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**Section 1: SC 13D (SC 13D)**

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**SCHEDULE 13D**

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT  
TO RULE 13d-2(a)**

(Amendment No.    )

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**Pacific Mercantile Bancorp**

(Name of Issuer)

Common Stock, no par value  
(Title of Class of Securities)

694552100  
(CUSIP Number)

*Copies to:*

James F. Deutsch  
Patriot Financial Partners III, L.P.  
Cira Centre  
2929 Arch Street, 27<sup>th</sup> Floor  
Philadelphia, Pennsylvania 19104  
(215) 399-4650

James J. Barresi, Esq.  
Squire Patton Boggs (US) LLP  
201 E. Fourth St., Suite 1900  
Cincinnati, OH 45202  
(513) 361-1260

(Name, Address, Telephone Number of Person Authorized to Receive Notices and Communications)

September 14, 2018

(Date of Event which Requires Filing of this Statement)

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If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.

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**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

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1	NAMES OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
	<b>Patriot Financial Partners III, L.P.</b>		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS		
	<b>WC</b>		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION		
	<b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	
		<b>0</b>	
	8	SHARED VOTING POWER	
		<b>2,169,208</b>	
9	SOLE DISPOSITIVE POWER		
	<b>0</b>		
10	SHARED DISPOSITIVE POWER		
	<b>2,169,208</b>		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
	<b>2,169,208</b>		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	<b>9.90%*</b>		
14	TYPE OF REPORTING PERSON		
	<b>PN</b>		

\*This calculation is based on 21,917,995 shares of common stock, no par value per share ("Common Stock"), of Pacific Mercantile Bancorp (the "Company") outstanding, as reported in the Company's Current Report on Form 8-K filed on September 14, 2018.

1	NAMES OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
	<b>Patriot Financial Partners GP III, L.P.</b>		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS		
	<b>AF</b>		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION		
	<b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	
		<b>0</b>	
	8	SHARED VOTING POWER	
		<b>2,169,208</b>	
9	SOLE DISPOSITIVE POWER		
	<b>0</b>		
10	SHARED DISPOSITIVE POWER		
	<b>2,169,208</b>		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
	<b>2,169,208</b>		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	<b>9.90%*</b>		
14	TYPE OF REPORTING PERSON		
	<b>PN</b>		

\*This calculation is based on 21,917,995 shares of Common Stock of the Company outstanding, as reported in the Company's Current Report on Form 8-K filed on September 14, 2018.

1	NAMES OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)  <b>Patriot Financial Partners GP III, LLC</b>		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS  <b>AF</b>		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION  <b>Delaware</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  <b>0</b>	
	8	SHARED VOTING POWER  <b>2,169,208</b>	
	9	SOLE DISPOSITIVE POWER  <b>0</b>	
	10	SHARED DISPOSITIVE POWER  <b>2,169,208</b>	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  <b>2,169,208</b>		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  <b>9.90%*</b>		
14	TYPE OF REPORTING PERSON  <b>CO</b>		

\*This calculation is based on 21,917,995 shares of Common Stock of the Company outstanding, as reported in the Company's Current Report on Form 8-K filed on September 14, 2018.

1	NAMES OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
	<b>W. Kirk Wycoff</b>		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS		
	<b>AF</b>		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION		
	<b>United States</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	
		<b>0</b>	
	8	SHARED VOTING POWER	
		<b>2,169,208</b>	
9	SOLE DISPOSITIVE POWER		
	<b>0</b>		
10	SHARED DISPOSITIVE POWER		
	<b>2,169,208</b>		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
	<b>2,169,208</b>		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	<b>9.90%*</b>		
14	TYPE OF REPORTING PERSON		
	<b>IN</b>		

\*This calculation is based on 21,917,995 shares of Common Stock of the Company outstanding, as reported in the Company's Current Report on Form 8-K filed on September 14, 2018.

1	NAMES OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
	<b>James J. Lynch</b>		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS		
	<b>AF</b>		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION		
	<b>United States</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	
		<b>0</b>	
	8	SHARED VOTING POWER	
		<b>2,169,208</b>	
9	SOLE DISPOSITIVE POWER		
	<b>0</b>		
10	SHARED DISPOSITIVE POWER		
	<b>2,169,208</b>		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
	<b>2,169,208</b>		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	<b>9.90%*</b>		
14	TYPE OF REPORTING PERSON		
	<b>IN</b>		

\*This calculation is based on 21,917,995 shares of Common Stock of the Company outstanding, as reported in the Company's Current Report on Form 8-K filed on September 14, 2018.

1	NAMES OF REPORTING PERSON I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
	<b>James F. Deutsch</b>		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP		(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS		
	<b>AF</b>		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION		
	<b>United States</b>		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	
		<b>0</b>	
	8	SHARED VOTING POWER	
		<b>2,169,208</b>	
9	SOLE DISPOSITIVE POWER		
	<b>0</b>		
10	SHARED DISPOSITIVE POWER		
	<b>2,169,208</b>		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
	<b>2,169,208</b>		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	<b>9.90%*</b>		
14	TYPE OF REPORTING PERSON		
	<b>IN</b>		

\*This calculation is based on 21,917,995 shares of Common Stock of the Company outstanding, as reported in the Company's Current Report on Form 8-K filed on September 14, 2018.

**Item 1. Security and Issuer**

The title and class of equity security to which this statement on Schedule 13D relates is the Common Stock, no par value ("Common Stock"), of Pacific Mercantile Bancorp (the "Issuer" or the "Company"), the holding company of Pacific Mercantile Bank (the "Bank").

**Item 2. Identity and Background**

This Schedule 13D is being jointly filed by the parties identified below. All of the filers of this Schedule 13D are collectively referred to as the "Patriot Financial Group III." The Joint Filing Agreement of the members of the Patriot Financial Group III is filed as Exhibit 1 to this Schedule 13D.

(a)-(c) The following are members of the Patriot Financial Group III:

- Patriot Financial Partners III, L.P., a Delaware limited partnership ("Patriot Fund III");
- Patriot Financial Partners GP III, L.P., a Delaware limited partnership and general partner of Patriot Fund III ("Patriot III GP");
- Patriot Financial Partners GP III, LLC, a Delaware limited liability company and general partner of Patriot III GP ("Patriot III LLC"); and
- W. Kirk Wycoff, James J. Lynch and James F. Deutsch serve as general partners of Patriot Fund III and Patriot III GP, members of Patriot III LLC, and members of the investment committee of Patriot Fund III.

Patriot Fund III is a private equity fund focused on investing in community banks and financial service-related companies throughout the United States. The principal business of Patriot III GP is to serve as the general partner of and to manage Patriot Fund III. The principal business of Patriot III LLC is to serve as the general partner of and to manage Patriot III GP. The principal employment of Messrs. Wycoff, Lynch and Deutsch is investment management with Patriot Fund III, Patriot III GP and Patriot III LLC.

The business address of each member of the Patriot Financial Group III is c/o Patriot Financial Partners III, L.P., Cira Centre, 2929 Arch Street, 27<sup>th</sup> Floor, Philadelphia, Pennsylvania 19104.

(d) During the last five years, no member of the Patriot Financial Group III has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, no member of the Patriot Financial Group III has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Each natural person who is a member of the Patriot Financial Group III is a citizen of the United States.



**Item 3. Source and Amount of Funds or Other Consideration**

The information in Items 4 and 6 is incorporated by reference.

As more fully described in Items 4 and 6 below, on September 14, 2018, Patriot Fund III entered into a Stock Purchase Agreement (the “Purchase Agreement”) with the Company and Carpenter Community BancFund, L.P., a Delaware limited partnership (“Carpenter BancFund”), and Carpenter Community BancFund-A, L.P., a Delaware limited partnership (“Carpenter BancFund A” and, together with Carpenter BancFund, the “Sellers”). Pursuant to the Purchase Agreement, Patriot Fund III acquired from the Sellers 2,169,208 shares of Common Stock and 1,467,155 shares of a new series of the Company’s non-voting preferred stock designated as Series A Non-Voting Preferred Stock (the “Series A Non-Voting Preferred Stock”) that the Company issued to the Sellers in exchange for 1,467,155 shares of the Company’s Common Stock owned by the Sellers. The Common Stock and Series A Non-Voting Preferred Stock acquired by Patriot Fund III from the Sellers are referred to herein as the “Purchased Shares”. Patriot Fund III used working capital for the purchase of the Purchased Shares. The aggregate purchase price for the Purchased Shares was \$29,999,994.75 (based on a per share purchase price of \$8.25 per Purchased Share).

In connection with entering into the Purchase Agreement, the Company and Patriot Fund III also entered into an Investor Rights Agreement (the “Investor Rights Agreement”) and a Registration Rights Agreement (the “Registration Rights Agreement”), each dated as of September 14, 2018, as further described in Item 6 below. In accordance with the Investor Rights Agreement, the Company is required to seek approval from the Company’s shareholders (the “Shareholder Approval”) of an amendment to the Company’s Articles of Incorporation (the “Amended Articles”) to create a newly designated series of non-voting common stock (the “Non-Voting Common Stock”) that would result in the automatic conversion of each share of the Series A Non-Voting Preferred Stock into one share of Non-Voting Common Stock upon the effectiveness of the Amended Articles.

**Item 4. Purpose of Transaction**

The information in Items 3 and 6 is incorporated by reference.

The Purchased Shares were acquired for investment purposes. Except as otherwise described herein or in Item 6 below, no member of the Patriot Financial Group III has any plans or proposals that relate to or would result in any of the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Subject to the limitations imposed by the Purchase Agreement and the applicable federal and state securities laws, Patriot Financial Group III may dispose of the Purchased Shares from time to time, subject to market conditions and other investment considerations, and may cause the Purchased Shares to be distributed in kind to investors. To the extent permitted by the Purchase Agreement and applicable bank regulatory limitations, each member of the Patriot Financial Group III may directly or indirectly acquire additional shares of Common Stock or associated rights or securities exercisable for or convertible into Common Stock, depending upon an ongoing evaluation of its investment in the Common Stock and securities exercisable for or convertible into Common Stock, applicable legal restrictions, prevailing market conditions, liquidity requirements of such member of the Patriot Financial Group III and/or investment considerations.

**Item 5. Interest in Securities of the Issuer**

The information contained on the cover pages to this Schedule 13D and the information set forth or incorporated in Items 2, 3, 4 and 6 is incorporated herein by reference.

(a) and (b)

Entity	Amount Beneficially Owned	Percent of Class (3)	Sole Power to Vote or Direct the Vote	Shared Power to Vote or Direct the Vote	Sole Power to Dispose or to Direct the Disposition	Shared Power to Dispose or Direct the Disposition
Patriot Fund III (1)	2,169,208	9.90%	0	2,169,208	0	2,169,208
Patriot III GP (2)	2,169,208	9.90%	0	2,169,208	0	2,169,208
Patriot III LLC (2)	2,169,208	9.90%	0	2,169,208	0	2,169,208
W. Kirk Wycoff (2)	2,169,208	9.90%	0	2,169,208	0	2,169,208
James J. Lynch (2)	2,169,208	9.90%	0	2,169,208	0	2,169,208
James F. Deutsch (2)	2,169,208	9.90%	0	2,169,208	0	2,169,208

- (1) Excludes 1,467,155 shares of Series A Non-Voting Preferred Stock owned by Patriot Fund III, which are expected to be automatically converted into shares of Non-Voting Common Stock as described in Item 6 below. Such Non-Voting Common Stock will be convertible into Common Stock in the circumstances described in Item 6 below. Since Patriot Fund III does not presently, and will not within the next 60 days, have the right to acquire such Common Stock or have voting or investment power over such Common Stock, those underlying shares are not included in the amount reported herein.
- (2) Each of Patriot III GP, Patriot III LLC, Mr. Wycoff, Mr. Lynch and Mr. Deutsch disclaims beneficial ownership of the Common Stock owned by Patriot Fund III, except to the extent of its or his pecuniary interest therein.
- (3) This calculation is based on 21,917,995 shares of Common Stock of the Company outstanding, as reported in the Company's Current Report on Form 8-K filed on September 14, 2018.

(c) No members of the Patriot Financial Group III had any transactions in the Common Stock (or securities convertible into Common Stock) during the past 60 days, except as described in Item 6 below.

(d) Other than the Patriot Financial Group III, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities of the Company referred to in this Item 5.

(e) N/A.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

The information set forth in Items 3 and 4 is incorporated herein by reference. The following description of certain agreements entered into by Patriot Fund III and the general terms of the Series A Non-Voting Preferred Stock do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the full text of such documents, which are included as exhibits hereto and are incorporated herein by reference.

***Purchase Agreement***

On September 14, 2018, Patriot Fund III entered into the Purchase Agreement with the Sellers and the Company. The aggregate purchase price for the Purchased Shares was \$29,999,994.75 (based on a per share purchase price of \$8.25 per Purchased Share). Each of the Sellers and Patriot Fund III made customary representations and warranties in the Purchase Agreement.

**General Terms of the Series A Non-Voting Preferred Stock**

The following summarizes the rights, preferences and privileges of and restrictions on the shares of Series A Non-Voting Preferred Stock as described in the Certificate of Determination of Series A Non-Voting Preferred Stock of the Company (the "Certificate of Determination"):

**Ranking.** The Series A Non-Voting Preferred Stock is subordinate and junior to all indebtedness of the Company and to all other series of preferred stock of the Company, other than any series of preferred stock the terms of which provide that such series is equal, subordinate or junior to the Series A Non-Voting Preferred Stock in any respect, and shall rank on parity with the Common Stock with respect to (a) the declaration and payment of dividends, and (b) distributions upon the liquidation, dissolution or winding up of the Company except that each share of Series A Non-Voting Preferred Stock has a liquidation preference of \$.0001 per share over the Common Stock.

**Voting Rights.** The Series A Non-Voting Preferred Stock is not entitled to vote on any matter except as required by the California Corporations Code (the "Code"). As to all matters for which voting by class is specifically required by the Code, each outstanding share of Series A Non-Voting Preferred Stock will be entitled to one vote.

**Transfer Restrictions.** Shares of Series A Non-Voting Preferred Stock may only be transferred by Patriot Fund III or an affiliate of Patriot Fund III (i) to an affiliate of Patriot Fund III; (ii) to the Company, (iii) pursuant to any public offering or public sale of securities of the Company (including, without limitation, a public offering registered under the Securities Act of 1933, as amended (the "Securities Act"), and a public sale pursuant to Rule 144 under the Securities Act or any similar rule then in force), (iv) in a transfer in which no transferee (or group of associated transferees) would receive 2% or more of any class of voting securities of the Company, or (v) to a transferee that would control more than 50% of the voting securities of the Company without any transfer from Patriot Fund III or any affiliate.

**Automatic Conversion to Common Stock.** Each share of Series A Non-Voting Preferred Stock will convert, automatically and without any action by any person, into fully paid and nonassessable share or shares of Common Stock at the then effective conversion ratio (which is initially one) upon any transfer of such share to any person other than Patriot Fund III or an affiliate of Patriot Fund III (i) pursuant to any public offering or public sale of securities of the Company (including, without limitation, a public offering registered under the Securities Act and a public sale pursuant to Rule 144 under the Securities Act or any similar rule then in force), (ii) in a transfer in which no transferee (or group of associated transferees) would receive 2% or more of any class of voting securities of the Company, or (iii) to a transferee that would control more than 50% of the voting securities of the Company without any transfer from Patriot Fund III or any affiliate of Patriot Fund III. The conversion ratio is subject to adjustment in connection with certain customary events affecting the Common Stock as described in the Certificate of Determination.

**Automatic Conversion on Authorization of Non-Voting Common Stock.** Upon Shareholder Approval, each share of Series A Non-Voting Preferred Stock will convert, automatically and without any action by any person, into one fully paid and nonassessable share of Non-Voting Common Stock as of the close of business on the effective date of the Amended Articles. The Non-Voting Common Stock will have all of the rights and other attributes of the Common Stock, except that it will not be entitled to vote on any matter unless otherwise required by the Code, and will convert into Common Stock subject to the same transfer restrictions applicable to the Series A Non-Voting Preferred Stock.

**Dividend Preference, Dividend Rate, and Cumulative Dividends.** The holders of Series A Non-Voting Preferred Stock are entitled to receive ratable dividends only if and when dividends are concurrently declared and payable on the shares of Common Stock of the Company. No dividend may be declared or paid on the Common Stock unless a dividend of equal amount is also concurrently declared or paid, as applicable, on the Series A Non-Voting Preferred Stock. The right to receive dividends on the Series A Non-Voting Preferred Stock is not cumulative.

**Liquidation Preference.** In the event the Company were to liquidate, dissolve or wind up its business, whether voluntarily or involuntarily, all assets of the Company remaining available for distribution after payment in

full of claims to the Company's creditors and amounts due on any preferred stock or other securities of the Company that rank superior to the Common Stock and Series A Non-Voting Preferred Stock will be distributed to the holders of Common Stock and Series A Non-Voting Preferred Stock pro rata based, respectively, on the number of shares of Common Stock outstanding at such time and the number of shares of Common Stock into which the Series A Non-Voting Preferred Stock outstanding at such time would then be convertible except that each share of Series A Non-Voting Preferred Stock has a liquidation preference of \$.0001 per share over the Common Stock.

*Effect of Sale or Merger of the Company.* In the event of certain acquisitions, mergers, or sales of the Company as provided in the Certificate of Determination, the holders of Series A Non-Voting Preferred Stock will be entitled to receive the same form and amount of consideration, if any, as the holders of Common Stock receive in exchange for or in respect of their shares of Common Stock, with the amount calculated based on the then effective conversion ratio.

*Maturity and Redemption.* The Series A Non-Voting Preferred Stock has no maturity date, is not redeemable at any time and will remain outstanding subject only to conversion into shares of Common Stock or Non-Voting Common Stock in accordance with the Certificate of Determination.

*Preemptive Rights.* Series A Non-Voting Preferred Stock have no preemptive rights.

### ***Investor Rights Agreement***

On September 14, 2018, the Company entered into the Investor Rights Agreement with Patriot Fund III. The Investor Rights Agreement sets forth, among other things, the following agreements between the Company and Patriot Fund III:

- *Patriot Board Representation.* Patriot Fund III has the right to designate one individual (the "Patriot Board Representative") for appointment to the board of directors of each of the Company and the Bank, and the Company and the Bank are required to promptly appoint the Patriot Board Representative to their respective board of directors, subject to all legal, regulatory and Nasdaq Stock Market listing requirements regarding service and election or appointment as a director of the Company and the Bank (the "Qualification Requirements"). The Company has also agreed to recommend to its shareholders the election of the Patriot Board Representative to the Company's board of directors at each annual or special meeting of the Company's shareholders, subject to satisfaction of the Qualification Requirements. The foregoing rights and obligations with respect the Patriot Board Representative will continue only for so long as Patriot Fund III, together with its affiliates, owns in the aggregate 5% or more of the Common Stock then outstanding (the "Minimum Ownership Interest"), and Patriot Fund III has agreed to cause the Patriot Board Representative to resign from the board of directors of each of the Company and the Bank promptly after any written request from the Company's board of directors if Patriot Fund III no longer satisfies the Minimum Ownership Interest. The Patriot Board Representative will be entitled to compensation and indemnification and insurance coverage in connection with his or her role as a director to the same extent as the other members of the board of directors of the Company and the Bank, as applicable, and will also be entitled to reimbursement for reasonable and documented out-of-pocket expenses incurred in attending meetings of such board of directors, or any committee thereof, in accordance with Company policy.
- *Patriot Board Observer Right.* For so long as Patriot Fund III satisfies the Minimum Ownership Interest, Patriot Fund III also has the right to designate a person (the "Observer") to attend meetings of the board of directors of the Company and the Bank (including any meetings of committees thereof on which the Patriot Board Representative is permitted to attend) in a nonvoting, nonparticipating observer capacity. The Observer will not be entitled to compensation, reimbursement of expenses or indemnification from the Company or the Bank, but will be entitled to reimbursement of reasonable and documented out-of-pocket expenses related to attendance at any in-person or telephonic meeting of the board of directors of the Company or the Bank at which the Patriot Board Representative is not in attendance.

- *Shareholder Approval Requirement.* At the Company's next annual meeting of shareholders (and at each annual shareholders meeting thereafter until approved), the Company is required to seek the Shareholder Approval of the Amended Articles to create a newly designated series of Non-Voting Common Stock (and thereafter each share of Series A Non-Voting Preferred Stock will automatically be converted on a one-for-one basis for a share of Non-Voting Common Stock), to recommend that shareholders approve and adopt the Amended Articles at such meeting and to use commercially reasonable efforts to obtain the Shareholder Approval.
- *Information Rights.* The Company has agreed to provide to Patriot Fund III all materials delivered to the board of directors of the Company and the Bank, and the committees thereof, with customary exceptions, for as long as Patriot Fund III owns the Minimum Ownership Interest.
- *Voting Agreement.* With respect to any matter for which the non-voting equity securities acquired by Patriot Fund III pursuant to the Purchase Agreement (consisting of the shares of Series A Non-Voting Preferred Stock and any shares of Non-Voting Common Stock into which such shares will be automatically converted if the Shareholder Approval is obtained) have a voting right under applicable law, Patriot Fund III has agreed to vote such shares in the same proportion as the Company's other shareholders collectively voted with respect to such matter; provided, however, that Patriot Fund III is permitted to vote such shares in any manner it chooses on any matter on which it is required by law to vote and that would adversely affect the terms, rights, and privileges of such shares compared to the terms, rights, preferences, or privileges of shares of Common Stock.

#### ***VCOC Letter Agreement***

Patriot Fund III was provided customary VCOC rights pursuant to the VCOC Letter Agreement, dated as of September 14, 2018, by and between Patriot Fund III and the Company (the "VCOC Letter Agreement"), including the right to receive regular financial reports (including, but not limited to, audited annual and quarterly financial reports) and information regarding significant corporate actions, the right to inspect the books and records of the Company and the right to consult with management of the Company on matters relating to the business and affairs of the Company; provided, however, that this provision does not entitle Patriot Fund III to consult with management of the Company on matters relating to the business and affairs of the Company more than once per calendar year. The Company also agreed to consider, in good faith, the recommendations of Patriot Fund III or its designated representative in connection with the matters on which it is consulted as described above, recognizing that the ultimate discretion with respect to all such matters shall be retained by the Company. These rights are intended to satisfy the requirements of management rights for purposes of qualifying Patriot Fund III's investment in the Company as "venture capital investments" for purposes of the Department of Labor "plan assets" regulations.

#### ***Registration Rights Agreement***

On September 14, 2018, the Company entered into the Registration Rights Agreement with Patriot Fund III. The Registration Rights Agreement requires the Company, at its sole expense, (i) to file, within one year, a Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") to register, under the Securities Act, the resale of the shares of Common Stock and shares of Series A Non-Voting Preferred Stock that Patriot Fund III has purchased from the Sellers and the shares of Non-Voting Common Stock into which the Series A Non-Voting Preferred Stock will be automatically converted if the Shareholder Approval is obtained, and (ii) to use its commercially reasonable efforts to have the Registration Statement declared effective by the SEC within 60 days of the filing date. The Company will be required to continuously maintain the effectiveness of the Registration Statement for so long as such securities are outstanding, unless all of such securities have been sold pursuant to the Registration Statement or Rule 144 under the Securities Act or otherwise become eligible for sale without time, volume or manner of sale restrictions in accordance with Rule 144 under the Securities Act.

**Item 7. Material to Be Filed as Exhibits**

<b>Exhibit</b>	<b>Description</b>
<b>Exhibit 1</b>	Joint Filing Agreement, dated as of September 14, 2018, by and among Patriot Financial Partners III, L.P., Patriot Financial Partners GP III, L.P., Patriot Financial Partners GP III, LLC, W. Kirk Wycoff, James J. Lynch and James F. Deutsch.
<b>Exhibit 2</b>	Stock Purchase Agreement, dated as of September 14, 2018, by and among Pacific Mercantile Bancorp, Patriot Financial Partners III, L.P., Carpenter Community BancFund, L.P., and Carpenter Community BancFund-A, L.P.
<b>Exhibit 3</b>	Certificate of Determination of Series A Non-Voting Preferred Stock of Pacific Mercantile Bancorp (incorporated by reference to Exhibit 3.4 to Pacific Mercantile Bancorp's Current Report on Form 8-K filed on September 14, 2018).
<b>Exhibit 4</b>	Investor Rights Agreement, dated as of September 14, 2018, by and between Pacific Mercantile Bancorp and Patriot Financial Partners III, L.P. (incorporated by reference to Exhibit 10.2 to Pacific Mercantile Bancorp's Current Report on Form 8-K filed on September 14, 2018).
<b>Exhibit 5</b>	VCOC Letter Agreement, dated as of September 14, 2018, by and between Pacific Mercantile Bancorp and Patriot Financial Partners III, L.P.
<b>Exhibit 6</b>	Registration Rights Agreement, dated as of September 14, 2018, by and among Pacific Mercantile Bancorp and Patriot Financial Partners III, L.P. (incorporated by reference to Exhibit 10.3 to Pacific Mercantile Bancorp's Current Report on Form 8-K filed on September 14, 2018).

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: September 18, 2018

PATRIOT FINANCIAL PARTNERS III, L.P.

By: /s/ James F. Deutsch

James F. Deutsch, a member of Patriot Financial Partners III GP, LLC, the general partner of Patriot Financial Partners GP III, L.P., the general partner of Patriot Financial Partners III, L.P.

PATRIOT FINANCIAL PARTNERS GP III, L.P.

By: /s/ James F. Deutsch

James F. Deutsch, a member of Patriot Financial Partners GP III, LLC., the general partner of Patriot Financial Partners GP III, L.P.

PATRIOT FINANCIAL PARTNERS GP III, LLC

By: /s/ James F. Deutsch

James F. Deutsch, a member

/s/ W. Kirk Wycoff

W. Kirk Wycoff

/s/ James J. Lynch

James J. Lynch

/s/ James F. Deutsch

James F. Deutsch

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**Section 2: EX-99.1 (EX-99.1)**

**EXHIBIT 1**

**JOINT FILING AGREEMENT**

Pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree that the Schedule 13D to which this Joint Filing Agreement is being filed as an exhibit shall be a joint statement filed on behalf of each of the undersigned.

Date: September 18, 2018

PATRIOT FINANCIAL PARTNERS III, L.P.

By: /s/ James F. Deutsch

James F. Deutsch, a member of Patriot Financial Partners GP III, LLC, the general partner of Patriot Financial Partners GP III, L.P., the general partner of Patriot Financial Partners III, L.P.

PATRIOT FINANCIAL PARTNERS GP III, L.P.

By: /s/ James F. Deutsch

James F. Deutsch, a member of Patriot Financial Partners GP III, LLC., the general partner of Patriot Financial Partners GP III, L.P.

PATRIOT FINANCIAL PARTNERS GP III, LLC

By: /s/ James F. Deutsch  
James F. Deutsch, a member

/s/ W. Kirk Wycoff  
W. Kirk Wycoff

/s/ James J. Lynch  
James J. Lynch

/s/ James F. Deutsch  
James F. Deutsch

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## Section 3: EX-99.2 (EX-99.2)

EXHIBIT 2

EXECUTION VERSION

### STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (the "Agreement") is made as of September 14, 2018, by and among Pacific Mercantile Bancorp, a California corporation (the "Company"), Patriot Financial Partners III, L.P., a Delaware limited partnership (the "Purchaser"), Carpenter Community BancFund, L.P., a Delaware limited partnership ("Carpenter BancFund"), and Carpenter Community BancFund-A, L.P., a Delaware limited partnership ("Carpenter BancFund A").

WHEREAS, Carpenter BancFund and Carpenter BancFund-A (each, a "Seller" and collectively, the "Sellers") collectively own 7,417,593 shares of the Company's common stock, no par value per share (the "Common Stock");

WHEREAS, on September 13, 2018, the Company filed a Certificate of Determination with the Secretary of State of the State of California establishing a new series of the Company's preferred stock known as "Series A Non-Voting Preferred Stock" (the "Preferred Stock"), having the rights, preferences and privileges set forth in the Certificate of Determination of Series A Non-Voting Preferred Stock attached hereto as Exhibit A (the "Certificate of Determination");

WHEREAS, in order to facilitate the closing of the transactions contemplated by this Agreement, the Sellers have entered into an Exchange Agreement of even date herewith (the "Exchange Agreement") with the Company, pursuant to which the Sellers have agreed to exchange an aggregate of 1,467,155 shares of Common Stock for an aggregate of 1,467,155 shares of Preferred Stock immediately prior to the closing of the transactions contemplated by this Agreement;

WHEREAS, the Sellers desire to sell to the Purchaser, and the Purchaser desires to purchase from the Sellers, an aggregate of 2,169,208 shares of Common Stock and 1,467,155 shares of Preferred Stock (collectively referred to herein as the "Shares"), for the consideration set forth below and subject to all of the terms, conditions, promises, representations and warranties set forth herein;

WHEREAS, contemporaneously with purchase of the Shares by the Purchaser contemplated by this Agreement, the Company will enter into an Investor Rights Agreement for the benefit of the Purchaser (the "Investor Rights Agreement"), pursuant to which the Company agrees to provide certain rights with respect to the Shares, along with such other agreements necessary to effect the transactions contemplated by this Agreement; and

WHEREAS, in addition to the sale of the Shares to the Purchaser contemplated by this Agreement, the Sellers will sell additional shares of Common Stock to other accredited investors (the "Additional Investors") at the same per share purchase price as set forth in this Agreement, with the closing of such sale or sales to occur simultaneously with the closing of the transactions contemplated by this Agreement (the "Other Sale Transactions"), such that upon the completion of such Other Sale Transactions and the sale of Shares to the Purchaser pursuant to this Agreement, the Seller will have no ownership in any shares of Common Stock or Preferred Stock.



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NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Purchase and Sale of Shares.** Subject to the terms and conditions of this Agreement, at the Closing (as hereinafter defined), each Seller shall sell, assign, transfer, convey and deliver to the Purchaser, and the Purchaser shall purchase and acquire from each Seller, that number of shares of Common Stock set forth opposite such Seller's name on Exhibit B, representing 2,169,208 shares of Common Stock in the aggregate, and that number of shares of Preferred Stock set forth opposite such Seller's name on Exhibit B, representing 1,467,155 shares of Preferred Stock in the aggregate, in each case for a cash price of \$8.25 per Share (the "Per Share Purchase Price").

2. **Closing Deliveries.**

(a) At the Closing, the Sellers will deliver, or cause the Company to deliver, the Shares to the Purchaser either (i) by book entry transfer to the Purchaser or its nominee through an electronic account maintained by the Company's transfer agent, or (ii) by delivery of one or more stock certificates evidencing the Shares purchased by the Purchaser hereunder and registered in the name of the Purchaser or its nominee through, if necessary, a duly executed assignment separate from certificate (the "Assignment Separate from Certificate") in the form attached hereto as Exhibit C, dated as of the Closing Date (as hereinafter defined). Further, each Seller covenants that it shall at any time, and from time to time after the date hereof, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such further instruments, conveyances, assignments, transfers, assurances and any other such instruments of conveyance, upon the reasonable request of the Purchaser, to confirm and evidence the sale of the Shares by such Seller hereunder.

(b) At the Closing, the Purchaser shall pay to each Seller cash in an amount equal to the (i) Per Share Purchase Price multiplied by (ii) the number of Shares to be sold by such Seller pursuant to Section 1, in each case by wire transfer in immediately available funds to such account as such Seller shall designate in writing.

3. **Closing.**

(a) The closing of the sale to, and purchase by, the Purchaser of the Shares (the "Closing") shall occur simultaneously with the execution of this Agreement on the date hereof, electronically or at such location as the Sellers and the Purchaser may mutually agree (the "Closing Date").

(b) *Condition of All Parties' Obligations.* The respective obligations of each party hereto to consummate the transactions contemplated by this Agreement is subject to the fulfillment or waiver of the following condition:

(i) the Exchange Agreement shall have been executed by the parties thereto, and the closing of the transactions contemplated by the Exchange Agreement shall have occurred immediately prior to the Closing.

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(c) *Condition of the Purchaser's Obligations.* The obligation of the Purchaser to purchase the Shares as provided herein is subject to the fulfillment of the following conditions concurrently at the Closing, any one or more of which may be waived by the Purchaser:

- (i) the representations and warranties of the Seller contained herein are true and correct as of the date hereof and as of the Closing Date;
- (ii) the entry into the Investor Rights Agreement and a Registration Rights Agreement (the "Registration Rights Agreement" and, together with the Investor Rights Agreement, the "Other Agreements"), each by and between the Purchaser and the Company on terms and conditions reasonably satisfactory to the Purchaser, a duly executed copy of which shall be delivered by the Company to the Purchaser;
- (iii) the delivery by Sheppard, Mullin, Richter & Hampton LLP, counsel for the Sellers, of its written opinion, dated the Closing Date and addressed to the Purchaser, substantially in the form attached hereto as Exhibit D; and
- (iv) the sale of all remaining shares of Common Stock owned by the Seller (and not otherwise sold to the Purchaser) to such other Additional Investors in the Other Sale Transactions simultaneous with the Closing, such that the Purchaser shall have no equity ownership interest in the Company following the consummation of the Other Sale Transactions and the sale of the Shares to the Purchaser pursuant to this Agreement.

(d) *Condition of Each Seller's Obligations.* The obligation of each Seller to sell the Shares as provided herein is subject to the fulfillment of the following condition concurrently at the Closing, which may be waived by each such Seller:

- (i) the representations and warranties of the Purchaser contained herein are true and correct as of the date hereof and as of the Closing Date.

4. **Seller Representations & Warranties.** Each Seller hereby makes the following representations and warranties to the Purchaser with respect to itself only, severally and not jointly, as of the Closing Date:

(a) The Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The Seller has all necessary power and authority under all applicable laws to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to carry out the provisions hereof. All actions on the Seller's part required for the lawful execution, delivery and performance of this Agreement have been taken as of the date hereof.

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(b) This Agreement has been duly and validly executed and delivered by the Seller, and constitutes the valid and binding obligations of the Seller, enforceable against the Seller in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and/or (b) as limited by general principles of equity that restrict the availability of equitable remedies.

(c) The execution, delivery and performance of this Agreement by the Seller will not: (i) contravene any law, rule or regulation of any state or of the United States, or any order, writ, judgment, injunction, decree, determination or award, or cause the suspension or revocation of any authorization, consent, approval or license, presently in effect to which the Seller is subject; (ii) conflict with or violate any provision of the certificate of formation, bylaws or equivalent organizational documents, each as amended to date, of the Seller and each of its subsidiaries or (iii) conflict with, accelerate the performance of or result in a breach of or default of any indenture or loan or credit agreement or any other agreement or instrument to which the Seller is a party or by which the Seller or its properties may be affected or bound.

(d) The Seller's delivery of the Shares to the Purchaser pursuant to Section 2(a) on the Closing Date shall transfer to the Purchaser good, marketable and unencumbered title to the Shares, free and clear of any charge, claim, condition, equitable interest, lien, option, pledge, security interest, right of first offer or first refusal, buy/sell agreement or any other restriction or covenant with respect to, or condition governing, voting, transfer, receipt of distribution or exercise of any other attribute of ownership ("Encumbrance"), other than (1) those created by the Purchaser, (2) those set forth in the Certificate of Determination, and (3) those created under federal and state securities laws, and provided that the Purchaser and the Shares acquired by the Purchaser shall be subject to the terms and conditions set forth in the Other Agreements. The Seller is, and immediately prior to the Closing the Seller will be the record and beneficial owner of, the Shares to be sold by the Seller. The Shares owned by the Seller and to be transferred hereunder have been duly authorized and validly issued and are free of any preemptive rights. There are no voting trusts or other agreements or understandings to which the Seller is a party with respect to the voting of the Shares transferred hereunder.

(e) The Assignment Separate from Certificate, if necessary, upon execution by the Seller, and any other instruments, agreements or instructions executed and delivered by the Seller to the Purchaser, the Company or the Company's transfer agent pursuant to Section 2(a) will be valid and binding obligations of the Seller, enforceable in accordance with their respective terms, in order to effect the delivery and transfer of the Shares as set forth in Section 2(a).

(f) The Seller has not relied upon any representation or other information from the Purchaser (whether oral or written) with respect to the Company other than as set forth in this Agreement.

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(g) The Seller has adequate information concerning the business and financial condition of the Company to make an informed decision regarding the sale of the Shares, pursuant to the terms and conditions of this Agreement and the Other Agreements, and has made its own analysis and decision to sell the Shares independently and without reliance upon the Purchaser or the Purchaser's agents.

(h) No orders, permissions, consents, approvals or authorizations of any Governmental Entity or other third party are required to be obtained by the Seller and no application, notification, request, registration or declaration is required to be filed with any Governmental Entity or other third party by the Seller in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except as may have been obtained prior to the Closing Date. For purposes of this clause, "Governmental Entity" means any governmental or regulatory authority, agency, commission, body, court, tribunal or other governmental entity or authority having jurisdiction over the Seller.

(i) There is no action, suit, proceeding or investigation pending, or to the Seller's knowledge, currently threatened that questions the validity of this Agreement or the Other Agreements or the right of Seller to enter into this Agreement or to consummate the transactions contemplated hereby.

(j) Except as required by the Securities Act of 1933, as amended (the "Securities Act"), applicable state securities laws, and banking laws and regulations, there are no restrictions or limitations on Seller's ownership or transfer of the Shares.

(k) Neither the Seller nor any affiliate of the Seller, nor, to the Seller's knowledge, any of its or their respective officers, directors, employees or agents, has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, finder's fees or any other commissions or similar fees in connection with this Agreement or the transactions contemplated hereby, except for the placement agent fees to be paid by the Seller to Keefe, Bruyette & Woods, Inc (the "Placement Agent").

(l) To such Seller's knowledge, the transactions contemplated under this Agreement and the Other Agreements will not be deemed a change in control of the Company or any of its subsidiaries or constitute any other triggering event which would result in (i) the obligation of the Company or any subsidiary thereof to make any payments under any employment, change in control or other agreements to which the Company or any of its subsidiaries is a party or (ii) the acceleration of vesting of any benefits under any employee benefit plan of the Company or any subsidiary thereof (a "Triggering Event").

(m) During the period from July 11, 2018 through the date hereof, the Seller has not entered into any additional, or modified any existing, agreements, arrangements or understandings with any existing or future investors in the Company or any of its subsidiaries that have the effect of establishing rights or otherwise benefiting such investor in a manner more favorable to such investor than the rights and benefits established in favor of the Purchaser by this Agreement and the Other Agreements, unless, in any such case, the Purchaser has been provided with such rights and benefits.

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(n) Neither the Seller, nor any of its affiliates, nor any person acting on its behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act (“Regulation D”)) in connection with the offer or sale of the Shares.

5. **Purchaser Representations & Warranties**. The Purchaser hereby makes the following representations and warranties to each Seller and the Company as of the Closing Date:

(a) The Purchaser is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. The Purchaser has all necessary power and authority under all applicable laws to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to carry out the provisions hereof. All actions on the Purchaser’s part required for the lawful execution and delivery of this Agreement have been taken as of the date hereof.

(b) This Agreement has been duly and validly executed and delivered by the Purchaser, and constitutes the valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors’ rights, and/or (b) as limited by general principles of equity that restrict the availability of equitable remedies.

(c) The execution, delivery and performance of this Agreement by the Purchaser will not: (i) contravene any law, rule or regulation of any state or of the United States, or any order, writ, judgment, injunction, decree, determination or award, or cause the suspension or revocation of any authorization, consent, approval or license, presently in effect that affects or binds the Purchaser; (ii) conflict with or violate any provision of the Articles of Incorporation, Bylaws or equivalent organizational documents, each as amended to date, of the Purchaser and each of its subsidiaries or (iii) conflict with, accelerate the performance of or result in a breach of or default of any indenture or loan or credit agreement or any other agreement or instrument to which the Purchaser is a party or by which the Purchaser or its properties may be affected or bound.

(d) The Shares being acquired by the Purchaser are being acquired for investment for the Purchaser’s own account only, and not with a view to, or for resale in connection with, any “distribution” of the Shares within the meaning of the Securities Act.

(e) The Purchaser has not relied upon any representation or other information from the Seller (whether oral or written) or any of its directors, officers, employees, attorneys, agents or representatives with respect to the Company other than those as set forth in this Agreement.

(f) The Purchaser is an “accredited investor” as that term is defined in Rule 501(a) promulgated under the Securities Act, is a sophisticated investor, and has such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of the acquisition of the Shares. The Purchaser has the ability to bear the economic risks of its purchase of the Shares and has obtained all information it has requested

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concerning the business and financial condition of the Company to make an informed decision regarding the acquisition of the Shares and has made its own analysis and decision to acquire the Shares independently and without reliance upon the Seller or the Seller's affiliates or agents.

(g) Neither the Purchaser nor any affiliate of the Purchaser, nor, to the Purchaser's knowledge, any of its or their respective officers, directors, employees or agents, has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, finder's fees or any other commissions or similar fees in connection with this Agreement or the transactions contemplated hereby.

(h) After giving effect to the purchase of the Shares hereunder, Purchaser will not, either acting alone or together with any other person that may be affiliated with Purchaser, or may be considered to be acting in concert with Purchaser pursuant to 12 C.F.R. Part 303, Subpart E, or 12 C.F.R. Section 225.2 or 225.41, own, control, or have the power to vote securities of the Company in excess of 9.9% of any class of voting securities of the Company.

(i) The Purchaser has no present intention of acquiring control of the Company, will not acquire control of the Company in the future without the prior approval of applicable federal, state or local governmental entities, and is not participating in any joint activity or parallel action towards a common goal between or among such purchasers of acquiring control of the Company.

(j) The Purchaser: (i) became aware of the offering of the Shares, and the Shares were offered to the Purchaser, solely by direct contact between the Purchaser and the Sellers or the Placement Agent, and not by any other means, including any form of "general solicitation" or "general advertising" (as such terms are used in Regulation D); (ii) reached its decision to invest in the Company independently from any other investor; (iii) has entered into no agreements with shareholders of the Company or other investors for the purpose of controlling the Company or any of its subsidiaries; and (iv) has entered into no agreements with shareholders of the Company or other investors regarding voting or transferring the Purchaser's interest in the Company.

6. **Covenants of Company.** If the transactions contemplated under this Agreement and the Other Agreements constitute a change in control of the Company or any of its subsidiaries or constitute any other triggering event which would result in (i) the obligation of the Company or any subsidiary thereof to make any payments under any employment, change in control or other agreements to which the Company or any of its subsidiaries is a party or (ii) the acceleration of vesting of any benefits under any employee benefit plan of the Company or any subsidiary thereof (a "Triggering Event"), the Company shall use its commercially reasonable efforts to obtain waivers from the parties involved waiving (a) the right to receive any payments resulting from the occurrence of such Triggering Event or (b) the acceleration of vesting of benefits resulting from the occurrence of such Triggering Event.

7. **Indemnification.**

(a) Each Seller hereby agrees to indemnify and hold harmless the Purchaser and each of the Purchaser's affiliates, subsidiaries (direct and indirect), shareholders, members, partners,

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directors, officers, employees, agents and representatives (each, a “Purchaser Indemnified Party”, and collectively, the “Purchaser Indemnified Parties”), from and against all damages, losses, liabilities, penalties, fines and expenses (including reasonable, documented out-of-pocket fees and expenses of counsel) (collectively, the “Damages”) incurred by them in connection with (i) any material inaccuracy, misrepresentation or breach of any representation or warranty made by such Seller in this Agreement or any failure to perform any covenant, agreement or obligation of such Seller contained in this Agreement, (ii) any third party claims arising out of, connected with, incident to or relating to the Shares held by such Seller and arising prior to the Closing Date, or (iii) the failure by the Seller to pay any taxes required to be paid by Seller in connection with the transactions contemplated hereby.

(b) The Purchaser hereby agrees to indemnify and hold harmless each Seller, the Company and each of the Sellers’ and the Company’s affiliates, subsidiaries (direct and indirect), shareholders, members, partners, directors, officers, employees, agents and representatives (each, a “Seller Indemnified Party”, and collectively, the “Seller Indemnified Parties”), from and against all Damages incurred by them in connection with any material inaccuracy, misrepresentation or breach of any representation or warranty made by Purchaser in this Agreement.

(c) Except with respect to claims based on fraud, after the Closing Date, (i) the rights of the Purchaser Indemnified Parties under Section 7(a) shall be the exclusive remedy of the Purchaser Indemnified Parties with respect to claims resulting from or relating to any misrepresentation, breach of warranty or failure to perform any covenant or agreement contained in this Agreement, and (ii) the rights of the Seller Indemnified Parties under Section 7(b) shall be the exclusive remedy of the Seller Indemnified Parties with respect to claims resulting from or relating to any misrepresentation or breach of warranty contained in this Agreement.

(d) Except with respect to claims based on fraud, each Seller’s liability for Damages pursuant to Section 7(a) shall not exceed the aggregate purchase price received by such Seller pursuant to Section 2(b).

#### 8. Miscellaneous.

(a) **Further Assurance.** Consistent with the terms and conditions hereof, the Sellers and the Purchaser will execute and deliver such instruments and take such other action as the other party or parties hereto may reasonably require in order to carry out this Agreement and the transactions contemplated hereby.

(b) **Governing Law.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

(c) **Entire Agreement; Enforcement of Rights; Amendment.** This Agreement and the Other Agreements, together with any appendices hereto, sets forth the entire agreement and understanding of the parties hereto relating to the subject matter herein and

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merges all prior discussions between them. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. The failure by a party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party. No amendment or waiver of this Agreement will be effective with respect to any party unless made in writing and signed by the parties hereto.

(d) **Construction.** This Agreement is the result of negotiations among and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties, and no ambiguity shall be construed in favor of or against any one of the parties; provided that the parties acknowledge and agree that each of the economic terms of this Agreement and the Other Agreements (including the Per Share Purchase Price) is the result of negotiations solely between the Seller and the Purchaser on an arms' length basis without any role of the Company in setting such economic terms (including the Per Share Purchase Price).

(e) **Counterparts; Originals.** This Agreement may be executed in one or more counterparts and by PDF or facsimile, each of which shall be deemed an original and all of which together shall constitute one instrument.

(f) **Consultation with Advisors.** Each party hereto acknowledges and agrees that it had a full and complete opportunity to consult legal, tax and business advisors and has in fact consulted such advisors with respect to this Agreement and any matters hereunder to the extent it has deemed appropriate.

(g) **Publicity.** Each party hereto shall, and shall cause its representatives, officers, directors, agents and affiliates to, hold in confidence and not disclose without the prior written consent of the other parties (such consent not to be unreasonably withheld), any material information regarding this Agreement and the transactions contemplated hereby, except as may be required by applicable laws, regulations, government authorities or stock exchanges.

(h) **Expenses.** If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable, documented out-of-pocket attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

(i) **Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, nor an acquiescence therein, nor a waiver of or acquiescence in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permission, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.



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(j) **Notices.** Unless otherwise provided, any notice required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and received: (i) on the date of personal service thereof; (ii) on the third business day after mailing, if the notice is mailed by registered or certified mail; (iii) one business day after being sent by professional or overnight courier or messenger service guaranteeing overnight delivery, with receipt confirmed by the courier; or (iv) on the date of transmission if sent by facsimile or by such other means of electronic transmission resulting in written copies, with receipt confirmed. Any such notice shall be delivered or addressed to the parties at the addresses set forth below or at the most recent address specified by the addressee through written notice under this Section 8(i). Failure to conform to the requirements that mailings be done by one of the above-specified methods shall not defeat the effectiveness of notice actually received by the addressee.

If to the Company:

Pacific Mercantile Bancorp  
949 South Coast Drive, Suite 300  
Costa Mesa, California 92626  
Attn: Curt A. Christianssen  
Tel: (714) 438-2500  
Fax: (714) 438-1076  
Email: [Curt.Christianssen@pmbank.com](mailto:Curt.Christianssen@pmbank.com)

With a copy to:

O'Melveny & Myers LLP  
610 Newport Center Drive, 17th Floor  
Newport Beach, CA 92660  
Attn: J. Jay Herron and Andor Terner  
Tel: (949) 823-6900  
Fax: (949) 823-6994  
Email: [jherron@omm.com](mailto:jherron@omm.com) and [aterner@omm.com](mailto:aterner@omm.com)

If to the Purchaser:

Patriot Financial Partners III, L.P.  
2929 Arch Street, Floor 27  
Philadelphia, PA 19104-2868  
Attention: James F. Deutsch  
Tel: (215) 399-4650  
Fax: (215) 399-4686  
Email: [jdeutsch@patriotfp.com](mailto:jdeutsch@patriotfp.com)

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With a copy to:

Squire Patton Boggs (US) LLP  
201 E. Fourth St., Suite 1900  
Cincinnati, OH 45202  
Attn: James J. Barresi  
Tel: (513) 361-1260  
Fax: (513) 361-1201  
Email: [james.barresi@squirepb.com](mailto:james.barresi@squirepb.com)

If to the Sellers:

c/o Carpenter Fund Manager GP, LLC  
Attention: John D. Flemming  
2 Park Plaza, Suite 550  
Irvine, California 92614  
Tel: (949) 261-8888  
Fax: (949) 260-1353  
Email: [jflemming@carpentercompany.com](mailto:jflemming@carpentercompany.com)

With a copy to:

Sheppard, Mullin, Richter & Hampton LLP  
650 Town Center Drive, 4<sup>th</sup> Floor  
Costa Mesa, California 92626  
Attention: Joshua Dean, Esq.  
Tel: (714) 424-8292  
Fax: (714) 424-5991  
Email: [jdean@sheppardmullin.com](mailto:jdean@sheppardmullin.com)

(k) **Severability**. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

(l) **Specific Performance**. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties shall be entitled to seek specific performance of the terms hereof, this being in addition to any other remedies to which they are entitled at law or equity.

(m) **Successors and Assigns**. The terms of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided, however, this Agreement will be assignable by the Purchaser only with the prior written consent of the Seller.

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(n) **Survival.** Each of the representations and warranties, covenants and agreements, set forth in this Agreement shall survive the Closing under this Agreement.

**[Signature Page Follows]**

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**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first set forth above.

**COMPANY:**

**Pacific Mercantile Bancorp**

By: /s/ Curt A. Christianssen  
Name: Curt A. Christianssen  
Title: EVP & CFO

**PURCHASER:**

**Patriot Financial Partners III, L.P.**

By: /s/ James F. Deutsch  
Name: James F. Deutsch  
Title: Managing Partner

[Signature Page to Stock Purchase Agreement]

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**SELLERS:**

**Carpenter Community BancFund, L.P.**

By: CARPENTER FUND MANAGER GP, LLC, its General Partner

By: /s/ John Flemming

Name: John Flemming

Title: Managing Member

**Carpenter Community BancFund-A, L.P.**

By: CARPENTER FUND MANAGER GP, LLC, its General Partner

By: /s/ John Flemming

Name: John Flemming

Title: Managing Member

[Signature Page to Stock Purchase Agreement]

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**EXHIBIT A**

Certificate of Determination  
(see attached)

Exhibit A-1

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**EXHIBIT B**

<b>Seller</b>	<b>Number of Shares of Common Stock</b>	<b>Number of Shares of Preferred</b>
Carpenter Community BancFund, L.P.	73,738	49,874
Carpenter Community BancFund-A	<u>2,095,470</u>	<u>1,417,281</u>
Total:	2,169,208	1,467,155

Exhibit B-1

**EXHIBIT C**

**ASSIGNMENT SEPARATE FROM CERTIFICATE**

For value received, the undersigned transferor hereby assigns and transfers to the transferee, Patriot Financial Partners III, L.P., a Delaware limited partnership, effective as of September 14, 2018:

- (i) [ ] ([ ]) shares of Common Stock of Pacific Mercantile Bancorp (the "Company"), standing in the undersigned's name on the books of the Company; and
- (ii) [ ] ([ ]) shares of Preferred Stock, Series A, of the Company, standing in the undersigned's name on the books of the Company represented by Certificate Number [ ];

and does hereby irrevocably constitute and appoint the executive officers of the Company, and each of them, as its attorney-in-fact to transfer said stock on the books of the Company with full power of substitution in the premises.

Dated: September 14, 2018

TRANSFEROR:

**[Carpenter Community BancFund, L.P.]**  
**[Carpenter Community BancFund-A, L.P.]**

By: Carpenter Fund Manager GP, LLC, its General Partner

By: \_\_\_\_\_  
Name:  
Title:

Exhibit C-1



**EXHIBIT D**

**FORM OF OPINION OF SELLER'S COUNSEL**

1. Each Seller is validly existing as a Delaware limited partnership, and is in good standing under the laws of the State of Delaware and has limited partnership power and authority to enter into and perform its obligations under the Agreement.
2. The Agreement has been duly authorized, executed and delivered by each Seller.
3. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency of the Opinion Jurisdictions (as defined in such counsel's opinion), is required for the execution, delivery and performance of the Agreement by the Sellers, except such as have been obtained or made and are in full force and effect, and such as may be required under state securities or Blue Sky laws, as to which no opinion is expressed.
4. Neither the sale of the Shares nor the performance by each Seller of its respective obligations under the Agreement will, (i) with or without the giving of notice or passage of time or both, conflict with or constitute a default under, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument set forth on a schedule to such counsel's opinion, (ii) result in a violation of the limited partnership agreement of any Seller, (iii) result in the violation of any applicable laws of the Opinion Jurisdictions, or (iv) result in any violation of any order, writ, judgment or decree of any governmental authority set forth on a schedule to such counsel's opinion.
5. Upon payment of the full purchase price for the Shares to be sold by the Sellers pursuant to the Agreement (assuming that (x) the Purchaser does not have notice of any "adverse claim," within the meaning of Section 8105 of the UCC (as defined in such counsel's opinion), to such Shares or any security entitlement in respect thereof, and (y) the Shares have been duly registered in the name of the Purchaser on the books and records of the Company), the Purchaser will acquire the Shares free of any adverse claim to the extent the Purchaser's rights are governed by Article 8 of the UCC.

Exhibit D-1

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**Section 4: EX-99.5 (EX-99.5)**

**EXHIBIT 5  
EXECUTION VERSION**

**PATRIOT VCOC LETTER AGREEMENT**

Pacific Mercantile Bancorp  
949 South Coast Drive, Suite 300  
Costa Mesa, California 92626  
September 14, 2018

Patriot Financial Partners III, L.P.  
Cira Centre  
2929 Arch Street, Floor 27  
Philadelphia, PA 19104-2868

Dear Sir/Madam:

Reference is made to the Stock Purchase Agreement, dated as of September 14, 2018 (the "Agreement"), by and between Pacific Mercantile Bancorp, a California corporation (the "Corporation"), Patriot Financial Partners III, L.P., a Delaware limited partnership (the "VCOC Investor"), Carpenter Community BancFund, L.P., a Delaware limited partnership ("Carpenter BancFund"), and Carpenter Community BancFund-A, L.P., a Delaware limited partnership ("Carpenter BancFund A") and, together with Carpenter BancFund, each a "Seller" and collectively the "Sellers", pursuant to which the VCOC Investor has agreed to purchase from the Sellers the Corporation's common stock, no par value per share (the "Common Shares") and the Corporation's Series A Non-Voting Preferred Stock (the "Preferred Shares"). Capitalized terms used herein without definition shall have the respective meanings in the Agreement.

For good and valuable consideration acknowledged to have been received, the Corporation hereby agrees that for so long as the VCOC Investor, directly or through one or more affiliates, continues to hold any shares of Common Shares or Preferred Shares acquired pursuant to the Agreement (or other securities of the Corporation into which such shares of Common Shares or Preferred Shares may be converted or for which such shares of Common Shares or Preferred Shares may be exchanged), the Corporation shall:

- Without limitation or prejudice of any the rights provided to the VCOC Investor under the Agreement, the Investor Rights Agreement and the Registration Rights Agreement, each as defined in the Agreement, or any other agreement or otherwise, provide the VCOC Investor or an individual designated by the VCOC Investor with:

- (i) the right to visit and inspect any of the offices and properties of the Corporation and its subsidiary and inspect the books and records of the Corporation and its subsidiary, at such times as the VCOC Investor shall reasonably request upon three (3) business days' notice but not more frequently than once per calendar year, provided, however, that such rights shall not extend to confidential bank supervisory communications, customer financial records or other "exempt records" as defined by 12 C.F.R. Part 309, or reports of examination of any national or state chartered insured bank, which information may only be disclosed by the Corporation or its subsidiary of the Corporation in accordance with the provisions and subject to the

limitations of applicable law or regulation;

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(ii) consolidated balance sheets and statements of income and cash flows of the Corporation and its subsidiary prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis (A) as of the end of each quarter of each fiscal year as soon as practicable after preparation thereof but in no event later than ninety (90) days after the end of such quarter, and (B) with respect to each fiscal year end statement, as soon as practicable after preparation thereof but in no event later than one hundred twenty (120) days after the end of such fiscal year and together with an auditor's report thereon of a firm of established national reputation; and

(iii) to the extent the Corporation or its subsidiary is required by law or pursuant to the terms of any outstanding indebtedness of the Corporation or its subsidiary to prepare such reports, any annual reports, quarterly reports and other periodic reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or otherwise, actually prepared by the Corporation or its subsidiary as soon as available; provided that, in each case, if the Corporation makes the information described in clauses (ii) and (iii) of this bullet point available through public filings on the EDGAR system or any successor or replacement system of the U.S. Securities and Exchange Commission, the delivery of the information shall be deemed satisfied by such public filings.

- Make appropriate officers and directors of the Corporation and its subsidiary available periodically and at such times as reasonably requested by the VCOC Investor for consultation with the VCOC Investor or its designated representative, but not more frequently than once per calendar year, with respect to matters relating to the business and affairs of the Corporation and its subsidiary;

- To the extent consistent with applicable law (and with respect to events which require public disclosure, only following the Corporation's public disclosure thereof through applicable securities law filings or otherwise) and so long as the VCOC Investor does not have a representative or observer on the Corporation's board of directors, inform the VCOC Investor or its designated representative in advance with respect to any significant corporate actions, and to provide the VCOC Investor or its designated representative with the right to consult with the Corporation and its subsidiaries in advance with respect to such actions should the VCOC Investor elect to do so; provided that, notwithstanding any such election, the Corporation shall be under no obligation to provide the VCOC Investor with any material non-public information with respect to such significant corporate action. The VCOC Investor is aware that it may receive material non-public information about the Corporation, and the VCOC Investor agrees that it is aware of and shall comply with the federal and state securities laws that restrict any person who has material, non-public information about a company from purchasing or selling securities of the company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities; and

- exercise commercially reasonable efforts to provide the VCOC Investor or its designated representative with such other rights of consultation which the VCOC Investor's counsel may determine to be reasonably necessary under applicable legal authorities promulgated after the date hereof to qualify its investment in the Corporation as a "venture capital investment" for purposes of the United States Department of Labor Regulation published

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at 29 C.F.R. Section 2510.3-101(d)(3)(i) (the “Plan Asset Regulation”), and cooperate in good faith with the VCOC Investor to amend this letter agreement to reflect such other rights that are mutually satisfactory to the Corporation and the VCOC Investor and consistent with the Federal Reserve Policy Statement on Equity Investments in Banks and Bank Holding Companies and the fiduciary obligations of the Corporation’s directors and officers, provided that such consultation rights shall be limited to once per calendar quarter.

The Corporation agrees to consider, in good faith, the recommendations of the VCOC Investor or its designated representative in connection with the matters on which it is consulted as described above, recognizing that the ultimate discretion with respect to all such matters shall be retained by the Corporation.

The VCOC Investor agrees, and will require each designated representative of the VCOC Investor to agree, to hold in confidence and not use or disclose to any third party (other than its legal counsel and accountants) any confidential information provided to or learned by such party in connection with the VCOC Investor’s rights under this letter agreement except as may otherwise be required by law or legal, judicial or regulatory process, provided that the VCOC Investor takes commercially reasonable steps to minimize the extent of any such required disclosure.

In the event the VCOC Investor transfers all or any portion of its investment in the Corporation to an affiliated entity (or to a direct or indirect wholly-owned conduit subsidiary of any such affiliated entity) that is intended to qualify as a venture capital operating company under the Plan Asset Regulation, such affiliated entity shall be afforded the same rights that the Corporation has afforded to the VCOC Investor hereunder and shall be treated, for such purposes, as a third party beneficiary hereunder.

The rights of the VCOC Investor under this letter agreement are unique to the VCOC Investor and shall not be assignable or transferrable other than to an affiliated entity that is intended to qualify as a venture capital operating company under the Plan Asset Regulation.

The VCOC Investor acknowledges that the Corporation has made no representation that it qualifies, or in the future will qualify, as a “venture capital operating company” or that an investment in the Corporation qualifies as a “venture capital investment” as those terms are defined in 29 CFR 2510.3-101 and disclaims any responsibility therefor.

The letter agreement will expire when the VCOC Investor, directly or through one or more affiliates, no longer holds any shares of Common Shares or Preferred Shares.

This letter agreement and the rights and the duties of the parties hereto shall be governed by, and construed in accordance with, the laws of the State of California and may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

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PACIFIC MERCANTILE BANCORP

By: /s/ Curt A. Christianssen

Name: Curt A. Christianssen

Title: EVP & CFO

[Signature Page to Patriot VCOC Letter Agreement]

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Agreed and acknowledged as of the date first above written:

PATRIOT FINANCIAL PARTNERS III, L.P.

By: /s/ James F. Deutsch

Name: James F. Deutsch

Title: Managing Partner

[Signature Page to Patriot VCOC Letter Agreement]

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