



RBB Bancorp Reports Third Quarter 2024 Earnings and Declares Quarterly Cash Dividend of \$0.16 Per Common Share

October 21, 2024

LOS ANGELES, Oct. 21, 2024 (GLOBE NEWSWIRE) -- RBB Bancorp (NASDAQ:RBB) and its subsidiaries, Royal Business Bank (the "Bank") and RBB Asset Management Company ("RAM"), collectively referred to herein as "the Company," announced financial results for the quarter ended September 30, 2024.

Third Quarter 2024 Highlights

- Net income totaled \$7.0 million, or \$ 0.39 diluted earnings per share
- Return on average assets of 0.72%, compared to 0.76% for the quarter ended June 30, 2024
- Net interest margin of 2.68% compared to 2.67% for the quarter ended June 30, 2024
- Repurchased 508,275 shares of common stock for \$11.0 million during the quarter ended September 30, 2024, and completed the authorized program
- Book value and tangible book value per share(1) increased to \$28.81 and \$24.64 at September 30, 2024, up from \$28.12 and \$24.06 at June 30, 2024

The Company reported net income of \$7.0 million, or \$ 0.39 diluted earnings per share, for the quarter ended September 30, 2024, compared to net income of \$7.2 million, or \$ 0.39 diluted earnings per share, for the quarter ended June 30, 2024.

"Loans increased at a 6% annualized rate in the third quarter as our work to expand lending and deposit relationships began to deliver results," said David Morris, Chief Executive Officer of RBB Bancorp. "Net interest margin increased slightly, and we are optimistic that it will continue to expand from here. We continue to work through our non-performing loans and believe we will be able to resolve the majority of them by mid-2025."

"The team has done an excellent job building on the Bank's reputation as one of the premier Asian-centric financial institutions," said Christina Kao, Chair of the Board of Directors. "Returning the Bank to growth has been a priority for the Board of Directors as we believe it will enhance long-term shareholder value."

(1) Reconciliations of the non-U.S. generally accepted accounting principles ("GAAP") measures included at the end of this press release.

Net Interest Income and Net Interest Margin

Net interest income was \$24.5 million for the third quarter of 2024, compared to \$24.0 million for the second quarter of 2024. The \$580,000 increase was due to an increase in interest income of \$1.5 million offset by an increase in interest expense of \$959,000. The increase in interest income was due mostly to higher interest income on loans held for investment ("HFI") of \$2.0 million, partially offset by lower interest income on investment securities of \$504,000. The increase in loan interest income was mostly due to higher average loans HFI of \$54.4 million combined with a 9 basis point increase in the HFI loan yield. The decrease in investment income was attributed to lower average balances and a lower portfolio yield as proceeds from maturing short-term commercial paper were invested into loans and interest-earning cash. The increase in interest expense was due to higher average interest-bearing deposits of \$42.3 million in the third quarter of 2024.

Net interest margin ("NIM") was 2.68% for the third quarter of 2024, an increase of 1 basis point from 2.67% for the second quarter of 2024. The increase was due to a 5 basis point increase in the yield on average interest-earning assets, partially offset by a 3 basis point increase in the overall cost of funds. The yield on average interest-earning assets increased to 5.94% for the third quarter of 2024 from 5.89% for the second quarter of 2024 due mainly to a 9 basis point increase in the yield on average loans HFI to 6.13% for the third quarter of 2024. The increase in the loan yield was largely attributed to nonaccrual loan activity in the current and prior quarter, including both the recapture of interest income for fully paid off nonaccrual loans and reversals of interest income for loans migrating to nonaccrual status. Such activity increased the third quarter loan yield by 1 basis point and decreased the second quarter loan yield by 7 basis points. Average loans represented 84% of average interest-earning assets in the third quarter of 2024, unchanged from the second quarter of 2024.

The overall cost of funds increased to 3.57% in the third quarter of 2024 from 3.54% in the second quarter of 2024 due to a higher average cost of interest-bearing deposits in the third quarter of 2024 as compared to the second quarter of 2024. The overall funding mix remained relatively unchanged from the second quarter of 2024 as the ratio of average noninterest-bearing deposits to average total funding sources remained relatively unchanged at 16% for the third and second quarters of 2024. The all-in spot rate for total deposits was 3.53% at September 30, 2024.

Provision for Credit Losses

The Company recorded a provision for credit losses of \$3.3 million for the third quarter of 2024 compared to \$557,000 for the second quarter of 2024. The third quarter provision took into consideration factors including changes in the loan portfolio mix, higher specific reserves, the outlook for economic conditions and market interest rates, and credit quality metrics, including higher nonperforming, special mention and substandard loans at the end of the third quarter of 2024 as compared to the end of the second quarter of 2024.

Noninterest Income

Noninterest income for the third quarter of 2024 was \$5.7 million, an increase of \$2.3 million from \$3.5 million for the second quarter of 2024. This increase was mostly due to a \$2.8 million recovery of a fully charged off loan, which had been acquired in a bank acquisition (included in other income), partially offset by lower net gain on other real estate owned ("OREO") of \$292,000.

Noninterest Expense

Noninterest expense for the third quarter of 2024 was \$17.4 million, an increase of \$297,000 from \$17.1 million for the second quarter of 2024. This increase was due to higher salaries and employee benefits expense of \$475,000 due in part to higher loan production and higher other expenses of \$304,000 due to higher loan related expense. These increases were partially offset by lower insurance and regulatory assessments of \$323,000 and lower legal and professional expenses of \$302,000, the latter being due to reimbursed legal costs from nonaccrual loan payoffs. The annualized noninterest expenses to average assets ratio was 1.78% for the third quarter of 2024, down from 1.79% for the second quarter of 2024. The efficiency ratio was 57.51% for the third quarter of 2024, down from 62.38% for the second quarter of 2024 due mostly to higher noninterest income.

Income Taxes

The effective tax rate was 26.9% for the third quarter of 2024 and 25.9% for the second quarter of 2024. The effective tax rate for 2024 is estimated to range between 26.0% and 28.0%.

Balance Sheet

At September 30, 2024, total assets were \$4.0 billion, a \$122.3 million increase compared to June 30, 2024, and a \$78.9 million decrease compared to September 30, 2023.

Loan and Securities Portfolio

Loans HFI totaled \$3.1 billion as of September 30, 2024, an increase of \$44.2 million compared to June 30, 2024 and a \$29.1 million decrease compared to September 30, 2023. The increase from June 30, 2024 was primarily due to a \$62.5 million increase in commercial real estate ("CRE") loans, a \$5.6 million increase in single-family residential ("SFR") mortgages and a \$2.2 million increase in commercial and industrial ("C&I") loans, partially offset by a \$22.3 million decrease in construction and land development ("C&D") loans and a \$2.2 million decrease in Small Business Administration ("SBA") loans. The loan to deposit ratio was 98.6% at September 30, 2024, compared to 99.4% at June 30, 2024 and 97.6% at September 30, 2023.

As of September 30, 2024, available-for-sale securities totaled \$305.7 million, a decrease of \$19.9 million from June 30, 2024. As of September 30, 2024, net unrealized losses totaled \$23.2 million, a \$6.9 million decrease due to decreases in market interest rates, when compared to net unrealized losses as of June 30, 2024.

Deposits

Total deposits were \$3.1 billion as of September 30, 2024, a \$68.6 million increase compared to June 30, 2024 and a \$61.9 million decrease compared to September 30, 2023. The increase during the third quarter of 2024 was due to an increase in interest-bearing deposits, while noninterest-bearing deposits remained relatively stable at \$543.6 million as of September 30, 2024 compared to \$543.0 million as of June 30, 2024. The increase in interest-bearing deposits included an increase in time deposits of \$49.6 million and an increase in non-maturity deposits of \$18.3 million. The increase in time deposits included a \$26.6 million increase in wholesale deposits (brokered deposits, collateralized State of California certificates of deposit and deposits acquired through internet listing services). Wholesale deposits totaled \$147.3 million at September 30, 2024, and \$120.7 million at June 30, 2024. Noninterest-bearing deposits represented 17.6% of total deposits at September 30, 2024 compared to 18.0% at June 30, 2024.

Credit Quality

Nonperforming assets totaled \$60.7 million, or 1.52% of total assets, at September 30, 2024, compared to \$54.6 million, or 1.41% of total assets, at June 30, 2024. The \$6.1 million increase in nonperforming assets was mostly due to two loans that migrated to nonaccrual totaling \$13.3 million and consisted of a C&D loan and a CRE loan, offset by \$6.1 million in payoffs with no losses and \$1.2 million in partial charge-offs of nonaccrual loans.

Special mention loans totaled \$77.5 million, or 2.51% of total loans, at September 30, 2024, compared to \$19.5 million, or 0.64% of total loans, at June 30, 2024. The \$58.0 million increase was primarily due to one \$43.6 million C&D loan for a completed hotel construction project, CRE loans totaling \$25.2 million and C&I loans totaling \$1.2 million. The increase was partially offset by one \$11.7 million C&D loan, which migrated from special mention to substandard during the third quarter of 2024. All special mention loans, including the \$11.7 million C&D loan which migrated to substandard rating, are all paying current.

Substandard loans totaled \$79.8 million, or 2.58% of total loans, at September 30, 2024, compared to \$63.1 million, or 2.07% of total loans, at June 30, 2024. The \$16.8 million increase was primarily due to downgrades of two C&D loans totaling \$21.7 million and one \$3.3 million CRE loan, offset by loan payoffs of \$6.7 million and charge-offs of \$1.2 million. Of the substandard loans at September 30, 2024, there are \$19.2 million which are paying current.

30-89 day delinquent loans, excluding nonperforming loans, decreased \$645,000 to \$10.6 million as of September 30, 2024, compared to \$11.3 million as of June 30, 2024. The decrease in past due loans was mostly due to 12 loans totaling \$4.7 million that returned to current status and other decreases totaling \$784,000, partially offset by new delinquent loans totaling \$4.9 million, of which \$4.1 million were 30 days past due.

As of September 30, 2024, the allowance for credit losses totaled \$44.5 million and was comprised of an allowance for loan losses of \$43.7 million and a reserve for unfunded commitments of \$79,000 (included in "Accrued interest and other liabilities"). This compares to the allowance for credit losses of \$42.4 million comprised of an allowance for loan losses of \$41.7 million and a reserve for unfunded commitments of \$624,000 at June 30, 2024. The \$2.1 million increase in the allowance for credit losses for the third quarter of 2024 was due to a \$3.3 million provision for credit losses, including higher specific reserves of \$2.5 million, offset by net charge-offs of \$1.2 million. The increase in specific reserves and charge-offs in the third quarter of 2024 was primarily due to a decrease in the estimated fair value of collateral dependent loans, including estimated selling costs. Charge-offs in the third quarter of 2024 were related to one C&D loan and one CRE loan, which were written-down to their estimated fair value. The allowance for loan losses as a percentage of loans HFI was 1.41% at September 30, 2024, compared to 1.37% at June 30, 2024. The allowance for loan losses as a percentage of nonperforming loans was 72% at September 30, 2024, a decrease from 76% at June 30, 2024. The decrease in the allowance for loan losses as a

percentage of nonperforming loans was due in part to an increase in individually evaluated loans, which required no allowance for loan losses.

| | For the Three Months Ended September 30, 2024 | | | For the Nine Months Ended September 30, 2024 | | |
|---------------------------------|--|---|-----------------------------------|---|---|-----------------------------------|
| | Allowance for loan losses | Reserve for unfunded loan commitments | Allowance for credit losses | Allowance for loan losses | Reserve for unfunded loan commitments | Allowance for credit losses |
| <i>(dollars in thousands)</i> | | | | | | |
| Beginning balance | \$ 41,741 | \$ 624 | \$ 42,365 | \$ 41,903 | \$ 640 | \$ 42,543 |
| Provision for credit losses | 3,145 | 155 | 3,300 | 3,718 | 139 | 3,857 |
| Less loans charged-off | (1,210) | — | (1,210) | (1,991) | — | (1,991) |
| Recoveries on loans charged-off | 9 | — | 9 | 55 | — | 55 |
| Ending balance | \$ 43,685 | \$ 779 | \$ 44,464 | \$ 43,685 | \$ 779 | \$ 44,464 |

Shareholders' Equity

At September 30, 2024, total shareholders' equity was \$509.7 million, a \$1.6 million decrease compared to June 30, 2024, and a \$7.2 million increase compared to September 30, 2023. The decrease in shareholders' equity for the third quarter of 2024 was due to common stock repurchases of \$11.0 million and common stock cash dividends paid of \$2.9 million, offset by net income of \$7.0 million, lower net unrealized loss on available-for-sale securities of \$4.8 million and equity compensation activity of \$528,000. Book value per share and tangible book value per share⁽¹⁾ increased to \$28.81 and \$24.64 at September 30, 2024, up from \$28.12 and \$24.06 at June 30, 2024.

On February 29, 2024, the Board of Directors authorized the repurchase of up to 1,000,000 shares of common stock. The repurchase program permitted shares to be repurchased in open market or private transactions, through block trades, and pursuant to any trading plan that may be adopted in accordance with Securities and Exchange Commission ("SEC") Rules 10b5-1 and 10b-8. The Company repurchased 508,275 shares at a weighted average share price of \$21.53 during the third quarter of 2024 and completed the authorized program.

Dividend Announcement

The Board of Directors has declared a common stock cash dividend of \$0.16 per common share, payable on November 12, 2024 to shareholders of record on October 31, 2024.

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(1) Reconciliations of the non-U.S. generally accepted accounting principles ("GAAP") measures included at the end of this press release.

Corporate Overview

RBB Bancorp is a community-based financial holding company headquartered in Los Angeles, California. As of September 30, 2024, the Company had total assets of \$4.0 billion. Its wholly-owned subsidiary, Royal Business Bank, is a full service commercial bank, which provides consumer and business banking services predominately to the Asian-centric communities in Los Angeles County, Orange County, and Ventura County in California, in Las Vegas, Nevada, in Brooklyn, Queens, and Manhattan in New York, in Edison, New Jersey, in the Chicago neighborhoods of Chinatown and Bridgeport, Illinois, and on Oahu, Hawaii. Bank services include remote deposit, E-banking, mobile banking, commercial and investor real estate loans, business loans and lines of credit, commercial and industrial loans, SBA 7A and 504 loans, 1-4 single family residential loans, trade finance, a full range of depository account products and wealth management services. The Bank has nine branches in Los Angeles County, two branches in Ventura County, one branch in Orange County, California, one branch in Las Vegas, Nevada, three branches and one loan operation center in Brooklyn, three branches in Queens, one branch in Manhattan in New York, one branch in Edison, New Jersey, two branches in Chicago, Illinois, and one branch in Honolulu, Hawaii. The Company's administrative and lending center is located at 1055 Wilshire Blvd., Los Angeles, California 90017, and its operations center is located at 7025 Orangethorpe Ave., Buena Park, California 90621. The Company's website address is www.royalbusinessbankusa.com.

Conference Call

Management will hold a conference call at 11:00 a.m. Pacific time/2:00 p.m. Eastern time on Tuesday, October 22, 2024, to discuss the Company's third quarter 2024 financial results.

To listen to the conference call, please dial 1-888-506-0062 or 1-973-528-0011, the Participant ID code is 392446, conference ID RBBQ324. A replay of the call will be made available at 1-877-481-4010 or 1-919-882-2331, the passcode is 51366, approximately one hour after the conclusion of the call and will remain available through November 5, 2024.

The conference call will also be simultaneously webcast over the Internet; please visit our Royal Business Bank website at www.royalbusinessbankusa.com and click on the "Investors" tab to access the call from the site. This webcast will be recorded and available for replay on our website approximately two hours after the conclusion of the conference call.

Disclosure

This press release contains certain non-GAAP financial disclosures for tangible common equity and tangible assets and adjusted earnings. The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance investors' overall understanding of such financial performance. Please refer to the tables at the end of this release for a

presentation of performance ratios in accordance with GAAP and a reconciliation of the non-GAAP financial measures to the GAAP financial measures.

Safe Harbor

Certain matters set forth herein (including the exhibits hereto) constitute forward-looking statements relating to the Company's current business plans and expectations and our future financial position and operating results. These forward-looking statements are subject to risks and uncertainties that could cause actual results, performance and/or achievements to differ materially from those projected. These risks and uncertainties include, but are not limited to, the effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures; the potential for additional material weaknesses in the Company's internal controls over financial reporting or other potential control deficiencies of which the Company is not currently aware or which have not been detected; business and economic conditions generally and in the financial services industry, nationally and within our current and future geographic markets, including the tight labor market, ineffective management of the United States ("U.S.") federal budget or debt or turbulence or uncertainty in domestic or foreign financial markets; the strength of the U.S. economy in general and the strength of the local economies in which we conduct operations; adverse developments in the banking industry highlighted by high-profile bank failures and the potential impact of such developments on customer confidence, liquidity and regulatory responses to these developments; our ability to attract and retain deposits and access other sources of liquidity; possible additional provisions for credit losses and charge-offs; credit risks of lending activities and deterioration in asset or credit quality; extensive laws and regulations and supervision that we are subject to, including potential supervisory action by bank supervisory authorities; increased costs of compliance and other risks associated with changes in regulation, including any amendments to the Dodd-Frank Wall Street Reform and Consumer Protection Act; compliance with the Bank Secrecy Act and other money laundering statutes and regulations; potential goodwill impairment; liquidity risk; failure to comply with debt covenants; fluctuations in interest rates; risks associated with acquisitions and the expansion of our business into new markets; inflation and deflation; real estate market conditions and the value of real estate collateral; the effects of having concentrations in our loan portfolio, including commercial real estate and the risks of geographic and industry concentrations; environmental liabilities; our ability to compete with larger competitors; our ability to retain key personnel; successful management of reputational risk; severe weather, natural disasters, earthquakes, fires; or other adverse external events could harm our business; geopolitical conditions, including acts or threats of terrorism, actions taken by the U.S. or other governments in response to acts or threats of terrorism and/or military conflicts, including the conflicts between Russia and Ukraine, in the Middle East, and increasing tensions between China and Taiwan, which could impact business and economic conditions in the U.S. and abroad; public health crises and pandemics, and their effects on the economic and business environments in which we operate, including our credit quality and business operations, as well as the impact on general economic and financial market conditions; general economic or business conditions in Asia, and other regions where the Bank has operations; failures, interruptions, or security breaches of our information systems; climate change, including any enhanced regulatory, compliance, credit and reputational risks and costs; cybersecurity threats and the cost of defending against them; our ability to adapt our systems to the expanding use of technology in banking; risk management processes and strategies; adverse results in legal proceedings; the impact of regulatory enforcement actions, if any; certain provisions in our charter and bylaws that may affect acquisition of the Company; changes in tax laws and regulations; the impact of governmental efforts to restructure the U.S. financial regulatory system; the impact of future or recent changes in the Federal Deposit Insurance Corporation ("FDIC") insurance assessment rate and the rules and regulations related to the calculation of the FDIC insurance assessments; the effect of changes in accounting policies and practices or accounting standards, as may be adopted from time-to-time by bank regulatory agencies, the SEC, the Public Company Accounting Oversight Board, the Financial Accounting Standards Board or other accounting standards setters, including Accounting Standards Update 2016-13 (Topic 326, "Measurement of Current Losses on Financial Instruments, commonly referenced as the Current Expected Credit Losses Model, which changed how we estimate credit losses and may further increase the required level of our allowance for credit losses in future periods; market disruption and volatility; fluctuations in the Company's stock price; restrictions on dividends and other distributions by laws and regulations and by our regulators and our capital structure; issuances of preferred stock; our ability to raise additional capital, if needed, and the potential resulting dilution of interests of holders of our common stock; the soundness of other financial institutions; our ongoing relations with our various federal and state regulators, including the SEC, FDIC, FRB and California Department of Financial Protection and Innovation; our success at managing the risks involved in the foregoing items and all other factors set forth in the Company's public reports, including its Annual Report as filed under Form 10-K for the year ended December 31, 2023, and particularly the discussion of risk factors within that document. The Company does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by law. Any statements about future operating results, such as those concerning accretion and dilution to the Company's earnings or shareholders, are for illustrative purposes only, are not forecasts, and actual results may differ.

RBB BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)

| | September 30, 2024 | June 30, 2024 | March 31, 2024 | December 31, 2023 | September 30, 2023 |
|--|-----------------------|------------------|-------------------|----------------------|-----------------------|
| Assets | | | | | |
| Cash and due from banks | \$ 26,388 | \$ 23,313 | \$ 21,887 | \$ 22,671 | \$ 23,809 |
| Interest-earning deposits with financial institutions | 323,002 | 229,456 | 247,356 | 408,702 | 306,982 |
| Cash and Cash Equivalents | 349,390 | 252,769 | 269,243 | 431,373 | 330,791 |
| Interest-earning time deposits with financial institutions | 600 | 600 | 600 | 600 | 600 |
| Investment securities available for sale | 305,666 | 325,582 | 335,194 | 318,961 | 354,378 |
| Investment securities held to maturity | 5,195 | 5,200 | 5,204 | 5,209 | 5,214 |
| Mortgage loans held for sale | 812 | 3,146 | 3,903 | 1,911 | 62 |
| Loans held for investment | 3,091,896 | 3,047,712 | 3,027,361 | 3,031,861 | 3,120,952 |
| Allowance for loan losses | (43,685) | (41,741) | (41,688) | (41,903) | (42,430) |

| | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net loans held for investment | 3,048,211 | 3,005,971 | 2,985,673 | 2,989,958 | 3,078,522 |
| Premises and equipment, net | 24,839 | 25,049 | 25,363 | 25,684 | 26,134 |
| Federal Home Loan Bank (FHLB) stock | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Cash surrender value of bank owned life insurance | 59,889 | 59,486 | 59,101 | 58,719 | 58,346 |
| Goodwill | 71,498 | 71,498 | 71,498 | 71,498 | 71,498 |
| Servicing assets | 7,256 | 7,545 | 7,794 | 8,110 | 8,439 |
| Core deposit intangibles | 2,194 | 2,394 | 2,594 | 2,795 | 3,010 |
| Right-of-use assets | 29,283 | 30,530 | 31,231 | 29,803 | 29,949 |
| Accrued interest and other assets | 70,644 | 63,416 | 65,608 | 66,404 | 87,411 |
| Total assets | <u>\$ 3,990,477</u> | <u>\$ 3,868,186</u> | <u>\$ 3,878,006</u> | <u>\$ 4,026,025</u> | <u>\$ 4,069,354</u> |
| Liabilities and shareholders' equity | | | | | |
| Deposits: | | | | | |
| Noninterest-bearing demand | \$ 543,623 | \$ 542,971 | \$ 539,517 | \$ 539,621 | \$ 572,393 |
| Savings, NOW and money market accounts | 666,089 | 647,770 | 642,840 | 632,729 | 608,020 |
| Time deposits, \$250,000 and under | 1,052,462 | 1,014,189 | 1,083,898 | 1,190,821 | 1,237,831 |
| Time deposits, greater than \$250,000 | 830,010 | 818,675 | 762,074 | 811,589 | 735,828 |
| Total deposits | <u>3,092,184</u> | <u>3,023,605</u> | <u>3,028,329</u> | <u>3,174,760</u> | <u>3,154,072</u> |
| FHLB advances | 200,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Long-term debt, net of issuance costs | 119,433 | 119,338 | 119,243 | 119,147 | 174,019 |
| Subordinated debentures | 15,102 | 15,047 | 14,993 | 14,938 | 14,884 |
| Lease liabilities - operating leases | 30,880 | 32,087 | 32,690 | 31,191 | 31,265 |
| Accrued interest and other liabilities | 23,150 | 16,818 | 18,765 | 24,729 | 42,603 |
| Total liabilities | <u>3,480,749</u> | <u>3,356,895</u> | <u>3,364,020</u> | <u>3,514,765</u> | <u>3,566,843</u> |
| Shareholders' equity: | | | | | |
| Common Stock | 259,280 | 266,160 | 271,645 | 271,925 | 277,462 |
| Additional paid-in capital | 3,520 | 3,456 | 3,348 | 3,623 | 3,579 |
| Retained Earnings | 262,946 | 262,518 | 259,903 | 255,152 | 247,159 |
| Non-controlling interest | 72 | 72 | 72 | 72 | 72 |
| Accumulated other comprehensive loss, net | (16,090) | (20,915) | (20,982) | (19,512) | (25,761) |
| Total shareholders' equity | <u>509,728</u> | <u>511,291</u> | <u>513,986</u> | <u>511,260</u> | <u>502,511</u> |
| Total liabilities and shareholders' equity | <u>\$ 3,990,477</u> | <u>\$ 3,868,186</u> | <u>\$ 3,878,006</u> | <u>\$ 4,026,025</u> | <u>\$ 4,069,354</u> |

RBB BANCORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except share and per share data)

| | For the Three Months Ended | | | For the Nine Months Ended | |
|---|----------------------------|------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2024 | June 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| Interest and dividend income: | | | | | |
| Interest and fees on loans | \$ 47,326 | \$ 45,320 | \$ 47,617 | \$ 138,193 | \$ 148,369 |
| Interest on interest-earning deposits | 3,388 | 3,353 | 3,193 | 11,781 | 6,096 |
| Interest on investment securities | 3,127 | 3,631 | 4,211 | 10,369 | 10,321 |
| Dividend income on FHLB stock | 326 | 327 | 290 | 984 | 814 |
| Interest on federal funds sold and other | 258 | 255 | 252 | 779 | 716 |
| Total interest and dividend income | <u>54,425</u> | <u>52,886</u> | <u>55,563</u> | <u>162,106</u> | <u>166,316</u> |
| Interest expense: | | | | | |
| Interest on savings deposits, NOW and money market accounts | 5,193 | 4,953 | 3,106 | 14,624 | 8,180 |
| Interest on time deposits | 22,553 | 21,850 | 21,849 | 67,725 | 54,424 |
| Interest on long-term debt and subordinated debentures | 1,681 | 1,679 | 2,579 | 5,039 | 7,668 |
| Interest on other borrowed funds | 453 | 439 | 440 | 1,331 | 2,428 |
| Total interest expense | <u>29,880</u> | <u>28,921</u> | <u>27,974</u> | <u>88,719</u> | <u>72,700</u> |
| Net interest income before provision for credit losses | 24,545 | 23,965 | 27,589 | 73,387 | 93,616 |
| Provision for credit losses | 3,300 | 557 | 1,399 | 3,857 | 3,793 |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Net interest income after provision for credit losses | 21,245 | 23,408 | 26,190 | 69,530 | 89,823 |
| Noninterest income: | | | | | |
| Service charges and fees | 1,071 | 1,064 | 1,057 | 3,127 | 3,200 |
| Gain on sale of loans | 447 | 451 | 212 | 1,210 | 258 |
| Loan servicing fees, net of amortization | 605 | 579 | 623 | 1,773 | 1,959 |
| Increase in cash surrender value of life insurance | 402 | 385 | 356 | 1,169 | 1,036 |
| Gain on OREO | — | 292 | 190 | 1,016 | 190 |
| Other income | 3,221 | 717 | 332 | 4,311 | 982 |
| Total noninterest income | 5,746 | 3,488 | 2,770 | 12,606 | 7,625 |
| Noninterest expense: | | | | | |
| Salaries and employee benefits | 10,008 | 9,533 | 9,744 | 29,468 | 28,935 |
| Occupancy and equipment expenses | 2,518 | 2,439 | 2,414 | 7,400 | 7,242 |
| Data processing | 1,472 | 1,466 | 1,315 | 4,358 | 3,969 |
| Legal and professional | 958 | 1,260 | 1,022 | 3,098 | 6,907 |
| Office expenses | 348 | 352 | 437 | 1,056 | 1,163 |
| Marketing and business promotion | 252 | 189 | 340 | 613 | 892 |
| Insurance and regulatory assessments | 658 | 981 | 730 | 2,621 | 2,043 |
| Core deposit premium | 200 | 201 | 236 | 602 | 708 |
| Other expenses | 1,007 | 703 | 638 | 2,298 | 2,445 |
| Total noninterest expense | 17,421 | 17,124 | 16,876 | 51,514 | 54,304 |
| Income before income taxes | 9,570 | 9,772 | 12,084 | 30,622 | 43,144 |
| Income tax expense | 2,571 | 2,527 | 3,611 | 8,342 | 12,752 |
| Net income | \$ 6,999 | \$ 7,245 | \$ 8,473 | \$ 22,280 | \$ 30,392 |
| Net income per share | | | | | |
| Basic | \$ 0.39 | \$ 0.39 | \$ 0.45 | \$ 1.22 | \$ 1.60 |
| Diluted | \$ 0.39 | \$ 0.39 | \$ 0.45 | \$ 1.22 | \$ 1.60 |
| Cash Dividends declared per common share | \$ 0.16 | \$ 0.16 | \$ 0.16 | \$ 0.48 | \$ 0.48 |
| Weighted-average common shares outstanding | | | | | |
| Basic | 17,812,791 | 18,375,970 | 18,995,303 | 18,261,702 | 18,991,579 |
| Diluted | 17,885,359 | 18,406,897 | 18,997,304 | 18,313,086 | 19,013,838 |

RBB BANCORP AND SUBSIDIARIES
AVERAGE BALANCE SHEET AND NET INTEREST INCOME
(Unaudited)

| | For the Three Months Ended | | | | | | | | |
|---|----------------------------|-----------------|--------------|-----------------|-----------------|--------------|--------------------|-----------------|--------------|
| | September 30, 2024 | | | June 30, 2024 | | | September 30, 2023 | | |
| | Average Balance | Interest & Fees | Yield / Rate | Average Balance | Interest & Fees | Yield / Rate | Average Balance | Interest & Fees | Yield / Rate |
| <i>(tax-equivalent basis, dollars in thousands)</i> | | | | | | | | | |
| Interest-earning assets | | | | | | | | | |
| Cash and cash equivalents ⁽¹⁾ | \$ 260,205 | \$ 3,646 | 5.57 % | \$ 255,973 | \$ 3,608 | 5.67 % | \$ 270,484 | \$ 3,445 | 5.05 % |
| FHLB Stock | 15,000 | 326 | 8.65 % | 15,000 | 327 | 8.77 % | 15,000 | 290 | 7.67 % |
| Securities | | | | | | | | | |
| Available for sale ⁽²⁾ | 298,948 | 3,105 | 4.13 % | 318,240 | 3,608 | 4.56 % | 369,459 | 4,187 | 4.50 % |
| Held to maturity ⁽²⁾ | 5,198 | 46 | 3.52 % | 5,203 | 46 | 3.56 % | 5,385 | 48 | 3.54 % |
| Mortgage loans held for sale | 1,165 | 23 | 7.85 % | 3,032 | 57 | 7.56 % | 739 | 13 | 6.98 % |
| Loans held for investment: ⁽³⁾ | | | | | | | | | |
| Real estate | 2,888,528 | 43,495 | 5.99 % | 2,828,339 | 41,590 | 5.91 % | 2,968,246 | 43,583 | 5.83 % |
| Commercial | 179,885 | 3,808 | 8.42 % | 185,679 | 3,673 | 7.96 % | 187,140 | 4,021 | 8.52 % |
| Total loans held for investment | 3,068,413 | 47,303 | 6.13 % | 3,014,018 | 45,263 | 6.04 % | 3,155,386 | 47,604 | 5.99 % |
| Total interest-earning assets | 3,648,929 | \$ 54,449 | 5.94 % | 3,611,466 | \$ 52,909 | 5.89 % | 3,816,453 | \$ 55,587 | 5.78 % |
| Total noninterest-earning assets | 242,059 | | | 240,016 | | | 250,083 | | |

| | | | | | | | | | |
|---|--------------|-----------|--------------|--------------|--------------|---------|--------------|-----------|---------|
| Total average assets | \$ 3,890,988 | | \$ 3,851,482 | | \$ 4,066,536 | | | | |
| Interest-bearing liabilities | | | | | | | | | |
| NOW | 55,757 | 277 | 1.98 % | \$ 56,081 | \$ 276 | 1.98 % | \$ 55,325 | \$ 201 | 1.44 % |
| Money Market | 439,936 | 4,093 | 3.70 % | 431,559 | 3,877 | 3.61 % | 403,300 | 2,656 | 2.61 % |
| Saving deposits | 164,515 | 823 | 1.99 % | 164,913 | 800 | 1.95 % | 123,709 | 249 | 0.80 % |
| Time deposits, \$250,000 and under | 1,037,365 | 12,312 | 4.72 % | 1,049,666 | 12,360 | 4.74 % | 1,285,320 | 14,090 | 4.35 % |
| Time deposits, greater than \$250,000 | 819,207 | 10,241 | 4.97 % | 772,255 | 9,490 | 4.94 % | 717,026 | 7,759 | 4.29 % |
| Total interest-bearing deposits | 2,516,780 | 27,746 | 4.39 % | 2,474,474 | 26,803 | 4.36 % | 2,584,680 | 24,955 | 3.83 % |
| FHLB advances | 150,543 | 453 | 1.20 % | 150,000 | 439 | 1.18 % | 150,000 | 440 | 1.16 % |
| Long-term debt | 119,370 | 1,295 | 4.32 % | 119,275 | 1,296 | 4.37 % | 173,923 | 2,194 | 5.00 % |
| Subordinated debentures | 15,066 | 386 | 10.19 % | 15,011 | 383 | 10.26 % | 14,848 | 385 | 10.29 % |
| Total interest-bearing liabilities | 2,801,759 | 29,880 | 4.24 % | 2,758,760 | 28,921 | 4.22 % | 2,923,451 | 27,974 | 3.80 % |
| Noninterest-bearing liabilities | | | | | | | | | |
| Noninterest-bearing deposits | 528,081 | | | 529,450 | | | 571,371 | | |
| Other noninterest-bearing liabilities | 52,428 | | | 51,087 | | | 67,282 | | |
| Total noninterest-bearing liabilities | 580,509 | | | 580,537 | | | 638,653 | | |
| Shareholders' equity | 508,720 | | | 512,185 | | | 504,432 | | |
| Total liabilities and shareholders' equity | \$ 3,890,988 | | | \$ 3,851,482 | | | \$ 4,066,536 | | |
| Net interest income / interest rate spreads | | \$ 24,569 | 1.70 % | | \$ 23,988 | 1.67 % | | \$ 27,613 | 1.98 % |
| Net interest margin | | | 2.68 % | | | 2.67 % | | | 2.87 % |
| Total cost of deposits | \$ 3,044,861 | \$ 27,746 | 3.63 % | \$ 3,003,924 | \$ 26,803 | 3.59 % | \$ 3,156,051 | \$ 24,955 | 3.14 % |
| Total cost of funds | \$ 3,329,840 | \$ 29,880 | 3.57 % | \$ 3,288,210 | \$ 28,921 | 3.54 % | \$ 3,494,822 | \$ 27,974 | 3.18 % |

(1) Includes income and average balances for interest-earning time deposits and other miscellaneous interest-earning assets.

(2) Interest income and average rates for tax-exempt securities are presented on a tax-equivalent basis.

(3) Average loan balances include nonaccrual loans. Interest income on loans includes the effects of discount accretion and net deferred loan origination fees and costs accounted for as yield adjustments.

RBB BANCORP AND SUBSIDIARIES
AVERAGE BALANCE SHEET AND NET INTEREST INCOME
(Unaudited)

| (tax-equivalent basis, dollars in thousands) | For the Nine Months Ended | | | | | |
|--|---------------------------|-----------------|--------------|--------------------|-----------------|--------------|
| | September 30, 2024 | | | September 30, 2023 | | |
| | Average Balance | Interest & Fees | Yield / Rate | Average Balance | Interest & Fees | Yield / Rate |
| Interest-earning assets | | | | | | |
| Cash and cash equivalents ⁽¹⁾ | \$ 293,597 | \$ 12,560 | 5.71 % | \$ 177,393 | \$ 6,812 | 5.13 % |
| FHLB Stock | 15,000 | 984 | 8.76 % | 15,000 | 814 | 7.26 % |
| Securities | | | | | | |
| Available for sale ⁽²⁾ | 312,352 | 10,302 | 4.41 % | 332,007 | 10,245 | 4.13 % |
| Held to maturity ⁽²⁾ | 5,203 | 140 | 3.59 % | 5,610 | 151 | 3.60 % |
| Mortgage loans held for sale | 1,802 | 105 | 7.78 % | 295 | 16 | 7.25 % |
| Loans held for investment: ⁽³⁾ | | | | | | |
| Real estate | 2,851,625 | 126,852 | 5.94 % | 3,041,393 | 134,791 | 5.93 % |
| Commercial | 181,716 | 11,236 | 8.26 % | 214,618 | 13,562 | 8.45 % |
| Total loans held for investment | 3,033,341 | 138,088 | 6.08 % | 3,256,011 | 148,353 | 6.09 % |

| | | | | | | |
|--|------------------|---------------|----------------|------------------|---------------|---------------|
| Total interest-earning assets | 3,661,295 | \$ 162,179 | 5.92 % | 3,786,316 | \$ 166,391 | 5.88 % |
| Total noninterest-earning assets | <u>242,802</u> | | | <u>244,822</u> | | |
| Total average assets | \$ 3,904,097 | | | \$ 4,031,138 | | |
| Interest-bearing liabilities | | | | | | |
| NOW | \$ 56,924 | 851 | 2.00 % | \$ 59,476 | \$ 511 | 1.15 % |
| Money Market | 427,884 | 11,496 | 3.59 % | 431,299 | 7,315 | 2.27 % |
| Saving deposits | 162,207 | 2,277 | 1.88 % | 118,550 | 354 | 0.40 % |
| Time deposits, \$250,000 and under | 1,087,501 | 38,476 | 4.73 % | 1,141,290 | 33,905 | 3.97 % |
| Time deposits, greater than \$250,000 | <u>792,310</u> | <u>29,249</u> | <u>4.93 %</u> | <u>729,699</u> | <u>20,519</u> | <u>3.76 %</u> |
| Total interest-bearing deposits | 2,526,826 | 82,349 | 4.35 % | 2,480,314 | 62,604 | 3.37 % |
| FHLB advances | 150,182 | 1,331 | 1.18 % | 179,707 | 2,428 | 1.81 % |
| Long-term debt | 119,276 | 3,886 | 4.35 % | 173,780 | 6,584 | 5.07 % |
| Subordinated debentures | <u>15,012</u> | <u>1,153</u> | <u>10.26 %</u> | <u>14,794</u> | <u>1,084</u> | <u>9.80 %</u> |
| Total interest-bearing liabilities | <u>2,811,296</u> | <u>88,719</u> | <u>4.22 %</u> | <u>2,848,595</u> | <u>72,700</u> | <u>3.41 %</u> |
| Noninterest-bearing liabilities | | | | | | |
| Noninterest-bearing deposits | 528,624 | | | 624,781 | | |
| Other noninterest-bearing liabilities | <u>52,955</u> | | | <u>58,786</u> | | |
| Total noninterest-bearing liabilities | <u>581,579</u> | | | <u>683,567</u> | | |
| Shareholders' equity | <u>511,222</u> | | | <u>498,976</u> | | |
| Total liabilities and shareholders' equity | \$ 3,904,097 | | | \$ 4,031,138 | | |
| Net interest income / interest rate spreads | | | | | | |
| | | \$ 73,460 | 1.70 % | | \$ 93,691 | 2.47 % |
| Net interest margin | | | 2.68 % | | | 3.31 % |
| Total cost of deposits | | | | | | |
| | \$ 3,055,450 | \$ 82,349 | 3.60 % | \$ 3,105,095 | \$ 62,604 | 2.70 % |
| Total cost of funds | | | | | | |
| | \$ 3,339,920 | \$ 88,719 | 3.55 % | \$ 3,473,376 | \$ 72,700 | 2.80 % |

(1) Includes income and average balances for interest-earning time deposits and other miscellaneous interest-earning assets.

(2) Interest income and average rates for tax-exempt securities are presented on a tax-equivalent basis.

(3) Average loan balances include nonaccrual loans. Interest income on loans includes the effects of discount accretion and net deferred loan origination fees and costs accounted for as yield adjustments.

**RBB BANCORP AND SUBSIDIARIES
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)**

| | <u>At or for the Three Months Ended</u> | | | <u>At or for the Nine Months Ended September 30,</u> | |
|---|---|-----------------|----------------------|--|-------------|
| | <u>September 30,</u> | <u>June 30,</u> | <u>September 30,</u> | <u>2024</u> | <u>2023</u> |
| | <u>2024</u> | <u>2024</u> | <u>2023</u> | | |
| Per share data (common stock) | | | | | |
| Book value | \$ 28.81 | \$ 28.12 | \$ 26.45 | \$ 28.81 | \$ 26.45 |
| Tangible book value ⁽¹⁾ | \$ 24.64 | \$ 24.06 | \$ 22.53 | \$ 24.64 | \$ 22.53 |
| Performance ratios | | | | | |
| Return on average assets, annualized | 0.72% | 0.76 % | 0.83 % | 0.76 % | 1.01 % |
| Return on average shareholders' equity, annualized | 5.47% | 5.69 % | 6.66 % | 5.82 % | 8.14 % |
| Return on average tangible common equity, annualized ⁽¹⁾ | 6.40% | 6.65 % | 7.82 % | 6.81 % | 9.58 % |
| Noninterest income to average assets, annualized | 0.59% | 0.36 % | 0.27 % | 0.43 % | 0.25 % |
| Noninterest expense to average assets, annualized | 1.78% | 1.79 % | 1.65 % | 1.76 % | 1.80 % |
| Yield on average earning assets | 5.94% | 5.89 % | 5.78 % | 5.92 % | 5.88 % |
| Yield on average loans | 6.13% | 6.04 % | 5.99 % | 6.08 % | 6.09 % |
| Cost of average total deposits ⁽²⁾ | 3.63% | 3.59 % | 3.14 % | 3.60 % | 2.70 % |
| Cost of average interest-bearing deposits | 4.39% | 4.36 % | 3.83 % | 4.35 % | 3.37 % |
| Cost of average interest-bearing liabilities | 4.24% | 4.22 % | 3.80 % | 4.22 % | 3.41 % |
| Net interest spread | 1.70% | 1.67 % | 1.98 % | 1.70 % | 2.47 % |
| Net interest margin | 2.68% | 2.67 % | 2.87 % | 2.68 % | 3.31 % |

| | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|
| Efficiency ratio ⁽³⁾ | 57.51% | 62.38% | 55.59% | 59.90% | 53.64% |
| Common stock dividend payout ratio | 41.03% | 41.03% | 35.56% | 39.34% | 30.00% |

(1) Non-GAAP measure. See Non-GAAP reconciliations set forth at the end of this press release.

(2) Total deposits include non-interest bearing deposits and interest-bearing deposits.

(3) Ratio calculated by dividing noninterest expense by the sum of net interest income before provision for credit losses and noninterest income.

RBB BANCORP AND SUBSIDIARIES
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)
(Dollars in thousands)

| | At or for the quarter ended | | | | | |
|--|-----------------------------|--------|------------------|--------|-----------------------|---------|
| | September 30, 2024 | | June 30, 2024 | | September 30, 2023 | |
| Credit Quality Data: | | | | | | |
| Special mention loans | \$ | 77,501 | \$ | 19,520 | \$ | 31,212 |
| Special mention loans to total loans | | 2.51% | | 0.64% | | 1.00% |
| Substandard loans | \$ | 79,831 | \$ | 63,076 | \$ | 71,401 |
| Substandard loans to total loans | | 2.58% | | 2.07% | | 2.29% |
| Loans 30-89 days past due, excluding nonperforming loans | \$ | 10,625 | \$ | 11,270 | \$ | 19,662 |
| Loans 30-89 days past due, excluding nonperforming loans, to total loans | | 0.34% | | 0.37% | | 0.63% |
| Nonperforming loans | \$ | 60,662 | \$ | 54,589 | \$ | 40,146 |
| OREO | | — | | — | | 284 |
| Nonperforming assets | \$ | 60,662 | \$ | 54,589 | \$ | 40,430 |
| Nonperforming loans to total loans | | 1.96% | | 1.79% | | 1.29% |
| Nonperforming assets to total assets | | 1.52% | | 1.41% | | 0.99% |
| Allowance for loan losses | \$ | 43,685 | \$ | 41,741 | \$ | 42,430 |
| Allowance for loan losses to total loans | | 1.41% | | 1.37% | | 1.36% |
| Allowance for loan losses to nonperforming loans | | 72.01% | | 76.46% | | 105.69% |
| Net charge-offs | \$ | 1,201 | \$ | 551 | \$ | 2,206 |
| Net charge-offs to average loans | | 0.16% | | 0.07% | | 0.28% |
| Capital ratios⁽¹⁾ | | | | | | |
| Tangible common equity to tangible assets ⁽²⁾ | | 11.13% | | 11.53% | | 10.71% |
| Tier 1 leverage ratio | | 12.19% | | 12.48% | | 11.68% |
| Tier 1 common capital to risk-weighted assets | | 18.16% | | 18.89% | | 17.65% |
| Tier 1 capital to risk-weighted assets | | 18.74% | | 19.50% | | 18.22% |
| Total capital to risk-weighted assets | | 24.79% | | 25.67% | | 26.24% |

(1) September 30, 2024 capital ratios are preliminary.

(2) Non-GAAP measure. See Non-GAAP reconciliations set forth at the end of this press release.

RBB BANCORP AND SUBSIDIARIES
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)

| Loan Portfolio Detail <i>(dollars in thousands)</i> | As of September 30, 2024 | | As of June 30, 2024 | | As of September 30, 2023 | |
|--|--------------------------|--------|---------------------|--------|--------------------------|--------|
| | \$ | % | \$ | % | \$ | % |
| Loans: | | | | | | |
| Commercial and industrial | \$ 128,861 | 4.2% | \$ 126,649 | 4.2% | \$ 127,655 | 4.1% |
| SBA | 48,089 | 1.6% | 50,323 | 1.7% | 50,420 | 1.6% |
| Construction and land development | 180,196 | 5.8% | 202,459 | 6.6% | 259,778 | 8.3% |
| Commercial real estate ⁽¹⁾ | 1,252,682 | 40.5% | 1,190,207 | 39.1% | 1,164,210 | 37.3% |
| Single-family residential mortgages | 1,473,396 | 47.7% | 1,467,802 | 48.2% | 1,505,307 | 48.2% |
| Other loans | 8,672 | 0.2% | 10,272 | 0.2% | 13,582 | 0.5% |
| Total loans ⁽²⁾ | \$ 3,091,896 | 100.0% | \$ 3,047,712 | 100.0% | \$ 3,120,952 | 100.0% |

| | | | |
|---------------------------|--------------|--------------|--------------|
| Allowance for loan losses | (43,685) | (41,741) | (42,430) |
| Total loans, net | \$ 3,048,211 | \$ 3,005,971 | \$ 3,078,522 |

(1) Includes non-farm and non-residential loans, multi-family residential loans and non-owner occupied single family residential loans.

(2) Net of discounts and deferred fees and costs of \$467, \$645, and \$383 as of September 30, 2024, June 30, 2024, and September 30, 2023, respectively.

| Deposits (dollars in thousands) | As of September 30, 2024 | | As of June 30, 2024 | | As of September 30, 2023 | |
|--|--------------------------|--------|---------------------|--------|--------------------------|--------|
| | \$ | % | \$ | % | \$ | % |
| Deposits: | | | | | | |
| Noninterest-bearing demand | \$ 543,623 | 17.6% | \$ 542,971 | 18.0% | \$ 572,393 | 18.1% |
| Savings, NOW and money market accounts | 666,089 | 21.5% | 647,770 | 21.4% | 608,020 | 19.3% |
| Time deposits, \$250,000 and under | 926,877 | 30.0% | 921,712 | 30.5% | 848,868 | 26.9% |
| Time deposits, greater than \$250,000 | 808,304 | 26.1% | 790,478 | 26.1% | 687,365 | 21.8% |
| Wholesale deposits ⁽¹⁾ | 147,291 | 4.8% | 120,674 | 4.0% | 437,426 | 13.9% |
| Total deposits | \$ 3,092,184 | 100.0% | \$ 3,023,605 | 100.0% | \$ 3,154,072 | 100.0% |

(1) Includes brokered deposits, collateralized deposits from the State of California, and deposits acquired through internet listing services.

Non-GAAP Reconciliations

Tangible Book Value Reconciliations

Tangible book value per share is a non-GAAP disclosure. Management measures tangible book value per share to assess the Company's capital strength and business performance and believes this is helpful to investors as additional tools for further understanding our performance. The following is a reconciliation of tangible book value to the Company shareholders' equity computed in accordance with GAAP, as well as a calculation of tangible book value per share as of September 30, 2024, June 30, 2024, and September 30, 2023.

| (dollars in thousands, except share and per share data) | September 30, 2024 | June 30, 2024 | September 30, 2023 |
|---|-----------------------|------------------|-----------------------|
| Tangible common equity: | | | |
| Total shareholders' equity | \$ 509,728 | \$ 511,291 | \$ 502,511 |
| Adjustments | | | |
| Goodwill | (71,498) | (71,498) | (71,498) |
| Core deposit intangible | (2,194) | (2,394) | (3,010) |
| Tangible common equity | \$ 436,036 | \$ 437,399 | \$ 428,003 |
| Tangible assets: | | | |
| Total assets-GAAP | \$ 3,990,477 | \$ 3,868,186 | \$ 4,069,354 |
| Adjustments | | | |
| Goodwill | (71,498) | (71,498) | (71,498) |
| Core deposit intangible | (2,194) | (2,394) | (3,010) |
| Tangible assets | \$ 3,916,785 | \$ 3,794,294 | \$ 3,994,846 |
| Common shares outstanding | 17,693,416 | 18,182,154 | 18,995,303 |
| Common equity to assets ratio | 12.77% | 13.22% | 12.35% |
| Tangible common equity to tangible assets ratio | 11.13% | 11.53% | 10.71% |
| Book value per share | \$ 28.81 | \$ 28.12 | \$ 26.45 |
| Tangible book value per share | \$ 24.64 | \$ 24.06 | \$ 22.53 |

Return on Average Tangible Common Equity

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

| (dollars in thousands) | Three Months Ended | | | Nine Months Ended September 30, | |
|---|-----------------------|------------------|-----------------------|---------------------------------|-----------|
| | September 30, 2024 | June 30, 2024 | September 30, 2023 | 2024 | 2023 |
| Net income available to common shareholders | \$ 6,999 | \$ 7,245 | \$ 8,473 | \$ 22,280 | \$ 30,392 |

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Average shareholders' equity | 508,720 | 512,185 | 504,432 | 511,222 | 498,976 |
| Adjustments: | | | | | |
| Average goodwill | (71,498) | (71,498) | (71,498) | (71,498) | (71,498) |
| Average core deposit intangible | <u>(2,326)</u> | <u>(2,525)</u> | <u>(3,165)</u> | <u>(2,525)</u> | <u>(3,398)</u> |
| Adjusted average tangible common equity | \$ 434,896 | \$ 438,162 | \$ 429,769 | \$ 437,199 | \$ 424,080 |
| Return on average common equity | 5.47 % | 5.69 % | 6.66 % | 5.82 % | 8.14 % |
| Return on average tangible common equity | 6.40 % | 6.65 % | 7.82 % | 6.81 % | 9.58 % |



Source: RBB Bancorp