan.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units (#) (i)	Grant Date Fair Value of Stock and Option Awards ($) (j)
Steven R. Gardner		$ 350,000	$ 700,000	$ 1,050,000					
	1/26/2017							42,135	$ 1,687,507
	1/26/2017				8,427	11,236	14,045		562,502 (1)
Edward Wilcox		180,000	360,000	540,000					
	1/26/2017							7,491	300,015
	1/26/2017				1,498	1,998	2,497		100,005 (1)
Ronald J. Nicolas, Jr.		129,200	255,000	384,200					
	1/26/2017							4,214	168,771
	1/26/2017				842	1,123	1,404		56,230 (1)
Mike Karr		75,000	150,000	225,000					
	1/26/2017							3,278	131,284
	1/26/2017				655	874	1,092		43,735 (1)
Tom Rice		81,250	162,500	243,750					
	1/26/2017							3,278	131,284
	1/26/2017				655	874	1,092		43,735 (1)

(1) Amounts related to RSUs granted in 2017. The grant date fair value of RSUs, which may be earned at varying levels based on performance over the period 2017-2019, is shown in this table assuming that the maximum level of

RSUs will be earned by performance. See also notes to summary compensation table above.

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Outstanding Equity Awards

The following table reflects the equity awards that have been previously awarded to each of the NEOs and which remained outstanding as of December 31, 2017.

2017 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Steven R. Gardner	26,849	—	—	5.01	8/27/2018	16,667	666,680	9,750	390,000
Chairman, President and Chief Executive Officer	5,000	—	—	6.30	1/5/2021	56,667	2,266,680	14,045	561,800
	100,000	—	—	7.87	6/5/2022	42,135	1,685,400	—	—
	50,000	—	—	10.44	1/2/2023	—	—	—	—
	50,000	—	—	15.68	1/2/2024	—	—	—	—
	33,333	16,667	—	15.16	1/28/2025	—	—	—	—
Edward Wilcox	17,500	—	—	5.01	8/27/2018	8,467	338,680	3,584	143,360
President and Chief Banking Officer	2,000	—	—	6.30	1/5/2021	25,000	1,000,000	2,497	99,880
	25,000	—	—	7.87	6/5/2022	7,491	299,640	—	—
	25,000	—	—	10.44	1/2/2023	—	—	—	—
	25,000	—	—	15.68	1/2/2024	—	—	—	—
	23,333	11,667	—	15.16	1/28/2025	—	—	—	—
Ronald J. Nicolas, Jr.	—	—	—	—	—	20,000	800,000	1,404	56,160
Senior Executive Vice President	—	—	—	—	—	4,214	168,560	—	—

and Chief Financial Officer									
Mike Karr	10,000	—	—	5.01	8/27/2018	3,600	144,000	1,500	60,000
Executive Vice	2,000	—	—	6.30	1/5/2021	20,000	800,000	1,092	43,680
President	25,000	—	—	7.87	6/5/2022	3,278	131,120		
and Chief	25,000	—	—	10.44	1/2/2023	—	—	—	—
Credit	20,000	—	—	15.68	1/2/2024	—	—	—	—
Officer	16,666	8,334	—	15.16	1/28/2025	—	—		