

PACIFIC PREMIER BANCORP INC
Form DEF 14A
April 16, 2014

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

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

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.

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:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined based on _____

4. Proposed maximum aggregate value of transaction:
5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

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

April 16, 2014

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 Tuesday, May 27, 2014, 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 Board of Directors of the Company 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 specified under Item 1, "FOR" approval, on a non-binding advisory basis, of the Company's executive compensation under Item 2, "FOR" approval of the amendment to the Company's 2012 Long-Term Incentive Plan under Item 3, and "FOR" the ratification of the appointment of Vavrinek, Trine, Day & Co., LLP as the independent auditors of the Company for the fiscal year ended December 31, 2014 under Item 4.

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

President and Chief Executive Officer

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 27, 2014

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders ("Annual Meeting") of Pacific Premier Bancorp, Inc. (the "Company") will be held on Tuesday, May 27, 2014 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 seven (7) directors, each for a one-year term, or until their successors are elected and qualified;

2. To approve, on a non-binding advisory basis, the Company's executive compensation;
3. To approve the amendment to the Company's 2012 Long-Term Incentive Plan to increase the number of shares of common stock authorized for issuance thereunder from 620,000 shares to 1,420,000 shares;
4. To ratify the appointment of Vavrinek, Trine, Day & Co., LLP as the Company's independent auditor for the fiscal year ended December 31, 2014; and
5. 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 April 1, 2014 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,

Kent J. Smith
Corporate Secretary/EVP/CFO
Irvine, California
April 16, 2014

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.

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF
STOCKHOLDERS TO BE HELD ON MAY 27, 2014**

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.

Table of Contents

GENERAL INFORMATION

Questions and Answers about these Proxy Materials and the Annual Meeting

INFORMATION ABOUT THE ANNUAL MEETING

ITEM 1. ELECTION OF DIRECTORS

Board Nominees

Nominated Directors

Executive Officers Who Are Not Serving As Directors

Corporate Governance

Committees of the Board of Directors

Principal Holders of Common Stock

Security Ownership of Directors and Executive Officers

Compensation of Non-Employee Directors

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Committee Report

Compensation Policies and Programs and Risk Management

Summary Compensation Table

Stock Awards

Option Awards

Non-Equity Incentive Plan Compensation

All Other Compensation

Grants of Plan-Based Awards in 2013

Outstanding Equity Awards

Exercised Options in 2013

Pension Benefits

Nonqualified Deferred Compensation

Long-Term Care Insurance Plan

Potential Payments Made Upon Termination or a Change-in-Control

RELATED TRANSACTIONS AND OTHER MATTERS

Transactions with Certain Related Persons

Indebtedness of Management

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

ITEM 2. TO APPROVE, ON A NON-BINDING ADVISORY BASIS, THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

ITEM 3. TO APPROVE THE AMENDMENT TO THE COMPANY'S 2012 LONG-TERM INCENTIVE PLAN

ITEM 4. TO RATIFY THE APPOINTMENT OF VAVRINEK, TRINE, DAY & CO., LLP AS THE COMPANY'S INDEPENDENT AUDITOR FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Fees

Audit Committee Pre-Approval Policies and Procedures

REPORT OF THE AUDIT COMMITTEE

ANNUAL REPORT

HOUSEHOLDING

STOCKHOLDER PROPOSALS FOR THE 2015 ANNUAL MEETING

OTHER MATTERS

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

PROXY STATEMENT
GENERAL INFORMATION
For the 2014 Annual Meeting of Stockholders
To Be Held on Tuesday, May 27, 2014

Our Board of Directors is soliciting proxies to be voted at our 2014 Annual Meeting of Stockholders (“Annual Meeting”) on May 27, 2014, at 9:00 a.m., Pacific Time, 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 23, 2014.

As used in this Proxy Statement, the terms “Company,” “we,” “us” and “our” refer to Pacific Premier Bancorp, Inc., the term “Bank” refers to Pacific Premier Bank and the terms “Board of Directors” and “Board” refers to the Board of Directors of the Company.

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 27, 2014. As a stockholder of record as of April 1, 2014 (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 12-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.

Question: How many shares are eligible to be voted?

Answer: As of the Record Date, we had 17,224,977 shares of common stock outstanding. Each outstanding share of our common stock will entitle its holder to one vote on each of the seven (7) director nominees to be elected and one vote on each other matter to be voted on at the Annual Meeting.

Question: What am I voting on?

Answer: You are voting on the following matters:

- The election of seven (7) director nominees. Our director nominees are:

Kenneth A. Boudreau, John J. Carona, Steven R. Gardner, Joseph L. Garrett, John D. Goddard, Jeff C. Jones, and Michael L. McKennon.

- The approval, on a non-binding advisory basis, of the Company's executive compensation.
- The approval of the amendment to the Company's 2012 Long-Term Incentive Plan
- The ratification of the appointment of Vavrinek, Trine, Day & Co., LLP ("VTD") as the Company's independent auditor for the fiscal year ended December 31, 2014.

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 approval, on a non-binding advisory basis, of the Company's executive compensation;
- "FOR" the approval of the amendment to the Company's 2012 Long-Term Incentive Plan; and
- "FOR" the ratification of the appointment of VTD as the Company's independent auditor for the fiscal year ended December 31, 2014.

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, 17,224,977 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.

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. The seven (7) director nominees who receive the greatest number of votes cast for director nominees will be elected. 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.
- Advisory Vote on Approval of Executive Compensation. The affirmative vote of 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 Company’s executive compensation. Abstentions will not be counted as votes cast and, therefore, will not affect the outcome.
- Approval of Amendment to Company’s 2012 Long-Term Incentive Plan. The affirmative vote of holders of at least the majority of the shares for which votes are cast at the Annual Meeting is required for Approval of amendment to the Company’s 2012 Long-Term Incentive Plan. Abstentions will not be counted as votes cast and, therefore, will not affect the outcome.
- Ratification of Independent Auditors. The affirmative vote of 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 VTD as our independent auditor for the fiscal year ended December 31, 2014. Abstentions will not be counted as votes cast and, therefore, will not affect the outcome.

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 4 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 such as Item 1 the election of directors, Item 2 the approval, on a non-binding advisory basis, of the Company’s executive compensation, and Item 3 the amendment to the Company’s 2012 Long-Term Incentive Plan.

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.

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 26, 2014. 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 1-800-776-9437 and use any touch-tone telephone to transmit your vote up until 11:59 P.M., Eastern Time, May 26, 2014. 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 Amended and Restated Bylaws (the “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 2015 Annual Meeting” beginning on page 51.

Question: How may I revoke or change my vote?

Answer: If you are the record owner of your shares, and you completed and submitted the 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 26, 2014, 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 Morrow & Co., LLC to assist in the solicitation at a cost of approximately \$5,000, plus payment of reasonable out-of-pocket expenses incurred by Morrow & Co., LLC.

Question: Who will count the votes?

Answer: American Stock Transfer & Trust Co., 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 future proxy statements, annual reports and other stockholder communications by

- visiting www.proxyvote.com,
- calling 1-800-579-1639, or
- sending an email to sendmaterial@proxyvote.com.

When requesting copies of proxy materials and other stockholder communications, you should have available the 12-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.

INFORMATION ABOUT THE ANNUAL MEETING

Our Annual Meeting will be held at 9:00 a.m., Pacific Time, on Tuesday, May 27, 2014, at Pacific Premier Bancorp, Inc.’s corporate headquarters located at 17901 Von Karman Avenue, Suite 1200, Irvine, California 92614.

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 and until their successors are elected and qualified. Each nominee is currently a director of the Company and each has indicated that he 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 5 of this Proxy Statement.

Kenneth A. John J.
Boudreau Carona
Steven R. Joseph
Gardner L.
Garrett
John D. Jeff C.
Goddard Jones
Michael L.
McKennon

Vote Required

The seven (7) director nominees who receive the greatest number of votes cast for the director nominees will be elected. 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 plurality of the shares. 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 plurality of the shares.

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 Nominating Committee of our Board of Directors. Proxies granted may not be voted for a greater number of nominees than the seven (7) 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.

Nominated Directors

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

Kenneth A. Boudreau, 64, has served as a member of the Company's Board since 2005. Mr. Boudreau retired in 2012 and is providing management consulting services to the commercial aerospace industry. He was previously President of Coast Composites, Inc., a manufacturing concern in Irvine, California. He joined Coast Composites in 2008 after a 12-year career with M. C. Gill Corporation, a manufacturing concern in El Monte, California, where he last served as President and Chief Executive Officer. Mr. Boudreau joined M. C. Gill Corporation in 1996 as its Chief Financial Officer, assumed progressive responsibilities over time, and was named President and Chief Executive Officer in 2002. Mr. Boudreau had previously been employed by The Quikset Organization in Irvine, California for 15 years where he was initially hired as their controller and advanced to lead their subsidiaries with \$40 million in revenue. Mr. Boudreau is a CPA in California, and was employed by Deloitte & Touche before joining The Quikset Organization. He obtained his B.S. degree in Business Administration from California State University, Fullerton.

John J. Carona, 58, was appointed to the Board of Directors on March 15, 2013, in connection with the Company's acquisition of First Associations Bank ("FAB"), a Dallas, Texas-based state chartered bank. Senator Carona served as a director of FAB since its inception in 2007. Senator Carona is the President and Chief Executive Officer of Associations, Inc. ("Associa"), a Texas corporation that specializes in providing management and related services for homeowners associations ("HOAs") located across the United States. Senator Carona has been a member of the Texas Legislature since 1990 and is currently in his sixth term in the Texas Senate, representing District 16 in Dallas County. Previously, Senator Carona was elected to three terms in the Texas House of Representatives. Senator Carona currently serves 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 serves 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.

Steven R. Gardner, 53 has been President, Chief Executive Officer and a director of the Company and Bank since October of 2000. Prior to joining the Company he was an executive of Hawthorne Financial since 1997 responsible for credit administration and portfolio management. He has more than 25 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 Boards of Directors of the Federal Reserve Bank of San Francisco and 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, a Director and a member of the Executive Committee of the Independent Community Bankers Association "ICBA", 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, 65, has served as a director for the Company since his appointment to the Board of Directors by the Board on March 28, 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. 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).

John D. Goddard, 75, has served as a director for the Company since 1988. Mr. Goddard has been a Certified Public Accountant for the past 43 years. Mr. Goddard was initially employed by W.C. Brassfield, CPA from 1962 to 1965. He formed the partnership, Brassfield and Goddard, CPAs in 1965 and continued practicing there until September 1976. The firm incorporated into Goddard Accountancy Corporation, CPAs where Mr. Goddard practiced and served as President from September 1976 until December 2003. The corporation merged with the firm of Soren McAdam Christenson, LLP in January 2004. Mr. Goddard retired on January 1, 2008 from full-time practice as a CPA and now works part-time on a consulting basis.

Jeff C. Jones, 59, has served as a member of the Company's Board since July 2006, and became Chairman of the Board in August 2012. 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 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.

Michael L. McKennon, 53, has served as a member of the Company's Board since 2004, and currently chairs our Audit Committee. Mr. McKennon is a partner with the Newport Beach public accounting firm of dbbmckennon, a registered firm of the Public Company Accounting Oversight Board ("PCAOB"). Prior thereto, Mr. McKennon was a founding partner of the Irvine, California accounting firm of McKennon Wilson & Morgan LLP, a registered firm of the PCAOB. Mr. McKennon, a CPA in the state of California, has been responsible for audit and accounting practices since 1998 in these firms. Mr. McKennon was previously employed by the accounting firm of PricewaterhouseCoopers LLP and Arthur Andersen & Co. Mr. McKennon has 29 years of experience in private and public accounting, auditing and consulting in Southern California. He obtained his B.A. degree in Business Administration from California State University, Fullerton.

Executive Officers Who Are Not Serving As Directors

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

Kent Smith, 52, Executive Vice President/Chief Financial Officer, was hired in September 2009. Mr. Smith serves as Chairman of our Asset Liability Committee. Prior to joining the Bank, Mr. Smith worked for sixteen years for Downey Savings and Loan Association as a Senior Vice President, Controller, Assistant Controller, Financial Reporting Manager and Senior Technical Auditor. Mr. Smith served as Vice President, Loan Accounting Manager for FarWest Savings and Loan and as a Senior Accountant for Deloitte and Touche. Mr. Smith obtained his B.A. degree in Accounting from Brigham Young University.

Edward Wilcox, 47, Senior Executive Vice President/Chief Banking Officer – 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 2013, Mr. Wilcox was promoted to Chief Operating Officer of the Bank, and served in that role until his appointment as Senior Executive Vice President and Chief Banking Officer in April 2014. Prior to joining us, Mr. Wilcox served as Loan

Production Manager at Hawthorne Savings 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.

Mike Karr, 45, Executive Vice President/Chief Credit Officer – was hired in April 2006. Mr. Karr oversees the Bank’s credit functions and has responsibility for all lending and portfolio operations. He is the Chairman of our Credit Committee and our Credit and Investment 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.

Tom Rice, 42, Executive Vice President/Chief Operating Officer – was hired 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 led the smooth systems conversions and integrations of the last four acquisitions. Mr. Rice was appointed Executive Vice President and Chief Operating Officer of the Bank in April 2014 and assumed responsibility for all of the day-to-day 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.

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 Corporate Governance Guidelines 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 Guidelines is available within our Corporate Governance Policy which is 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 Nominating Committee of our Board of Directors administers our Corporate Governance Guidelines, reviews performance under the guidelines and the content of the guidelines annually and, when appropriate, recommends updates and revisions to our Board of Directors.

Director Qualifications, Diversity and Nomination Process

Our Nominating 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 Nominating 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 Nominating 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 Nominating 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 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 Nominating 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 Nominating Committee determines whether to interview the prospective nominee, and if warranted, one or more members of the Nominating Committee, in concert with the Company’s Chief Executive Officer (“CEO”), interviews prospective nominees. After completing its evaluation, the Nominating 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 Nominating 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 Nominating 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 factors reviewed by the Nominating Committee in evaluating a board candidate.

	Boudreau	Carona	Gardner	Garrett	Goddard	Jones	McKennon
Experience, Qualifications, Skill or Attribute							
Professional standing in chosen field	X	X	X	X	X	X	X
Expertise in financial services or related industry		X	X	X	X	X	X
Audit Committee Financial Expert (actual or potential)	X		X	X	X	X	X
Civic and community involvement	X	X	X	X	X		X
	X		X				X

Other public
company
experience

Leadership and team building skills	X	X	X	X	X	X	X
---	---	---	---	---	---	---	---

Specific
skills/knowledge:

- finance	X	X	X	X	X	X	X
- marketing		X	X				
- public affairs		X		X			
- human resources	X	X	X				
- governance	X	X	X	X	X	X	X

Our stockholders may propose director candidates for consideration by the Nominating Committee by submitting the individual's name and qualifications to our Secretary at 17901 Von Karman Avenue, Suite 1200, Irvine, CA 92614. Our Nominating Committee will consider all director candidates properly submitted by our stockholders in accordance with our Bylaws and Corporate Governance Guidelines. Stockholders who wish to nominate candidates for election to our Board at our Annual Meeting of Stockholders must follow the procedures outlined in "Stockholder Proposals for the 2015 Annual Meeting" set forth below.

Board of Directors Independence

The Boards of Directors of the Company and the Bank currently have seven (7) directors serving, all of whom are elected annually and will continue to serve until their successors are elected and qualified. Our Corporate Governance Guidelines require that our Board of Directors consist predominantly of non-management directors. This means directors who are not currently, and have not been, employed by us during the most recent three years. Currently, our President and CEO, Mr. Gardner, is the only director who is also a member of management.

In addition, our Corporate Governance Guidelines require that a majority of the Board of Directors consist of "independent directors" as defined under the NASDAQ Stock Market rules. No director will be "independent" unless the Board of Directors 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.

The Nominating 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 the NASDAQ Stock Market rules. The Board of Directors has determined that Kenneth A. Boudreau, Joseph L. Garrett, John D. Goddard, Jeff C. Jones and Michael L. McKennon are independent 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 Guidelines. 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. In addition, 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.

Board of Directors Leadership Structure

Our Bylaws provide for a Board of Directors that will serve for one-year terms. The size of the Board shall be designated by the Board, but shall be seven (7) in the absence of such designation. 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.

Our Board of Directors has no fixed policy with respect to the separation of the offices of Chairman of the Board of Directors and CEO. Our Board retains the discretion to make this determination on a case-by-case basis from time to time as it deems to be in the best interests of the Company and our stockholders at any given time. The Board currently believes that separating the positions of Chief Executive Officer and Chairman is the best structure to fit the Company's needs. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board.

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 of Directors 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, regulator correspondence or customer correspondence. Each classification of correspondence will be handled in accordance with a policy unanimously approved by the Board.

Board Meetings and Executive Sessions

Our Board of Directors currently holds twelve full Board meetings each year. 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. During 2013, our Board of Directors met twelve times, and all of our directors attended 97% of the aggregate of the total number of meetings of the Board of Directors held during his tenure in office during the last fiscal year and the total number of all meetings held by all committees of the Board of Directors on which he served during such year.

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 Chief Executive Officer also may be scheduled. During 2013, the independent directors met twice 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 2013 Annual Meeting of Stockholders.

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.

Committees of the Board of Directors

Nominating
&
Corporate
Audit Compensation Governance



Kenneth A. Boudreau	Kenneth A. Boudreau	Kenneth A. Boudreau
Joseph Garrett	John D. Goddard *	John D. Goddard
Michael L. McKennon	Jeff C. Jones	Jeff C. Jones *
*		

4 meetings held in 2013	1 meeting held in 2013	1 meeting held in 2013
-------------------------	------------------------	------------------------

*
Chairperson

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 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 and rules of the U.S. Securities and Exchange Commission (the “SEC”). The Board of Directors has determined that Mr. McKennon satisfies the requirements established by the SEC for qualification as an “audit committee financial expert.”

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) reviews the Chief Executive Officer’s recommendations concerning individual incentive awards of officers directly reporting to him, (iii) approves all stock option and restricted stock grants, (iv) has oversight responsibility for management planning and succession, and (v) determines the annual salary, the annual bonus, stock options, and restricted stock grants of the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), Chief Operating Officer (“COO”), Chief Credit Officer (“CCO”), and Chief Banking Officer (CBO”). A copy of the Compensation Committee charter can be found on the Company’s website at www.ppbi.com under the Investor Relations section.

Nominating Committee. The Nominating Committee has oversight responsibility for nominating candidates as directors and to determine satisfaction of independence requirements. The Nominating 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 Nominating 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.

Compensation Committee Interlocks and Insider Participation

For 2013, the Compensation Committee was comprised of Messrs. Boudreau, Goddard, and Jones, each of whom was an independent director. 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.

Committee Independence and Additional Information

The Company's Audit, Nominating and Compensation Committees are currently composed entirely of "independent" directors, as defined by our Corporate Governance Guidelines and applicable NASDAQ and SEC rules and regulations. Our Compensation Committee, Audit and Nominating 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 minutes of each committee meeting are furnished in advance to all of our directors, and each committee chair reports on his or her committee's activities to the full Board.

Principal Holders of Common Stock

The following table sets forth information as to those persons believed by management to be beneficial owners of more than 5% of the Company's outstanding shares of common stock on the Record Date 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 Securities Exchange Act of 1934, as amended (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.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Common Stock	Fidelity Management & Research 245 Summer Street Boston, MA 02210	1,550,347(2)	9.00% 9.00%
Common Stock	Wellington Management Co. LLP 75 State Street Boston, MA 02109-1809	1,251,519(3)	7.27% 7.27%
Common Stock	Eagle Asset Management, Inc. 880 Carillon Parkway St. Petersburg, FL 33716-1102	936,985(4)	5.44% 5.44%

-
- (1) As of the Record Date, there were 17,224,977 shares of Company common stock outstanding on which “Percent of Class” in the above table is based.
- (2) As reported in the Schedule 13G/A filed with the SEC on February 14, 2014 for the calendar year ended December 31, 2013.
- (3) As reported in the Schedule 13G/A filed with the SEC on February 14, 2014 for the calendar year ended December 31, 2013.
- (4) As reported in the Schedule 13G filed with the SEC on January 28, 2014 for the calendar year ended December 31, 2013.

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 executive officers named in Summary Compensation Table, also referred to herein as the 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 he beneficially owns.

Name	Unvested				Total Beneficial Ownership		
	Common Stock A	Restricted Stock B	Options Exercisable (1) C	Warrants D	# E	(2) % F	(3)
Kenneth A. Boudreau	29,367	-	19,333	-	48,700	0.3	%
John J. Carona	157,491	-	-	-	157,491	0.9	%
Joseph L. Garrett	41,005	-	3,333	-	44,338	0.3	%
John D. Goddard	64,806	-	24,333	-	89,139	0.5	%
Jeff C. Jones	78,402	-	19,333	-	97,735	0.6	%
Michael L. McKennon	29,000	-	24,333	-	53,333	0.3	%
Steven R. Gardner	146,910	-	214,999	-	361,909	2.0	%
Kent Smith	9,230	-	18,666	-	27,896	0.2	%
Eddie Wilcox	34,737	-	96,166	-	130,903	0.7	%
Mike Karr	12,192	-	43,666	-	55,858	0.3	%
Tom Rice	5,076	-	11,999	-	17,075	0.1	%
Stock Ownership of all Directors and Executive Officers as a Group (11 persons)	608,216	-	476,161	-	1,084,377	6.1	%

- (1) In accordance with applicable SEC rules, only shares of unvested restricted stock that vest, or options that are exercisable within 60 days after the Record Date are included in this column.
- (2) The amounts in column E are derived by adding shares, unvested restricted stock, options exercisable, and warrants listed in columns A, B, C and D of the table.
- (3) The amounts contained in column F are derived by dividing the amounts in column E of the table by (i) the total outstanding shares of 17,224,977, plus (ii) the amount in column C for that individual or the group, as applicable, plus (iii) the total amount in column D for that individual or the group, as applicable.

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 November 2013, and determined that the director compensation for 2014 will remain unchanged from the 2013 compensations 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 2013 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 \$33,000, paid quarterly, for service on the Boards of Directors of the Company and the Bank;
- an annual cash retainer of \$40,000, paid quarterly, to the Chairman of the Boards of Directors of the Company and the Bank;
- an annual cash retainer of \$6,000, paid quarterly, to the Chairman of the audit committee of the Company's Board; and
- an annual cash retainer of \$2,000, paid quarterly, to the members of the audit committee of the Company's Board.

Non-employee directors may elect to defer their cash compensation into the Deferred Compensation Plan (see below).

During 2013, the Company did not provide perquisites 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.

Stock Compensation. Each non-employee director is eligible for a grant of either stock options to purchase the Company's common stock or shares of restricted stock issued from the Pacific Premier Bancorp, Inc. 2012 Long-Term Incentive Plan ("2012 Long-Term Incentive Plan") or the Pacific Premier Bancorp, Inc. 2004 Long-Term Incentive Plan ("2004 Long-Term Incentive Plan"), as recommended by the Compensation Committee. The stock options and restricted stock that the Company awards to its directors vest in equal thirds over three years on each anniversary of the date of grant, subject to earlier vesting on termination of service in certain circumstances. All awards to non-employee directors are made based on the closing market price on the date of grant.

On January 2, 2013, the following stock options were awarded to the Company's non-employee directors:

Name	# of Options	Strike Price
Kenneth A. Boudreau	7,500	\$ 10.44
John D. Goddard	7,500	\$ 10.44
Joseph L. Garrett	7,500	\$ 10.44
Jeff C. Jones	7,500	\$ 10.44
	7,500	\$ 10.44

Michael L.
McKennon

Stock Ownership Guidelines for Directors. The Board of Directors adopted director stock ownership guidelines in March 2012, which require that its directors own shares of the Company's common stock having a value of at least equal to five times the director's annual retainer. Directors have (i) five years from the date the guidelines were adopted, or March 2017, or (ii) for new directors, five years after joining the Board of Directors, to meet the guidelines. As of the Record Date, all directors met the guidelines.

Long-Term Care Insurance Plan. As more fully described under the heading "Long-Term Care Insurance Plan" of "Executive Compensation" below, the Bank implemented in September 2006 a Long-Term Care Insurance Plan for the directors of the Bank and for Messrs. Gardner and Wilcox. The non-employee directors may elect not to participate in the insurance plan. For those who opt out, the amount of the insurance premium, up to \$4,000 annually, will be recorded each month to their deferred compensation account with interest or is applied toward health insurance benefits if so elected. See "Deferred Compensation Plan" below. The aggregate plan premium expense for 2013 was \$20,126.

Aggregate Director Compensation in 2013. In accordance with applicable SEC rules and regulations, the following table reports all compensation the Company paid during 2013 to its non-employee directors.

2013 DIRECTOR COMPENSATION

Name (4)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)	Change in Nonqualified Deferred Compensation Earnings \$(3)	All Other Compensation (\$)	Total (\$)
Kenneth A. Boudreau (1)	35,000	-	29,504	-	5,876	4,000	74,380
John J. Carona	33,000	-	-	-	50	3,167	36,217
Joseph L. Garrett	35,000	-	29,504	-	-	4,000	68,504
John D. Goddard	33,000	-	29,504	-	1,355	4,000	67,859
Jeff C. Jones	40,000	-	29,504	-	1,355	4,000	74,859
Michael L. McKennon (1)	39,000	-	29,504	-	7,294	4,000	79,798
Total	215,000	-	147,520	-	15,929	23,167	401,616

(1) Mr. McKennon started deferring a portion of his fees for service on the Bank's board of directors in September 2006. Mr. Boudreau started deferring a portion of his fees for service on the Bank's board of directors in January 2008 and stopped deferring at December 31, 2012. The deferment program allows a director to defer his or her normal monthly Board fees into an account that earned the rate of prime plus one percent through December 31, 2013, after which the rate was changed to prime minus one percent. At December 31, 2013, Mr. McKennon had deferred \$157,000 of fees and had earned \$23,819 on that deferment and Mr. Boudreau had deferred \$120,000 of fees and had earned \$19,496 on that deferment.

(2) The value of options granted in 2013 was determined based upon the aggregate grant date fair value as computed pursuant to FASB ASC Topic 718. Refer to Note 13 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of the assumptions underlying the

option award valuations.

- (3) Represents the above market earnings in fiscal year 2013. Above market earnings represent earnings greater than 120% of the 10-year Treasury Note during 2013.
- (4) As of December 31, 2013, each of the non-employee directors held options to purchase the Company's common stock as follows: Mr. Boudreau – 26,000; Mr. Garrett – 10,000; Mr. Goddard – 31,000; Mr. Jones – 26,000; and Mr. McKennon – 34,000.

Deferred Compensation Plan

The Bank created a Directors' Deferred Compensation Plan in September 2006 which allows non-employee directors to defer Board of Directors' fees and provides for additional contributions from any opt-out portion of the Long-Term Care Insurance Plan. See "Long-Term Care Insurance Plan" under "Executive Compensation" below. The deferred compensation is credited with interest by the Bank at prime plus one percent and the accrued liability is payable upon retirement or resignation. The Directors' Deferred Compensation Plan is unfunded. The Company is under no obligation to make matching contributions to the Directors' Deferred Compensation Plan. As of December 31, 2013, the unfunded liability for the plan was \$410,000 and the interest expense for 2013 was \$15,929. The table below shows the totals for the Deferred Compensation Plan contributions and earnings for the year ended December 31, 2013.

2013 NONQUALIFIED DIRECTOR DEFERRED COMPENSATION

Name	Aggregate Balance at Fiscal Year-End Prior to Last Fiscal Year-End (\$)	Director Contributions in Last Fiscal Year (\$)	Long-Term Care Insurance Plan Opt	Aggregate Earnings in Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$)
			Out Contributions in Last Fiscal Year (\$)			
Kenneth A. Boudreau	133,702	-	-	5,876	-	139,577
John J. Carona	-	-	3,167	50	-	3,217
Joseph L. Garrett	-	-	-	-	-	-
John D. Goddard	29,381	-	4,000	1,355	-	34,736
Jeff C. Jones	29,381	-	4,000	1,355	-	34,736
Michael L. McKennon	146,043	39,000	1,498	7,294	-	193,835
Total	338,507	39,000	12,665	15,929	-	406,101

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our Named Executive Officers for 2013, which we refer to as the “CD&A”, should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. The Compensation Committee may adopt from time to time additional compensation arrangements or modify current compensation arrangements with our Named Executive Officers based upon its evaluation of the need for such modifications to achieve the objectives of our compensation program discussed below.

In 2013, the Bank held a stockholder advisory vote on the compensation of its Named Executive Officers, also referred to as a say-on-pay vote. The Bank’s stockholders approved the compensation of the Named Executive Officers with 99.2% of stockholder votes cast in favor of the say-on-pay advisory vote. As the Compensation Committee evaluated its compensation policies and overall objectives for 2014, it took into consideration the strong support of the stockholders. As a result, the Compensation Committee decided to retain the general approach and structure of the Bank’s executive compensation program.

Compensation Philosophy and Objectives, and Process for Making Compensation Decisions

This CD&A provides an overview and analysis of our compensation program and policies, the material decisions we have made under those programs and policies with respect to our Named Executive Officers, and the material factors we considered in making those decisions. We discuss within this CD&A the various elements included in executive compensation and how we determined those elements. We also discuss the roles of the Compensation Committee and our CEO in this process.

We believe that the most effective executive compensation program is one that enables us to attract, retain and motivate our Named Executive Officers to achieve the Company’s long-term strategic goals and enhance long-term stockholder value. We intend for our compensation program to align executives’ interests with those of the stockholders by rewarding performance for implementing the Company’s various strategies, with the ultimate goal of improving long-term stockholder value. We evaluate both performance and compensation to ensure that we maintain our ability to attract and retain employees in key positions, and to ensure that compensation provided to key employees keeps these employees focused on franchise value creation.

Periodically we review executive compensation among our peers, generally covering the twenty-fifth, fiftieth and seventy-fifth percentile figures. We do not target a specific level of compensation percentile, as we factor in each executive's roles, responsibilities, performance and experience, as well as corporate performance and other factors necessary to attract, motivate, retain and reward such individuals.

The mix of pay elements allows our Compensation Committee to use both cash (base pay and discretionary annual cash incentives) and equity (stock options) to encourage and motivate executives to achieve both the short-term and long-term business objectives of the Company. The Compensation Committee reviews the Company and individual performance each year using a broad range of performance metrics in order to arrive at a level of discretionary annual cash incentives for each officer which reflect performance for that year, which the Compensation Committee believes allows for substantial flexibility and a comprehensive approach to compensation management. The Compensation Committee also determines whether equity awards should be awarded in any given year when considering outstanding awards, the availability of awards, Company performance, individual performance, the overall risk profile of the compensation arrangements, and the alignment of executive officer pay with long-term stockholder returns. A substantial portion of potential Named Executive Officer compensation is performance-based and in the form of short

and long-term incentives.

Our Compensation Committee believes that this approach provides the flexibility necessary to reward executives based on potentially very different economic environments while pursuing our business and strategic objectives.

Our Named Executive Officers for 2013 consisted of Steven R. Gardner, our CEO, Kent J. Smith, our CFO, Eddie Wilcox, our COO, Mike Karr, our CCO and Tom Rice, our Senior Vice President and Chief Information Officer (“CIO”). In April 2014, Mr. Wilcox was appointed to the position of Senior Executive Vice President and Chief Banking Officer and Mr. Rice was appointed to the position of Executive Vice President and Chief Operating Officer. We refer to Messrs. Gardner, Smith, Wilcox, Karr, and Rice in this Proxy Statement as our Named Executive Officers.

Key Features of our Executive Compensation Plans

The Compensation Committee believes that our executive compensation program includes key features that align the interests of the Named Executive Officers and our long-term strategic goals with stockholders and does not include features that could misalign their interests.

- Named Executive Officer pay is aligned with performance:
 - o Officer pay reflects performance achieved in financial results (through the discretionary annual cash bonus plan and equity awards)
- Compensation is targeted to the market:
 - o Total compensation opportunities are similar to those of our peer companies, which are similar in size
- A significant portion of pay is tied to incentives:
 - o The Company provides both annual cash incentive opportunities as well as equity awards to motivate performance
- Compensation Committee has flexibility on compensation decisions:
 - o The Compensation Committee retains flexibility in the discretionary annual cash incentive and determination of equity awards to reflect Company and individual performance
- Annual incentives are capped:
 - o Named Executive Officers are limited in the amount of annual cash incentive they can receive in accordance with their employment agreements
- Compensation is balanced:
 - o The compensation program provides a mix of fixed compensation and short- and long-term variable compensation to mitigate excessive risk taking behavior
- Limited benefits and perquisites are provided
- No tax gross-ups are provided
- No option repricing without stockholder approval is allowed
- No hedging of Company stock is allowed
- No pledging of Company stock is allowed
- Stock ownership guidelines encourage ownership:
 - o The CEO must own the amount of shares of common stock at least equal to three times his salary

Alignment of CEO Pay with Performance

In the course of reviewing our overall executive compensation program, our consultants reviewed the relationship between realizable total direct compensation and our performance for the period ended December 31, 2013. This review was conducted to assist the compensation committee in understanding the degree of alignment between realizable total direct compensation delivered to the CEO during the period and our performance relative to our peer group as identified below. For purposes of this review, company performance is defined as total shareholder return over the three year period ending December 31, 2013. Total direct realizable compensation is defined as the sum of:

- Actual base salaries paid over the three-year period;
- Actual short-term incentives (bonuses) paid over the three-year period;
- “In-the-money” value as of December 31, 2013 of any stock options granted over the three-year period;
- The value as of December 31, 2013 of any restricted shares or restricted stock units granted over the three-year period; and
- Cash-based long-term incentive awards and the value as of December 31, 2013 of any performance shares granted over the three year period.

The following chart shows a pay for performance analysis of our CEO using realizable pay relative to our peer group. Pay is based on the period 2010 through 2012 since 2013 pay information for most of our peers was not available at the time of this analysis; however, all equity awards granted during the period are valued as of December 31, 2013. As the chart reflects, the Company’s total shareholder rank for the three-year period exceeded our CEO’s realizable pay rank, reflecting a strong pay for performance correlation.

Roles of the Compensation Committee and Compensation Consultants

The Compensation Committee reviews and makes decisions with respect to salaries, cash incentives, equity incentives and employee benefits for our Named Executive Officers. The Compensation Committee has the authority to engage consultants as necessary and to request other information as needed to fairly measure, monitor and control the overall compensation of the Named Executive Officers. During 2013, the Compensation Committee engaged Pearl Meyer & Partners (“PM&P”), a consulting firm specializing in compensation program design and evaluation, with significant experience in the financial services industry, to assist in establishing targeted aggregate levels and components of executive compensation. PM&P performed studies of compensation for executive officers at comparable peer group publicly-traded financial institutions to assist the Compensation Committee in evaluating and determining appropriate market-level compensation.

The 2013 compensation data were developed by PM&P from public filings by selected peer banks, which the Compensation Committee considers appropriate comparators for the purposes of developing executive compensation benchmarks. Peer banks were selected based on size (total assets), location (California), loan portfolio and commercial banking focus. The results of the PM&P studies provided the Compensation Committee with context for determining the total compensation for our Named Executive Officers for 2013 and 2014.

The following banking institutions comprised the peer group for the PM&P study:

Banc of California	Bank of Marin Bancorp	Bridge Capital Holdings
California United Bank	Farmers & Merchants Bancorp	Hanmi Financial Corporation
Heritage Commerce Corp	HomeStreet, Inc.	Preferred Bank
Provident Financial Holdings, Inc.	Sierra Bancorp	TriCo Bancshares
Washington Banking Company		

The Compensation Committee independently evaluated the various components and levels of compensation for CEOs and CFOs within the peer group focusing on base salary, annual incentive (bonus) and equity compensation as well as benefits and retirement plans. Based on the Committee's independent evaluation, findings included in PM&P's analysis, and the recommendations of the CEO (in the case of the other Named Executive Officers), the Compensation Committee established compensation levels for our Named Executive Officers. These established levels included parameters of base salaries, annual cash incentives, equity incentive awards, retirement plans and other benefits, and other executive benefits (including perquisites) that were appropriate for the Named Executive Officers and in alignment with our compensation philosophy.

Role of Executive Officers in Compensation Decisions

The Compensation Committee makes the compensation decisions for the Named Executive Officers as set forth in the Summary Compensation Table below. The CEO reviews the performance of the other Named Executive Officers annually and makes recommendations on salary adjustments and annual award amounts, which are presented to the Compensation Committee. The Compensation Committee then exercises its discretion and modifies any recommendations, adjustments, or awards to the other Named Executive Officers to align any such adjustment or award with the overall compensation philosophies of the Company.

Elements of Compensation

For fiscal year ended December 31, 2013, the principal elements of compensation for the Named Executive Officers were:

- Base salary;
- Annual discretionary cash incentive awards;
 - Long-term equity incentive awards,
 - Retirement plans and other benefits; and
- Other executive benefits, such as perquisites and severance benefits.

Base Salary

The Company provides the Named Executive Officers and all other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for the Named Executive Officers are determined by using market assessments and internal evaluations for each executive based on his position, experience, anticipated contributions and responsibilities.

As part of its review of base salaries for the Named Executive Officers, the Compensation Committee considers:

- market data provided by public proxy information which may be confirmed or reviewed by independent sources;
- scope of the roles, duties and responsibilities of the executive and the impact these duties have on both the short and long term performance of the Company; and
 - individual performance of the executive and Company performance.

Except as determined by the terms of the employment agreements with our Named Executive Officers, salary levels are typically reviewed annually as part of the Company's performance review process as well as upon a promotion or other change in job responsibility. During 2013, the PM&P study indicated that base salaries for the assessed executives averaged 5% below the median of the Peer Group companies.

The following table reflects base salaries increases approved by the Compensation Committee during 2013:

Name	Title	2013	2014	% Change
Steven R. Gardner	President and Chief Executive Officer	\$ 445,000	\$ 475,000	6.74 %
Kent J. Smith	Executive Vice President and Chief Financial Officer	\$ 225,000	\$ 240,000	6.67 %
Eddie Wilcox	Executive Vice President and Chief Banking Officer	\$ 245,000	\$ 265,000	8.16 %
Mike Karr	Executive Vice President and Chief Credit Officer	\$ 208,000	\$ 225,000	8.17 %
Tom Rice	Executive Vice President and Chief Information Officer	\$ 170,000	\$ 195,000	14.71 %

Incentive Compensation

The Company's incentive compensation is designed to provide cash (short-term) and equity-based (long-term) incentive compensation to:

- promote high performance on a risk adjusted basis and achievement of the our strategic plans by our Named Executive Officers and key employees;
 - encourage the growth of stockholder value; and
- allow key employees to participate as an equity stockholder in the long-term growth and profitability of the Company.

Annual Incentive Cash Awards. The Compensation Committee oversees establishment of annual discretionary incentive cash awards that are designed to motivate short-term performance and retain talent. In 2013, the Compensation Committee focused on both the Company's performance compared to select peer banks performance, as well as the Named Executive Officers' performance in light of the key areas of implementation of the strategic plan such as new business account acquisition, new relationship account growth, core deposit growth, loan portfolio diversification, loan quality, as well as the overall risk mitigation and management practices.

The Compensation Committee analyzed the Bank's financial performance compared to the Company's 2013 budget and financial forecast and the peer banks and referenced the increasingly challenging environment for financial institutions.

When determining the Named Executive Officers' discretionary cash awards, the Compensation Committee also took into consideration all components of compensation including the Named Executive Officer's use of a Company owned vehicle or vehicle allowance, the payment of his life insurance premium, health benefits, Salary Continuation Plan, if applicable, and total cash compensation.

Based on its analysis, the Compensation Committee approved the following discretionary incentive cash awards for the Named Executive Officers for 2013, which were paid in January 2014, in the amount of \$311,000 for the CEO, \$112,500 for the CFO, \$147,000 for the COO, \$94,000 for CCO, and \$76,500 for the CIO. These amounts, as a percentage of salary, were below the 75th percentile of targeted incentives for the peer companies. Over the prior several years, discretionary incentive cash awards (as a percentage of salary) have varied between 10-25% of salary for the executive vice president and senior vice president positions, and between 15%-45% for the CEO. In the case of all of the Named Executive Officers, the discretionary incentive cash awards cannot exceed 100% of their base salary per their employment agreements effective in 2013.

Long-Term Equity Incentive Awards. In 2012, the Company's stockholders approved the 2012 Long-Term Incentive Plan, under which the Company is permitted to grant stock options, restricted stock, and stock appreciation rights. Eligible participants include all officers, employees, directors, consultants and independent contractors of the Company and our subsidiaries, as determined by the Compensation Committee. Subject to adjustment as provided in the 2012 Long-Term Incentive Plan, the number of shares of common stock that may be issued or transferred shall not in the aggregate exceed 620,000. The options and restricted stock that the Company awards to the Named Executive Officers vest in equal thirds over three years on each anniversary of the date of grant, subject to earlier vesting on termination of service in certain circumstances. All awards are made based on the closing market price of the Company's common stock on the date of grant. As of December 31, 2013, 228,000 shares of the Company's common stock remain available for issuance under the 2012 Long-Term Incentive Plan.

We also maintain the 2004 Long-Term Incentive Plan, under which we are permitted to grant incentive stock options, restricted stock grants and stock appreciation rights. Our 2004 Long-Term Incentive Plan terminates in April 2014, which is the 10-year anniversary of the date our Board of Directors approved the 2004 Long-Term Incentive Plan. Termination of the 2004 Long-Term Incentive Plan will not affect any awards previously granted pursuant to the 2004 Long-Term Incentive Plan and any outstanding awards will remain valid and in effect until they have been fully exercised or earned, are surrendered or by their terms expire or are forfeited. As of December 31, 2013, 32,105 shares of the Company's common stock remain available for issuance under the 2004 Long-Term Incentive Plan.

The Compensation Committee believes it is important that the Named Executive Officers' and employees' interests are aligned with stockholders and to provide long term incentive to achieve the Company's goals and attract and retain talented executive officers. The 2012 Long-Term Incentive Plan is intended to promote the long-term interests of the Company and its stockholders by providing a broad based group of employees, officers, directors, consultants and independent contractors with equity-based incentives and rewards to encourage them to enter into and continue in the employ of the Company. The equity-based incentives and rewards provided under the 2012 Long-Term Incentive Plan also give recipients a proprietary interest in the long-term success of the Company, thereby aligning their

interests with those of the Company's stockholders.

The Company continues to believe that the use of stock options encourages alignment of interests, and, based on the levels provided, allows for a balanced mix of short and long-term incentive opportunities to mitigate any compensation risk. In January 2013, stock options were awarded to Named Executive Officers and directors. The Named Executive Officer awards on January 2, 2013 were:

Name	Title	# of Options	Strike Price
Steven R. Gardner	President and Chief Executive Officer	50,000	\$ 10.44
Kent J. Smith	Executive Vice President and Chief Financial Officer	25,000	\$ 10.44
Eddie Wilcox	Executive Vice President and Chief Banking Officer	25,000	\$ 10.44
Mike Karr	Executive Vice President and Chief Credit Officer	25,000	\$ 10.44
Tom Rice	Executive Vice President and Chief Information Officer	5,000	\$ 10.44

Retirement Plans and Other Benefits

The Bank provides one tax-qualified, broad-based Employee Savings Plan (the "401(k) Plan") to all employees and management of the Bank. Under the 401(k) Plan, employees may contribute from 1% to 50% of their compensation. In 2013, the Bank matched 100% of contributions for the first three percent contributed and 50% on the next two percent contributed. The amounts of contributions made to the 401(k) Plan by the Bank were \$407,000 for the year ended December 31, 2013, for all employees of the Bank and \$36,277 to the Named Executive Officers. See "All Other Compensation" below.

In addition, the Bank implemented in 2006 a non-qualified supplemental retirement plan (the “Salary Continuation Plan”) for the CEO and other then current executive officers. The Salary Continuation Plan is an unfunded plan and the Company is under no obligation to fund the Salary Continuation Plan. See “Salary Continuation Plan” under “Nonqualified Deferred Compensation” below.

Also in September 2006, the Bank implemented a Long-Term Care Insurance Plan for the Named Executive Officers at the time. The 2013 expense for this plan for the CEO and COO in the aggregate was \$3,969. See “Long-Term Care Insurance Plan” under “Nonqualified Deferred Compensation” below.

Additionally, the Company provides Mr. Gardner, per his employee agreement, a life insurance policy in the amount of \$1.5 million and a short-term disability policy. See “All Other Compensation” below.

Perquisites and Other Personal Benefits

The Company provides perquisites and other personal benefits that the Company and the Compensation Committee believe are reasonable and consistent with the Company’s overall compensation objectives of attracting and retaining superior employees for key positions. The Compensation Committee annually reviews the levels of perquisites and other personal benefits provided to the Named Executive Officers.

Perquisites provided for the Named Executive Officers may include, but are not limited to, the use of Company automobiles, auto allowance, travel and transportation accommodations, entertainment expenses, and participation in the plans and programs described above.

Attributed costs of the perquisites received by the above individuals for the fiscal year 2013 are included in the “All Other Compensation” column and related footnotes of the “Summary Compensation Table” below.

Employment Agreements

Given the state of our industry and the Named Executive Officers’ leadership positions with the Company or the Bank, the Company previously entered into employment agreements with the Named Executive Officers in 2011. We believe employment agreements serve a number of functions, including (1) retention of our Named Executive Officers; (2) mitigation of any uncertainty about future employment and continuity of management in the event of a change in control; and (3) protection of the Company and customers through confidentiality and non-solicitation covenants. Subsequent to the fiscal year-end, the Company amended employment agreements with the Named Executive Officers. A summary of the terms of each of the employment agreements include the following:

Gardner Employment Agreement. Mr. Steven Gardner, the Company and the Bank entered into an employment agreement dated January 1, 2011 that provides for the employment of Mr. Gardner as the President and Chief Executive Officer of the Company and the Bank. Mr. Gardner’s employment agreement has a term of three (3) years and, on each annual anniversary date, the term automatically is extended for an additional one-year period by the Company’s and the Bank’s Boards of Directors, unless Mr. Gardner, on the one hand, or the Company or the Bank, on the other hand, gives written notice to the other party of its election not to extend the term of Mr. Gardner’s employment agreement, with such notice to be given not less than ninety (90) days prior to any such anniversary date. If such notice is given by either party, then Mr. Gardner’s employment agreement will terminate at the conclusion of its remaining term.

Pursuant to his employment agreement, Mr. Gardner will receive a minimum base salary of \$415,000 per year, which may be increased from time to time in such amounts as may be determined by the Company’s and the Bank’s Boards of Directors. In addition, Mr. Gardner will be eligible for a discretionary performance bonus not to exceed 100% of his

base salary, based on his individual performance and the overall performance of the Company and the Bank, with eligibility and the amount of any such bonus to be at the discretion of Compensation Committee of each of the Company's and the Bank's Boards of Directors. In addition, Mr. Gardner will receive the use of an automobile paid for by the Company and the Bank. Mr. Gardner also is entitled to participate in any pension, retirement or other benefit plan or program given to employees and executives of the Company and the Bank, to the extent commensurate with Mr. Gardner's then duties and responsibilities as fixed by the Boards of Directors of the Company and the Bank.

Pursuant to the Mr. Gardner's employment agreement, the Company and the Bank have the right, at any time upon prior notice of termination, to terminate Mr. Gardner's employment for any reason, including, without limitation, termination for "Cause" or "Disability" (each as defined in the his employment agreement), and Mr. Gardner has the right, upon prior notice of termination, to terminate his employment with the Company and the Bank for any reason.

In the event that Mr. Gardner's employment is terminated (a) by the Company and the Bank for other than Cause, Disability, or Mr. Gardner's death and such termination occurs within two (2) years following a "Change in Control" (as defined in his employment agreement) or (b) by Mr. Gardner due to a material breach of his employment agreement by the Company and the Bank, or for "Good Reason" (as defined in his employment agreement), then Mr. Gardner will be entitled to receive a lump sum a cash severance amount equal to Mr. Gardner's base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of termination, multiplied by three (3) years, less taxes and other required withholding. In the event that Mr. Gardner's employment is terminated by the Company and the Bank for other than Cause, Disability, or Mr. Gardner's death and such termination does not occur in conjunction with a Change in Control or two (2) years after a Change in Control, then Mr. Gardner will be entitled to receive a lump sum cash severance amount equal to Mr. Gardner's base salary as in effect immediately prior to the date of termination multiplied by two (2) years, plus his incentive bonus for the previous year, less taxes and other required withholding. In each case, Mr. Gardner also will be entitled to receive for a period ending at the earlier of (i) the third anniversary of the date of termination or (ii) the date of his full-time employment by another employer, at no cost to him, the continued participation in all group insurance, life insurance, health and accident, disability and other employee benefit plans, programs and arrangements in which he was entitled to participate immediately prior to the date of termination, other than any stock option or other stock compensation plans or bonus plans of the Company and the Bank; provided, however, if his participation in any such plan, program or arrangement is barred, the Company and the Bank will arrange to provide him with benefits substantially similar to those he was entitled to receive under such plans, programs and arrangements.

If the payments and benefits to Mr. Gardner upon termination would constitute a "parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the payments and benefits payable by the Company and the Bank under his employment agreement will be reduced, in the manner determined by Mr. Gardner, by the amount, if any, which is the minimum necessary to result in no portion of the payments and benefits payable by the Company and the Bank to Mr. Gardner being non-deductible to the Company and the Bank pursuant to Section 280G of the Code and subject to the excise tax imposed under Section 4999 of the Code.

In the event that Mr. Gardner's employment is terminated by the Company and the Bank for Cause, or Mr. Gardner terminates his employment other than for Disability or Good Reason, Mr. Gardner will have no right to compensation or other benefits for any period after the applicable date of termination other than for base salary accrued through the date of termination. In the event that Mr. Gardner's employment is terminated as a result of Disability or death during the term of his employment agreement, Mr. Gardner, or his estate in the event of his death, will receive the lesser of (i) his existing base salary as in effect as of the date of termination or death, multiplied by one year or (ii) his base salary for the duration of the term of employment.

Mr. Gardner has agreed that during the term of his employment and after termination of his employment that he will not disclose to any other person or entity, other than in the regular course of business of the Company and the Bank, any "Confidential and Proprietary Information" (as defined in the his employment agreement), other than pursuant to applicable law, regulation or subpoena or with the prior written consent of the Company and the Bank. Mr. Gardner

has agreed that during the term of the his employment agreement and for two (2) years after the date of termination, he will not solicit for hire or encourage another person to solicit for hire a "Covered Employee" (as defined in his employment agreement).

Mr. Gardner's employment agreement will not impact the benefits that Mr. Gardner is entitled to receive pursuant to the Salary Continuation Plan.

Mr. Wilcox's Amended and Restated Employment Agreement. Mr. Edward Wilcox and the Bank entered into an amended and restated employment agreement dated April 7, 2014 that provides for the employment of Mr. Wilcox as the Senior Executive Vice President and Chief Banking Officer of the Bank. Prior to the effectiveness of his amended and restated employment agreement, Mr. Wilcox served as Executive Vice President and Chief Operating Officer of the Bank. Mr. Wilcox's amended and restated employment agreement has a term of three (3) years, and, on each annual anniversary date, the term automatically is extended for an additional one-year period by the Bank's board of directors, unless Mr. Wilcox, on the one hand, or the Bank, on the other hand, gives written notice to the other party not less than ninety (90) days prior to the anniversary date of its election not to extend the term of Mr. Wilcox's amended and restated employment agreement, in which case Mr. Wilcox's amended and restated employment agreement will terminate at the conclusion of its remaining term.

Pursuant to his amended and restated employment agreement, Mr. Wilcox will receive a minimum base salary of \$265,000 per year, which may be increased from time to time in such amounts as may be determined by the Bank's board of directors. In addition, Mr. Wilcox will be eligible for a discretionary performance bonus not to exceed 100% of his base salary, based on his individual performance and the overall performance of the Bank, with eligibility and the amount of any such bonus to be at the discretion of the Compensation Committee of the Bank's board of directors. Mr. Wilcox is also entitled to participate in any pension, retirement or other benefit plan or program given to employees and executives of the Bank, to the extent commensurate with Mr. Wilcox's then duties and responsibilities as fixed by the board of directors of the Bank.

Pursuant to Mr. Wilcox's employment agreement, the Bank has the right, at any time upon prior notice of termination, to terminate Mr. Wilcox's employment for any reason, including, without limitation, termination for "Cause" or "Disability" (each as defined in Mr. Wilcox's employment agreement), and Mr. Wilcox has the right, upon prior notice of termination, to terminate his employment with the Bank for any reason.

In the event that Mr. Wilcox's employment is terminated by (a) the Bank for other than Cause, Disability, or Mr. Wilcox's death and such termination occurs within two (2) years following a "Change in Control" (as defined in Mr. Wilcox's employment agreement) or (b) Mr. Wilcox due to a material breach of his employment agreement by the Bank, or for "Good Reason" (as defined in Mr. Wilcox's employment agreement), then Mr. Wilcox will be entitled to receive a lump sum cash severance amount equal to his base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of his termination, less taxes and other required withholding. In the event that Mr. Wilcox's employment is terminated by the Bank for other than Cause, Disability, or Mr. Wilcox's death and such termination does not occur in conjunction with a Change in Control or within two (2) years after a Change in Control, then Mr. Wilcox will be entitled to receive a lump sum cash severance amount equal to the sum of his base salary as in effect immediately prior to the date of his termination plus his incentive bonus for the previous year, less taxes and other required withholding. In each case, Mr. Wilcox also will be entitled to receive for a period ending at the earlier of (i) the third anniversary of the date of his termination or (ii) the date of his full-time employment by another employer, at no cost to him, the continued participation in all group insurance, life insurance, health and accident, disability and other employee benefit plans, programs and arrangements in which he was entitled to participate immediately prior to the date of his termination, other than any stock option or other stock compensation plans or bonus plans of the Company or the Bank; provided, however, if his participation in any of these plans, programs or arrangements is barred, the Bank is required to arrange to provide him with benefits substantially similar to those he was entitled to receive under these plans, programs and arrangements prior to the date of his termination.

If the payments and benefits to Mr. Wilcox upon his termination would constitute a “parachute payment” under Section 280G of the Code, the payments and benefits payable by the Bank to Mr. Wilcox pursuant to the terms of his employment agreement will be reduced, in the manner determined by Mr. Wilcox, by the amount, if any, which is the minimum necessary to result in no portion of the payments and benefits payable by the Bank to Mr. Wilcox being non-deductible to the Bank pursuant to Section 280G of the Code and subject to the excise tax imposed under Section 4999 of the Code.

In the event that Mr. Wilcox’s employment is terminated by the Bank for Cause, or Mr. Wilcox terminates his employment other than for Disability or Good Reason, Mr. Wilcox will have no right to compensation or other benefits for any period after the date of his termination other than for base salary accrued through the date of his termination. In the event that Mr. Wilcox’s employment is terminated as a result of Disability or death during the term of the his employment agreement, Mr. Wilcox, or his estate in the event of his death, will receive his existing base salary as in effect as of the date of his termination or death, multiplied by one year.

Mr. Wilcox has agreed that during the term of his employment and after termination of his employment that he will not disclose to any other person or entity, other than in the regular course of business of the Bank, any “Confidential and Proprietary Information” (as defined in Mr. Wilcox’s employment agreement), other than pursuant to applicable law, regulation or subpoena or with the prior written consent of the Bank. Mr. Wilcox has agreed that during the term of the his employment agreement and for two (2) years after the date of his termination, he will not hire or solicit or attempt to solicit for hire, or encourage another person to hire, a “Covered Employee” (as defined in the Mr. Wilcox’s employment agreement).

Mr. Smith’s Employment Agreement. Mr. Kent Smith, the Company and the Bank entered into an employment agreement dated January 1, 2011 that provides for the employment of Mr. Smith as the Executive Vice President and Chief Financial Officer of the Company and the Bank. Mr. Smith’s employment agreement has a term of three (3) years, and, on each annual anniversary date, the term automatically is extended for an additional one-year period by the Company’s and the Bank’s Boards of Directors, unless Mr. Smith, on the one hand, or the Company or the Bank, on the other hand, gives written notice to the other party of its election not to extend the term of Mr. Smith’s employment agreement, with such notice to be given not less than ninety (90) days prior to any such anniversary date. If such notice is given by either party, then Mr. Smith’s employment agreement will terminate at the conclusion of its remaining term.

Pursuant to Mr. Smith’s employment agreement, Mr. Smith will receive a minimum base salary of \$205,000 per year, which may be increased from time to time in such amounts as may be determined by the Company’s and the Bank’s Boards of Directors. In addition, Mr. Smith will be eligible for a discretionary performance bonus not to exceed 100% of his base salary, based on his individual performance and the overall performance of the Company and the Bank, with eligibility and the amount of any such bonus to be at the discretion of the Compensation Committee of each of the Company’s and Bank’s Boards of Directors. Mr. Smith is also entitled to participate in any pension, retirement or other benefit plan or program given to employees and executives of the Company and the Bank, to the extent commensurate with Mr. Smith’s then duties and responsibilities as fixed by the Boards of Directors of the Company and the Bank.

Pursuant to Mr. Smith’s employment agreement, the Company and the Bank have the right, at any time upon prior notice of termination, to terminate Mr. Smith’s employment for any reason, including, without limitation, termination for “Cause” or “Disability” (each as defined in his employment agreement), and Mr. Smith has the right, upon prior notice of termination, to terminate his employment with the Bank for any reason.

In the event that Mr. Smith’s employment is terminated (a) by the Company and the Bank for other than Cause, Disability, or Mr. Smith’s death and such termination occurs within two (2) years following a “Change in Control” (as defined in his employment agreement) or (b) by Mr. Smith due to a material breach of his employment agreement by

the Company and the Bank, or for “Good Reason” (as defined in his employment agreement), then Mr. Smith will be entitled to receive a lump sum cash severance amount equal to his base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of termination, less taxes and other required withholding. In the event that Mr. Smith’s employment is terminated by the Company and the Bank for other than Cause, Disability, or Mr. Smith’s death and such termination does not occur in conjunction with a Change in Control or two (2) years after a Change in Control, then Mr. Smith will be entitled to receive a lump sum cash severance amount equal to his base salary as in effect immediately prior to the date of termination, plus his incentive bonus for the previous year, less taxes and other required withholding. In each case, Mr. Smith also will be entitled to receive for a period ending at the earlier of (i) the third anniversary of the date of termination or (ii) the date of his full-time employment by another employer, at no cost to him, the continued participation in all group insurance, life insurance, health and accident, disability and other employee benefit plans, programs and arrangements in which he was entitled to participate immediately prior to the date of termination, other than any stock option or other stock compensation plans or bonus plans of the Company and the Bank; provided, however, if his participation in any such plan, program or arrangement is barred, the Company and the Bank will arrange to provide him with benefits substantially similar to those he was entitled to receive under such plans, programs and arrangements.

If the payments and benefits to Mr. Smith upon termination would constitute a “parachute payment” under Section 280G of the Code, the payments and benefits payable by the Company and the Bank under Mr. Smith’s employment agreement will be reduced, in the manner determined by Mr. Smith, by the amount, if any, which is the minimum necessary to result in no portion of the payments and benefits payable by the Company and the Bank to Mr. Smith being non-deductible to the Company and the Bank pursuant to Section 280G of the Code and subject to the excise tax imposed under Section 4999 of the Code.

In the event that Mr. Smith’s employment is terminated by the Company and the Bank for Cause, or Mr. Smith terminates his employment other than for Disability or Good Reason, Mr. Smith will have no right to compensation or other benefits for any period after the applicable date of termination or death other than for base salary accrued through the date of termination or death. In the event that Mr. Smith’s employment is terminated as a result of Disability or Mr. Smith’s death during the term of his employment agreement, Mr. Smith, or his estate in the event of his death, will receive the lesser of (i) his existing base salary as in effect as of the date of termination or death, multiplied by one year or (ii) his base salary for the duration of the term of employment.

Mr. Smith has agreed that during the term of his employment and after termination of his employment, he will not disclose to any other person or entity, other than in the regular course of business of the Company and the Bank, any “Confidential and Proprietary Information” (as defined in the his employment agreement), other than pursuant to applicable law, regulation or subpoena or with the prior written consent of the Company and the Bank. Pursuant to the terms of the his employment agreement, Mr. Smith has agreed that during the term of his employment agreement and for one (1) year after the date of termination he will not solicit for hire or encourage another person to solicit for hire a “Covered Employee” (as defined in the his employment agreement).

Mr. Karr’s Amended and Restated Employment Agreement. Mr. Michael Karr and the Bank entered into an amended and restated employment agreement dated April 7, 2014 that provides for the employment of Mr. Karr as the Executive Vice President and Chief Credit Officer of the Bank. Mr. Karr’s amended and restated employment agreement has a term of three (3) years, and, on each annual anniversary date, the term automatically is extended for an additional one-year period by the Bank’s board of directors, unless Mr. Karr, on the one hand, or the Bank, on the other hand, gives written notice to the other party not less than ninety (90) days prior to the anniversary date of its election not to extend the term of Mr. Karr’s amended and restated employment agreement, in which case Mr. Karr’s amended and restated employment agreement will terminate at the conclusion of its remaining term.

Pursuant to his amended and restated employment agreement, Mr. Karr will receive a minimum base salary of \$225,000 per year, which may be increased from time to time in such amounts as may be determined by the Bank’s board of directors. In addition, Mr. Karr will be eligible for a discretionary performance bonus not to exceed 100% of

his base salary, based on his individual performance and the overall performance of the Bank, with eligibility and the amount of any such bonus to be at the discretion of the Compensation Committee of the Bank's board of directors. Mr. Karr is also entitled to participate in any pension, retirement or other benefit plan or program given to employees and executives of the Bank, to the extent commensurate with Mr. Karr's then duties and responsibilities as fixed by the board of directors of the Bank.

Pursuant to Mr. Karr's employment agreement, the Bank has the right, at any time upon prior notice of termination, to terminate Mr. Karr's employment for any reason, including, without limitation, termination for "Cause" or "Disability" (each as defined in Mr. Karr's employment agreement), and Mr. Karr has the right, upon prior notice of termination, to terminate his employment with the Bank for any reason.

In the event that Mr. Karr's employment is terminated by (a) the Bank for other than Cause, Disability, or Mr. Karr's death and such termination occurs within two (2) years following a "Change in Control" (as defined in Mr. Karr's employment agreement) or (b) Mr. Karr due to a material breach of his employment agreement by the Bank, or for "Good Reason" (as defined in Mr. Karr's employment agreement), then Mr. Karr will be entitled to receive a lump sum cash severance amount equal to his base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of his termination, less taxes and other required withholding. In the event that Mr. Karr's employment is terminated by the Bank for other than Cause, Disability, or Mr. Karr's death and such termination does not occur in conjunction with a Change in Control or within two (2) years after a Change in Control, then Mr. Karr will be entitled to receive a lump sum cash severance amount equal to the sum of his base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of his termination, less taxes and other required withholding. In each case, Mr. Karr also will be entitled to receive for a period ending at the earlier of (i) the third anniversary of the date of his termination or (ii) the date of his full-time employment by another employer, at no cost to him, the continued participation in all group insurance, life insurance, health and accident, disability and other employee benefit plans, programs and arrangements in which he was entitled to participate immediately prior to the date of his termination, other than any stock option or other stock compensation plans or bonus plans of the Company or the Bank; provided, however, if his participation in any of these plans, programs or arrangements is barred, the Bank is required to arrange to provide him with benefits substantially similar to those he was entitled to receive under these plans, programs and arrangements prior to the date of his termination.

If the payments and benefits to Mr. Karr upon his termination would constitute a "parachute payment" under Section 280G of the Code, the payments and benefits payable by the Bank to Mr. Karr pursuant to the terms of his employment agreement will be reduced, in the manner determined by Mr. Karr, by the amount, if any, which is the minimum necessary to result in no portion of the payments and benefits payable by the Bank to Mr. Karr being non-deductible to the Bank pursuant to Section 280G of the Code and subject to the excise tax imposed under Section 4999 of the Code.

In the event that Mr. Karr's employment is terminated by the Bank for Cause, or Mr. Karr terminates his employment other than for Disability or Good Reason, Mr. Karr will have no right to compensation or other benefits for any period after the date of his termination other than for base salary accrued through the date of his termination. In the event that Mr. Karr's employment is terminated as a result of Disability or death during the term of the his employment agreement, Mr. Karr, or his estate in the event of his death, will receive his existing base salary as in effect as of the date of his termination or death, multiplied by one year.

Mr. Karr has agreed that during the term of his employment and after termination of his employment that he will not disclose to any other person or entity, other than in the regular course of business of the Bank, any "Confidential and Proprietary Information" (as defined in Mr. Karr's employment agreement), other than pursuant to applicable law, regulation or subpoena or with the prior written consent of the Bank. Mr. Karr has agreed that during the term of the his employment agreement and for two (2) years after the date of his termination, he will not hire or solicit or attempt to solicit for hire, or encourage another person to hire, a "Covered Employee" (as defined in the Mr. Karr's employment agreement).

Mr. Rice's Employment Agreement. Mr. Rice and the Bank entered into an employment agreement dated April 7, 2014 that provides for the employment of Mr. Rice as the Executive Vice President and Chief Operating Officer of the Bank. Prior to the effectiveness of his employment agreement, Mr. Rice served as Senior Vice President and Chief Information Officer of the Bank. Mr. Rice's employment agreement has a term of three (3) years and, on each anniversary of the date of the employment agreement, the term of the employment agreement automatically will extend for an additional one-year period unless Mr. Rice, on the one hand, or the Bank, on the other hand, gives written notice to the other party not less than ninety (90) days prior to the anniversary date of its election not to extend the term of Mr. Rice's employment agreement, in which case Mr. Rice's employment agreement will terminate at the conclusion of its remaining term.

Pursuant to his employment agreement, Mr. Rice will receive a minimum base salary of \$195,000 per year, which may be increased from time to time in such amounts as may be determined by the Bank's board of directors. In addition, Mr. Rice will be eligible for a discretionary performance bonus in an amount not to exceed 100% of his base salary, based on his individual performance and the overall performance of the Bank, with the criteria for determining eligibility and the amount of any discretionary performance bonus to be at the discretion of Compensation Committee of the Bank's board of directors. Mr. Rice also is entitled to participate in any pension, retirement or other benefit plan or program given to employees and executives of the Bank, to the extent commensurate with his then duties and responsibilities as fixed by the board of directors of the Bank.

Pursuant to Mr. Rice's employment agreement, the Bank has the right, at any time upon prior notice of termination, to terminate Mr. Rice's employment for any reason, including, without limitation, termination for "Cause" or "Disability" (each as defined in Mr. Rice's employment agreement), and Mr. Rice has the right, upon prior notice of termination, to terminate his employment with the Bank for any reason.

In the event that Mr. Rice's employment is terminated by (a) the Bank for other than Cause, Disability, or Mr. Rice's death and such termination occurs within two (2) years following a "Change in Control" (as defined in Mr. Rice's employment agreement) or (b) Mr. Rice due to a material breach of his employment agreement by the Bank, or for "Good Reason" (as defined in Mr. Rice's employment agreement), then Mr. Rice will be entitled to receive a lump sum cash severance amount equal to his base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of his termination, less taxes and other required withholding. In the event that Mr. Rice's employment is terminated by the Bank for other than Cause, Disability, or Mr. Rice's death and such termination does not occur in conjunction with a Change in Control or within two (2) years after a Change in Control, then Mr. Rice will be entitled to receive a lump sum cash severance amount equal to the sum of his base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of his termination, less taxes and other required withholding. In each case, Mr. Rice also will be entitled to receive for a period ending at the earlier of (i) the third anniversary of the date of his termination or (ii) the date of his full-time employment by another employer, at no cost to him, the continued participation in all group insurance, life insurance, health and accident, disability and other employee benefit plans, programs and arrangements in which he was entitled to participate immediately prior to the date of his termination, other than any stock option or other stock compensation plans or bonus plans of the Company or the Bank; provided, however, if his participation in any of these plans, programs or arrangements is barred, the Bank is required to arrange to provide him with benefits substantially similar to those he was entitled to receive under these plans, programs and arrangements prior to the date of his termination.

If the payments and benefits to Mr. Rice upon his termination would constitute a "parachute payment" under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the payments and benefits payable by the Bank to Mr. Rice pursuant to the terms of his employment agreement will be reduced, in the manner determined by Mr. Rice, by the amount, if any, which is the minimum necessary to result in no portion of the payments and benefits payable by the Bank to Mr. Rice being non-deductible to the Bank pursuant to Section 280G of the Code and subject to the excise tax imposed under Section 4999 of the Code.

In the event that Mr. Rice's employment is terminated by the Bank for Cause, or Mr. Rice terminates his employment other than for Disability or Good Reason, Mr. Rice will have no right to compensation or other benefits for any period after the date of his termination other than for base salary accrued through the date of his termination. In the event that Mr. Rice's employment is terminated as a result of Disability or death during the term of the his employment agreement, Mr. Rice, or his estate in the event of his death, will receive his existing base salary as in effect as of the date of his termination or death, multiplied by one year.

Mr. Rice has agreed that during the term of his employment and after termination of his employment that he will not disclose to any other person or entity, other than in the regular course of business of the Bank, any "Confidential and Proprietary Information" (as defined in Mr. Rice's employment agreement), other than pursuant to applicable law, regulation or subpoena or with the prior written consent of the Bank. Mr. Rice has agreed that during the term of the his employment agreement and for two (2) years after the date of his termination, he will not hire or solicit or attempt to solicit for hire, or encourage another person to hire, a "Covered Employee" (as defined in the Mr. Rice's employment agreement).

Salary Continuation Plan

As more fully discussed in "Salary Continuation Plan" under "Nonqualified Deferred Compensation" below, we have established a Salary Continuation Plan for our CEO that provides for certain annual benefits for him following his retirement from the Company, and that provides for the acceleration of his benefits upon his termination due to a change-in-control, as that term is defined in the plan.

Administration of the Company's Compensation Program

The Company monitors its compensation program through the Compensation Committee. The Compensation Committee ensures that the total compensation paid to the Company's Named Executive Officers are appropriate given the Company's compensation goals and philosophies, as well as the skill sets and abilities of each individual recipient. The Company, through the Compensation Committee, endeavors to ensure that that the compensation and benefits of the Named Executive Officers are appropriate as compared to similar executive officers within the banking industry.

The Compensation Committee's responsibilities are to:

- establish the base salary, incentive compensation and any other compensation for the Company's CEO and; review and approve the base salary, incentive compensation and other compensation for the CFO, the COO, the CCO and the CIO in consultation with the Company's CEO;
- monitor the Company's management incentive and equity-based compensation plans, retirement and benefit plans and discharge the duties imposed on the Compensation Committee by the terms of those plans; and
 - perform other functions or duties deemed appropriate by the Board.

Compensation decisions for our Named Executive Officers and the non-employee directors are made by the Compensation Committee.

Accounting and Tax Considerations - Equity-Based Compensation

The Compensation Committee also considers the tax and accounting treatment of the various components of compensation, and although these considerations do not generally drive its decisions, the Compensation Committee generally strives to put the Company in the best position with respect to tax and accounting treatment. In particular, the Compensation Committee attempts to ensure that compensation to Named Executive Officers is deductible under Section 162(m) of the Code, although the Compensation Committee has reserved the right to provide compensation to

Named Executive Officers that is not deductible for income tax purposes as circumstances warrant.

Hedging/Pledging Policy

The Company considers it inappropriate for any director or officer to enter into speculative transactions in the Company's securities. The Company's insider trading policy prohibits the purchase or sale of puts, calls, options, or other derivative securities based on the Company's securities. This prohibition also includes hedging or monetization transactions, such as forward sale contracts, in which the stockholder continues to own the underlying security without all the risks or rewards of ownership. Finally, directors, officers, and other employees may not purchase the Company's securities on margin, or borrow against any account in which Company securities are held. The prohibitions do not apply to the exercise of stock options granted as part of a Company incentive plan.

Stock Ownership Guideline for the CEO

The Board of Directors has adopted a stock ownership guideline for the CEO as of March 28, 2012. The guidelines require that the CEO own shares of common stock having a value of at least three times base salary, to be achieved over a five year period from the adoption of the guideline. At December 31, 2013, the CEO was in compliance with the established ownership guidelines.

Compensation Committee Report

The Compensation Committee of the Board of Directors has reviewed and discussed the CD&A set forth in this Proxy Statement with management. Based on this review and discussion, the Compensation Committee has recommended to the Board that the CD&A be included in this Proxy Statement.

John D. Goddard, Committee Chair

Kenneth A. Boudreau

Jeff C. Jones

Compensation Policies and Programs and Risk Management

The Compensation Committee views the Company's compensation program with a long-term focus. The greatest amount of compensation can be achieved over long periods of time through sustained excellent performance. We believe our compensation policies and programs provide a balanced mix of cash and equity, annual and longer-term incentives, and performance metrics that mitigate excessive risk-taking that could harm our value or reward poor judgment by our Named Executive Officers. In addition, the Compensation Committee, with the assistance of the CEO, establishes goals and objectives with a mix of quantitative and qualitative performance elements in order to avoid excessive weight on one performance measure. The Compensation Committee retains discretion in making final award determinations under its program so as to take into account changing market conditions, which allows our executives to focus on the long-term health of our Company rather than an "all or nothing" approach to achieving short-term goals.

Summary Compensation Table

The Named Executive Officers for 2013 consisted of Steven R. Gardner, our President and CEO, Kent J. Smith, our Executive Vice President and CFO, Eddie Wilcox, our Senior Executive Vice President and CBO, Mike Karr, our Executive Vice President and CCO, and Tom Rice, our Executive Vice President and COO. The following table shows the compensation of the Named Executive Officers for services to the Company or the Bank during the years ended December 31, 2013, 2012 and 2011.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$) (1)	Stock Awards (\$) (2)	Option Awards (\$) (3)(4)	Change in Non-Equity Nonqualified Incentive Deferred Plan Compensation			All Other Compensation (\$) (6)	Total (\$)
						Compensation (\$) (5)	Earnings (\$)			
Steven R. Gardner President and Chief Executive Officer	2013	445,000	311,000	-	196,695	74,250	-	29,415	1,056,360	
	2012	415,000	249,000	-	270,119	74,250	-	32,855	1,041,224	
	2011	415,000	186,750	-	17,361	70,262	-	27,167	716,540	
Kent Smith Executive Vice President and Chief Financial Officer	2013	225,000	112,500	-	98,347	-	-	22,219	458,066	
	2012	205,000	92,250	-	67,530	-	-	27,899	392,679	
	2011	195,000	48,750	-	6,944	-	-	12,250	262,944	
Eddie Wilcox Executive Vice President and Chief Operating Officer	2013	245,000	147,000	-	98,347	-	-	27,389	517,736	
	2012	225,000	105,750	-	67,530	-	-	22,095	420,375	
	2011	225,000	75,000	-	6,944	-	-	19,198	326,142	
Mike Karr	2013	208,000	94,000	-	98,347					