

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

---

**FORM 8-K**

---

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 23, 2017**

---

**RBB BANCORP**

**(Exact name of Registrant as Specified in Its Charter)**

---

**California**  
**(State or Other Jurisdiction  
of Incorporation)**

**001-38149**  
**(Commission  
File Number)**

**27-2776416**  
**(IRS Employer  
Identification No.)**

**660 S. Figueroa Street, Suite 1888,**  
**Los Angeles, California**  
**(Address of Principal Executive Offices)**

**90017**  
**(Zip Code)**

**Registrant's Telephone Number, Including Area Code: (213) 627-9888**

**Not Applicable**  
**(Former Name or Former Address, if Changed Since Last Report)**

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

---

---

**Item 2.02 Results of Operations and Financial Condition.**

On October 23, 2017, RBB Bancorp issued a press release setting forth the financial results for the quarter ended September 30, 2017, and information relating to our quarterly conference call and webcast. A copy of this press release is attached hereto as Exhibit 99.1 and is being furnished pursuant to this Item 2.02.

The information in this report (including Exhibit 99.1) shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set for the by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press Release, dated October 23, 2017, announcing the financial results of RBB Bancorp for the quarter ended September 30, 2017.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RBB BANCORP  
(Registrant)

Date: October 24, 2017

By: \_\_\_\_\_ /s/ David Morris  
**David Morris**  
**Executive Vice President and**  
**Chief Financial Officer**



**Press Release**  
*For Immediate Release*

**Contacts: Yee Phong (Alan) Thian**  
**Chairman, President and CEO**  
**(213) 627-9888**  
**David Morris**  
**Executive Vice President and CFO**  
**(714) 670-2488**

#### **RBB Bancorp Reports Third Quarter Earnings for 2017**

- **Net income was \$6.6 million or \$0.42 diluted earnings per share**
- **Total loans increased by \$50.5 million, or 17.5% annualized growth, from the end of the prior quarter**
- **Total deposits increased by \$39.8 million, or 12.4% annualized growth, from the end of the prior quarter**

**Los Angeles, CA, October 23, 2017** – 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, 2017.

The Company reported net income of \$6.6 million, or \$0.42 diluted earnings per share, for the three months ended September 30, 2017, compared to net income of \$8.5 million, or \$0.62 diluted earnings per share, and \$5.7 million, or \$0.43 diluted earnings per share, for the three months ended June 30, 2017 and September 30, 2016, respectively. The decline in earnings per share relative to the second quarter of 2017 was attributable to the recapture of \$4.2 million of provision for loan losses in the second quarter of 2017 that positively impacted the prior quarter’s results.

Mr. Alan Thian, Chairman, President and CEO of RBB Bancorp, commented on the results, “We executed well on our strategic plan in the third quarter and delivered strong financial results driven by quality balance sheet growth, higher gain on loan sale income, stable expenses and improvement in our asset quality. Our loan pipeline remains strong and we expect to see a continuation of these positive trends going forward. We are also on track to launch our Wealth Management business by the beginning of 2018. We anticipate that Wealth Management will provide a stable source of non-interest income, further diversify our revenue mix, and serve as another catalyst for the continued growth of our franchise in the coming years.”

#### **Key Performance Ratios**

Net income of \$6.6 million for the third quarter of 2017 produced an annualized return on average equity of 11.04% and an annualized return on average assets of 1.65%. The efficiency ratio for the third quarter of 2017 was 38.87%, compared to 40.44% for the prior quarter. Adjusted annualized return on average assets and average tangible common equity for the third quarter of 2017 was 1.55% and 11.97%, respectively compared to 1.10% and 11.06% for the third quarter of 2016. A reconciliation of adjusted earnings to earnings according to generally accepted accounting principles (“GAAP”) is provided in the financial tables at the end of this press release.

#### **Net Interest Income and Net Interest Margin**

Net interest income, before provision for loan losses, was \$14.7 million for the third quarter of 2017, compared to \$14.0 million for the second quarter of 2017. The increase was primarily attributable to a \$94.5 million increase in average earning assets (mainly the result of proceeds from the Company’s July IPO), largely offset by an 11 basis point decrease in the net interest margin (which includes the impact of reduced loan discount accretion).

Compared to the third quarter of 2016, net interest income, before provision for loan losses, declined from \$15.5 million. The decrease was primarily due to loan discount accretion income being lower by \$2.3 million in the third quarter of 2017 as compared to the third quarter of 2016.

Net interest margin was 3.91% for the third quarter of 2017, a decrease from 4.02% in the second quarter of 2017. The decrease was primarily attributable to a 15 basis point decrease in the yield on earning assets, primarily due to lower loan discount accretion income and a higher proportion of lower yielding assets due to excess liquidity from the IPO.

Compared to the third quarter of 2016, net interest margin declined from 4.52%. The decrease was primarily due to lower accretion of purchased discounts between the third quarter of 2017 and the third quarter of 2016 (see adjusted earnings metrics table on page 16).

#### **Noninterest Income**

Noninterest income was \$3.8 million for the third quarter of 2017, compared to \$3.2 million in the second quarter of 2017. The increase was primarily attributable to an additional \$295,000 gain on loan sales, an additional \$319,000 in loan servicing fees, a \$142,000 gain on sale of one OREO property, partially offset by a \$123,000 decrease in service charges.

The Company sold \$43.4 million in mortgage loans for a net gain of \$969,000 during the quarter ended September 30, 2017, compared to \$37.7 million in mortgage loans for a net gain of \$802,000 during the quarter ended June 30, 2017. The Company originated \$118.6 million in mortgage loans for the quarter ended September 30, 2017, compared with \$97.1 million during the quarter ended June 30, 2017.

The Company sold \$22.4 million in SBA loans for a net gain of \$1.6 million during the quarter ended September 30, 2017, compared to \$23.1 million in SBA loans for a net gain of \$1.5 million during the quarter ended June 30, 2017. SBA loan originations for the quarter ending September 30, 2017 were \$19.3 million, compared to \$34.4 million during the quarter ended June 30, 2017.

Compared to the third quarter of 2016, noninterest income increased from \$2.6 million. The increase was primarily attributable to an additional \$714,000 from gains on loan sales, an increase of \$219,000 in additional loan servicing fees, plus the above mentioned OREO sale.

#### **Noninterest Expense**

Noninterest expense for the third quarter of 2017 was \$7.2 million, compared to \$7.0 million for the second quarter of 2017. The increase was primarily attributable to a \$107,000 increase in marketing and business promotion expenses and other expense, partially offset by reductions in salaries and employee benefits, occupancy and equipment expenses and office expenses.

Compared to the third quarter of 2016, noninterest expense increased from \$7.0 million. The \$164,000 increase when compared to the third quarter of 2016 was primarily the result of an increase in salaries and employee benefits of \$697,000, partially offset by decreases in data processing, legal & professional, and other expenses.

#### **Income Taxes**

The effective tax rate for the three and nine months ended September 30, 2017 was 37.8% and 40.1%, respectively, compared with 41.7% and 41.2% for the three and nine months ended September 30, 2016, respectively. Our estimated annual effective tax rate varies depending upon tax-advantaged income as well as available tax credits. The decrease in the effective tax rate is mainly due to stock option exercises and a resulting tax deduction of \$773,000.

#### **Loan Portfolio**

Loans held for investment, net of deferred fees and discounts, totaled \$1.20 billion as of September 30, 2017, an increase of \$50.5 million, or 17.5% annualized growth, from \$1.15 billion at June 30, 2017, and an increase of \$74.6 million, or 6.7%, from September 30, 2016. The increase in loans held for investment from the end of the prior quarter was primarily attributable to growth in the commercial real estate and residential real estate portfolios.

Mortgage loans held for sale increased to \$125.7 million as of September 30, 2017, compared to \$83.3 million at June 30, 2017. The increase was due to higher originations of single-family residential mortgage loans held for sale.

## Deposits

Deposits were at \$1.32 billion at September 30, 2017, an increase of \$39.8 million, or 12.4% annualized growth, from \$1.28 billion at June 30, 2017, and an increase of \$119.2 million, or 9.9%, from September 30, 2016. The increase in total deposits from the end of the prior quarter was attributable to growth in non-maturity deposit types.

Noninterest-bearing deposits increased to \$287.6 million as of September 30, 2017, compared to \$215.7 million at June 30, 2017 and \$168.6 million at September 30, 2016. The growth in noninterest-bearing deposits is mainly due to marketing efforts by our branches and by branch management.

## Asset Quality

Nonperforming assets totaled \$4.2 million, or 0.26% of total assets at September 30, 2017, compared to \$9.3 million, or 0.61% of total assets, at June 30, 2017. The decline in non-performing assets was primarily attributable to a \$3.6 million SBA loan guaranty payment in July 2017. Nonperforming assets consist of Other Real Estate Owned (foreclosed properties), loans modified under troubled debt restructurings (TDRs), non-accrual loans, and loans past due 90 days or more and still accruing interest. Nonperforming assets exclude PCI loans acquired in prior acquisitions.

Loans 30 to 89 days past due declined to \$2.2 million at September 30, 2017, down from \$20.7 million at June 30, 2017. The decrease was primarily attributable to one delinquent loan totaling \$12.7 million that was brought current during the third quarter of 2017, while the collateral securing the loan remains in escrow.

Net charge-offs were (0.008)% of average loans during the third quarter of 2017, consisting of no gross charge-offs, and loan recoveries of \$94,000.

The Company recorded provision for loan losses of \$700,000 for the third quarter of 2017, which was primarily attributable to the growth in total loans during the quarter.

The allowance for loan losses totaled \$11.4 million, or 0.95% of total loans, at September 30, 2017, compared with \$10.6 million, or 0.93% of total loans, at June 30, 2017.

## Corporate Overview

RBB Bancorp is a \$1.6 billion in assets bank holding company headquartered in Los Angeles, California. Its wholly-owned subsidiary, Royal Business Bank (the "Bank"), is a full service commercial bank which provides business banking services to the Chinese-American communities in Los Angeles County, Orange County, Ventura County and in Las Vegas, Nevada, including 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 and a full range of depository accounts. The Bank has ten branches in Los Angeles County, located in downtown Los Angeles, San Gabriel, Torrance, Rowland Heights, Monterey Park, Silver Lake, Arcadia, Cerritos, Diamond Bar, and west Los Angeles, two branches in Ventura County, located in Oxnard and Westlake Village, and one branch in Las Vegas, Nevada. The Company's administrative and lending center is located at 123 E. Valley Blvd., San Gabriel, California 91176, and its finance and operations center is located at 7025 Orangethorpe Avenue, Buena Park, California 90621. RBB's website address is [www.royalbusinessbankusa.com](http://www.royalbusinessbankusa.com).

## Conference Call

Management will hold a conference call at 10:00 a.m. PDT/1:00 p.m. EDT on Tuesday, October 24, 2017, to discuss the Company's third quarter 2017 financial results.

To listen to the conference call, please dial 1-833-659-7620, passcode 99941708. A replay of the call will be made available at 1-855-859-2056, passcode 99941708, approximately one hour after the conclusion of the call and will remain available through October 31, 2017 at 5:00 p.m. PDT/8:00 p.m. EDT.

The conference call will also be simultaneously webcast over the Internet; please visit our Royal Business Bank website at [www.royalbusinessbankusa.com](http://www.royalbusinessbankusa.com) and click on the "Investors" tab to access the call from the site. Please access the website 15 minutes prior to the call to download any necessary audio software. This webcast will be recorded and available for replay on the Company's website approximately two hours after the conclusion of the conference call, and will be available on the website for approximately 12 months.

## 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 within the meaning of the Private Securities Litigation Reform Act of 1995, including 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, local, regional, national and international economic and market conditions and events and the impact they may have on us, our customers and our assets and liabilities; our ability to attract deposits and other sources of funding or liquidity; supply and demand for real estate and periodic deterioration in real estate prices and/or values in California or other states where we lend, including both residential and commercial real estate; a prolonged slowdown or decline in real estate construction, sales or leasing activities; changes in the financial performance and/or condition of our borrowers, depositors or key vendors or counterparties; changes in our levels of delinquent loans, nonperforming assets, allowance for loan losses and charge-offs; the costs or effects of acquisitions or dispositions we may make, whether we are able to obtain any required governmental approvals in connection with any such acquisitions or dispositions, and/or our ability to realize the contemplated financial or business benefits associated with any such acquisitions or dispositions; the effect of changes in laws, regulations and applicable judicial decisions (including laws, regulations and judicial decisions concerning financial reforms, taxes, banking capital levels, consumer, commercial or secured lending, securities and securities trading and hedging, compliance, employment, executive compensation, insurance, vendor management and information security) with which we and our subsidiaries must comply or believe we should comply; changes in estimates of future reserve requirements and minimum capital requirements based upon the periodic review thereof under relevant regulatory and accounting requirements, including changes in the Basel Committee framework establishing capital standards for credit, operations and market risk; inflation, interest rate, securities market and monetary fluctuations; changes in government interest rates or monetary policies; changes in the amount and availability of deposit insurance; cyber-security threats, including loss of system functionality or theft or loss of Company or customer data or money; political instability; acts of war or terrorism, or natural disasters, such as earthquakes, drought, or the effects of pandemic diseases; the timely development and acceptance of new banking products and services and the perceived overall value of these products and services by our customers and potential customers; the Company's relationships with and reliance upon vendors with respect to the operation of certain of the Company's key internal and external systems and applications; changes in commercial or consumer spending, borrowing and savings preferences or behaviors; technological changes and the expanding use of technology in banking (including the adoption of mobile banking and funds transfer applications); the ability to retain and increase market share, retain and grow customers and control expenses; changes in the competitive and regulatory environment among financial and bank holding companies, banks and other financial service providers; volatility in the credit and equity markets and its effect on the general economy or local or regional business conditions; fluctuations in the price of the Company's common stock or other securities; and the resulting impact on the Company's ability to raise capital or make acquisitions, the effect of changes in accounting policies and practices, as may be adopted from time-to-time by our regulatory agencies, as well as by the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard-setters; changes in our organization, management, compensation and benefit plans, and our ability to retain or expand our workforce, management team and/or our board of directors; the costs and effects of legal, compliance and regulatory actions, changes and developments, including the initiation and resolution of legal proceedings (such as securities, consumer or employee class action litigation), regulatory or other governmental inquiries or investigations, and/or the results of regulatory examinations or reviews; our ongoing relations with our various federal and state regulators, including the SEC, FDIC, FRB and California DBO; 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 S-1 for the year ended December 31, 2016, 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,<br>2017 | June 30,<br>2017    | March 31,<br>2017   | December 31,<br>2016 | September 30,<br>2016 |
|---|-----------------------|---------------------|---------------------|----------------------|-----------------------|
| <b>Assets</b>   |                       |                     |                     |                      |                       |
| Cash and due from banks                                       | \$ 69,552             | \$ 104,366          | \$ 147,547          | \$ 74,213            | \$ 104,270            |
| Federal funds sold and other cash equivalents                 | 96,500                | 58,500              | 20,000              | 44,500               | 51,500                |
| <b>Total cash and cash equivalents</b>                        | <b>166,052</b>        | <b>162,866</b>      | <b>167,547</b>      | <b>118,713</b>       | <b>155,770</b>        |
| Interest-bearing deposits in other financial institutions     | 100                   | 100                 | 100                 | 345                  | 345                   |
| Investment securities available for sale                      | 55,697                | 40,241              | 39,155              | 39,277               | 30,800                |
| Investment securities held to maturity                        | 5,191                 | 6,199               | 6,206               | 6,214                | 6,222                 |
| Mortgage loans held for sale                                  | 125,704               | 83,263              | 66,555              | 44,345               | 57,983                |
| Loans held for investment:                                    | 1,196,522             | 1,146,005           | 1,139,563           | 1,110,446            | 1,121,873             |
| Allowance for loan losses                                     | (11,420)              | (10,627)            | (14,186)            | (14,162)             | (13,399)              |
| <b>Net loans held for investment</b>                          | <b>1,185,102</b>      | <b>1,135,378</b>    | <b>1,125,377</b>    | <b>1,096,284</b>     | <b>1,108,474</b>      |
| Premises and equipment, net                                   | 6,300                 | 6,441               | 6,538               | 6,585                | 6,740                 |
| Federal Home Loan Bank (FHLB) stock                           | 6,770                 | 6,770               | 6,770               | 6,770                | 6,770                 |
| Net deferred tax assets                                       | 9,517                 | 10,214              | 11,068              | 11,097               | 12,135                |
| Other real estate owned (OREO)                                | 293                   | 833                 | 833                 | 833                  | 293                   |
| Cash surrender value of life insurance                        | 32,578                | 32,358              | 32,142              | 21,958               | 21,820                |
| Goodwill  | 29,940                | 29,940              | 29,940              | 29,940               | 29,940                |
| Servicing assets  | 5,370                 | 4,661               | 4,223               | 3,704                | 3,257                 |
| Core deposit intangibles                                      | 1,525                 | 1,612               | 1,699               | 1,793                | 1,897                 |
| Accrued interest and other assets                             | 12,575                | 12,723              | 7,595               | 7,693                | 7,009                 |
| <b>Total assets</b>   | <b>\$ 1,642,714</b>   | <b>\$ 1,533,599</b> | <b>\$ 1,505,748</b> | <b>\$ 1,395,551</b>  | <b>\$ 1,449,455</b>   |
| <b>Liabilities and shareholders' equity</b>                   |                       |                     |                     |                      |                       |
| Deposits:   |                       |                     |                     |                      |                       |
| Noninterest-bearing demand                                    | \$ 287,574            | \$ 215,716          | \$ 215,652          | \$ 174,272           | \$ 168,627            |
| Savings, NOW and money market accounts                        | 362,018               | 348,627             | 325,589             | 296,699              | 317,222               |
| Time deposits   | 668,700               | 714,105             | 707,016             | 681,792              | 713,284               |
| <b>Total deposits</b>   | <b>1,318,292</b>      | <b>1,278,448</b>    | <b>1,248,257</b>    | <b>1,152,763</b>     | <b>1,199,133</b>      |
| Reserve for unfunded commitments                              | 489                   | 517                 | 985                 | 604                  | 715                   |
| Income tax payable  | —                     | —                   | 4,664               | 793                  | 2,342                 |
| FHLB advances   | —                     | —                   | 10,000              | —                    | 10,000                |
| Long-term debt  | 49,492                | 49,456              | 49,419              | 49,383               | 49,347                |
| Subordinated debentures                                       | 3,402                 | 3,379               | 3,357               | 3,334                | 3,310                 |
| Accrued interest and other liabilities                        | 10,708                | 9,462               | 5,570               | 7,089                | 8,174                 |
| <b>Total liabilities</b>                                      | <b>1,382,383</b>      | <b>1,341,262</b>    | <b>1,322,252</b>    | <b>1,213,966</b>     | <b>1,273,021</b>      |
| Shareholders' equity:   |                       |                     |                     |                      |                       |
| Shareholder's equity  | 260,468               | 192,427             | 183,695             | 181,852              | 176,219               |
| Accumulated other comprehensive income<br>(loss) - Net of tax | (137)                 | (90)                | (199)               | (267)                | 215                   |
| <b>Total shareholders' equity</b>                             | <b>260,331</b>        | <b>192,337</b>      | <b>183,496</b>      | <b>181,585</b>       | <b>176,434</b>        |
| <b>Total liabilities and stockholders' equity</b>             | <b>\$ 1,642,714</b>   | <b>\$ 1,533,599</b> | <b>\$ 1,505,748</b> | <b>\$ 1,395,551</b>  | <b>\$ 1,449,455</b>   |



**RBB BANCORP AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

|  | Three Months Ended |                 |                    |
|--|--------------------|-----------------|--------------------|
|  | September 30, 2017 | June 30, 2017   | September 30, 2016 |
| <b>Interest and dividend income:</b>                             |                    |                 |                    |
| Interest and fees on loans                                       | \$ 17,200          | \$ 16,759       | \$ 18,169          |
| Interest on interest-bearing deposits                            | 371                | 209             | 80                 |
| Interest on investment securities                                | 331                | 313             | 203                |
| Dividend income on FHLB stock                                    | 118                | 82              | 155                |
| Interest on federal funds sold and other                         | 326                | 158             | 92                 |
| Total interest income  | <u>18,346</u>      | <u>17,521</u>   | <u>18,699</u>      |
| <b>Interest expense:</b>   |                    |                 |                    |
| Interest on savings deposits, NOW and money market accounts      | 649                | 575             | 521                |
| Interest on time deposits  | 2,061              | 1,993           | 1,801              |
| Interest on subordinated debentures and other                    | 908                | 907             | 903                |
| Interest on other borrowed funds                                 | —                  | 12              | 16                 |
| Total interest expense   | <u>3,618</u>       | <u>3,487</u>    | <u>3,241</u>       |
| Net interest income  | 14,728             | 14,034          | 15,458             |
| Provision (recapture) for loan losses                            | <u>700</u>         | <u>(4,188)</u>  | <u>1,250</u>       |
| Net interest income after provision (recapture) or credit losses | 14,028             | 18,222          | 14,208             |
| <b>Noninterest income:</b>                                       |                    |                 |                    |
| Service charges, fees and other                                  | 518                | 646             | 443                |
| Gain on sale of loans  | 2,584              | 2,289           | 1,870              |
| Loan servicing fees, net of amortization                         | 314                | (5)             | 95                 |
| Recoveries on loans acquired in business combinations            | 19                 | 29              | 47                 |
| Increase in cash surrender value of life insurance               | 219                | 216             | 141                |
| Gain on Sale of Securities                                       | —                  | —               | —                  |
| Gain on Sale of OREO   | 142                | —               | —                  |
|  | <u>3,796</u>       | <u>3,175</u>    | <u>2,596</u>       |
| <b>Noninterest expense:</b>                                      |                    |                 |                    |
| Salaries and employee benefits                                   | 4,178              | 4,243           | 3,481              |
| Occupancy and equipment expenses                                 | 705                | 727             | 766                |
| Data processing  | 458                | 454             | 563                |
| Legal and professional   | 318                | 296             | 511                |
| Amortization of intangibles                                      | 87                 | 87              | 103                |
| Other expenses   | 1,454              | 1,153           | 1,613              |
|  | <u>7,200</u>       | <u>6,960</u>    | <u>7,037</u>       |
| Income before income taxes                                       | 10,624             | 14,437          | 9,767              |
| Income tax expense   | <u>4,013</u>       | <u>5,901</u>    | <u>4,070</u>       |
| Net income   | <u>\$ 6,611</u>    | <u>\$ 8,536</u> | <u>\$ 5,697</u>    |
| <b>Net income per share</b>                                      |                    |                 |                    |
| Basic  | \$ 0.45            | \$ 0.67         | \$ 0.44            |
| Diluted  | \$ 0.42            | \$ 0.62         | \$ 0.42            |

**RBB BANCORP AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

|   | Nine Months Ended<br>September 30, |                  |
|---|------------------------------------|------------------|
|   | 2017                               | 2016             |
| <b>Interest and dividend income:</b>                                    |                                    |                  |
| Interest and fees on loans  | \$ 49,992                          | \$ 50,042        |
| Interest on interest-bearing deposits                                   | 731                                | 236              |
| Interest on investment securities                                       | 922                                | 620              |
| Dividend income on FHLB stock   | 353                                | 416              |
| Interest on federal funds sold and other                                | 628                                | 159              |
| <b>Total interest income</b>  | <b>52,626</b>                      | <b>51,473</b>    |
| <b>Interest expense:</b>  |                                    |                  |
| Interest on savings deposits, NOW and money market accounts             | 1,698                              | 1,489            |
| Interest on time deposits   | 5,903                              | 5,144            |
| Interest on subordinated debentures and other                           | 2,720                              | 1,824            |
| Interest on other borrowed funds  | 29                                 | 24               |
| <b>Total interest expense</b>   | <b>10,350</b>                      | <b>8,481</b>     |
| <b>Net interest income</b>  | <b>42,276</b>                      | <b>42,992</b>    |
| <b>Provision (recapture) for loan losses</b>                            | <b>(3,488)</b>                     | <b>3,599</b>     |
| <b>Net interest income after provision (recapture) or credit losses</b> | <b>45,764</b>                      | <b>39,393</b>    |
| <b>Noninterest income:</b>  |                                    |                  |
| Service charges, fees and other   | 1,624                              | 1,182            |
| Gain on sale of loans   | 6,370                              | 4,136            |
| Loan servicing fees, net of amortization                                | 571                                | 384              |
| Recoveries on loans acquired in business combinations                   | 76                                 | 139              |
| Increase in cash surrender value of life insurance                      | 620                                | 423              |
| Gain on Sale of Securities  | —                                  | 19               |
| Gain on Sale of OREO  | 142                                | —                |
| <b>Total noninterest income</b>   | <b>9,403</b>                       | <b>6,283</b>     |
| <b>Noninterest expense:</b>   |                                    |                  |
| Salaries and employee benefits  | 12,604                             | 10,547           |
| Occupancy and equipment expenses  | 2,176                              | 2,388            |
| Data processing   | 1,264                              | 1,488            |
| Legal and professional  | 227                                | 1,478            |
| Amortization of intangibles   | 268                                | 268              |
| Other expenses  | 4,199                              | 6,205            |
| <b>Total noninterest expense</b>  | <b>20,738</b>                      | <b>22,374</b>    |
| <b>Income before income taxes</b>                                       | <b>34,429</b>                      | <b>23,302</b>    |
| <b>Income tax expense</b>   | <b>13,789</b>                      | <b>9,609</b>     |
| <b>Net income</b>   | <b>\$ 20,640</b>                   | <b>\$ 13,693</b> |
| <b>Net income per share</b>   |                                    |                  |
| Basic   | \$ 1.53                            | \$ 1.07          |
| Diluted   | \$ 1.42                            | \$ 1.00          |
| Cash Dividends declared per common share                                | \$ 0.30                            | \$ 0.20          |

**RBB BANCORP AND SUBSIDIARIES**  
**AVERAGE BALANCE SHEET AND NET INTEREST INCOME**  
**(Unaudited)**  
*(Dollars in thousands, except per share amounts)*

| (tax-equivalent basis, dollars in thousands)     | For the three months ended |                    |                 |                    |                    |                 |                    |                    |                 |
|--|----------------------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|--------------------|-----------------|
|  | September 30, 2017         |                    |                 | June 30, 2017      |                    |                 | September 30, 2016 |                    |                 |
|  | Average<br>Balance         | Interest<br>& Fees | Yield /<br>Rate | Average<br>Balance | Interest<br>& Fees | Yield /<br>Rate | Average<br>Balance | Interest<br>& Fees | Yield /<br>Rate |
| <b>Earning assets:</b>                           |                            |                    |                 |                    |                    |                 |                    |                    |                 |
| Federal funds sold, cash equivalents & other (1) | \$ 202,005                 | \$ 815             | 1.60%           | \$ 134,089         | \$ 449             | 1.34%           | \$ 103,624         | \$ 326             | 1.26%           |
| Securities (2)                                   |                            |                    |                 |                    |                    |                 |                    |                    |                 |
| Available for sale                               | 43,075                     | 277                | 2.55%           | 40,618             | 253                | 2.50%           | 30,269             | 149                | 1.97%           |
| Held to maturity                                 | 5,533                      | 55                 | 3.92%           | 6,204              | 60                 | 3.88%           | 6,226              | 54                 | 3.48%           |
| Mortgage loans held for sale                     | 98,807                     | 1,149              | 4.61%           | 71,356             | 848                | 4.77%           | 63,304             | 764                | 4.84%           |
| Loans held for investment: (3)                   |                            |                    |                 |                    |                    |                 |                    |                    |                 |
| Real estate                                      | 766,911                    | 10,673             | 5.52%           | 768,585            | 10,645             | 5.56%           | 807,197            | 12,711             | 6.32%           |
| Commercial (4)                                   | 377,501                    | 5,379              | 5.65%           | 378,436            | 5,266              | 5.58%           | 361,200            | 4,696              | 5.21%           |
| Total loans                                      | 1,144,411                  | 16,051             | 5.56%           | 1,147,021          | 15,911             | 5.56%           | 1,168,397          | 17,407             | 5.98%           |
| Total earning assets                             | 1,493,833                  | <u>\$ 18,346</u>   | 4.87%           | 1,399,288          | <u>\$ 17,521</u>   | 5.02%           | 1,371,820          | <u>\$ 18,699</u>   | 5.47%           |
| Noninterest-earning assets                       | 96,555                     |                    |                 | 95,434             |                    |                 | 80,212             |                    |                 |
| Total assets                                     | <u>\$1,590,388</u>         |                    |                 | <u>\$1,494,722</u> |                    |                 | <u>\$1,452,032</u> |                    |                 |
| <b>Interest-bearing liabilities</b>              |                            |                    |                 |                    |                    |                 |                    |                    |                 |
| NOW and money market deposits                    | \$ 333,471                 | \$ 605             | 0.72%           | \$ 302,483         | \$ 536             | 0.71%           | \$ 290,963         | \$ 479             | 0.66%           |
| Savings deposits                                 | 36,746                     | 43                 | 0.46%           | 34,203             | 39                 | 0.46%           | 35,533             | 41                 | 0.46%           |
| Time deposits                                    | 690,378                    | 2,061              | 1.18%           | 701,314            | 1,993              | 1.14%           | 713,087            | 1,802              | 1.01%           |
| Total interest-bearing deposits                  | 1,060,596                  | 2,710              | 1.01%           | 1,038,000          | 2,568              | 0.99%           | 1,039,583          | 2,321              | 0.90%           |
| FHLB short-term advances                         | —                          | —                  | 0.00%           | 5,220              | 12                 | 0.92%           | 11,902             | 16                 | 0.55%           |
| Long-term debt                                   | 49,470                     | 849                | 6.81%           | 49,432             | 850                | 6.90%           | 49,333             | 850                | 6.91%           |
| Subordinated debentures                          | 3,388                      | 60                 | 6.99%           | 3,366              | 57                 | 6.79%           | 3,255              | 54                 | 6.61%           |
| Total interest-bearing liabilities               | 1,113,455                  | <u>\$ 3,618</u>    | 1.29%           | 1,096,018          | <u>\$ 3,487</u>    | 1.28%           | 1,104,072          | <u>\$ 3,241</u>    | 1.18%           |
| <b>Noninterest-bearing liabilities</b>           |                            |                    |                 |                    |                    |                 |                    |                    |                 |
| Noninterest-bearing deposits                     | 227,854                    |                    |                 | 198,126            |                    |                 | 162,005            |                    |                 |
| Other noninterest-bearing liabilities            | 11,599                     |                    |                 | 13,176             |                    |                 | 9,934              |                    |                 |
| Total noninterest-bearing liabilities            | 239,453                    |                    |                 | 211,302            |                    |                 | 171,939            |                    |                 |
| Shareholders' equity                             | 237,480                    |                    |                 | 187,402            |                    |                 | 176,021            |                    |                 |
| Total liabilities and shareholders' equity       | <u>\$1,590,388</u>         |                    |                 | <u>\$1,494,722</u> |                    |                 | <u>\$1,452,032</u> |                    |                 |
| Net interest income / interest rate spreads      |                            | <u>\$ 14,728</u>   | 3.58%           |                    | <u>\$ 14,034</u>   | 3.75%           |                    | <u>\$ 15,458</u>   | 4.29%           |
| Net interest margin                              |                            |                    | <u>3.91%</u>    |                    |                    | <u>4.02%</u>    |                    |                    | <u>4.52%</u>    |

- (1) Includes income and average balances for FHLB stock, term federal funds, interest-bearing time deposits and other miscellaneous interest-bearing assets.
- (2) We have an insignificant amount of tax-exempt loans and securities, less than \$1 million. Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis as of September 30, 2017 and 2016.
- (3) Average loan balances include nonaccrual loans and loans held for sale. Interest income on loans includes - amortization of deferred loan fees, net of deferred loan costs.
- (4) Includes purchased receivables, which are short term loans made to investment grade companies and are used for cash - management purposes by the Company.

**RBB BANCORP AND SUBSIDIARIES**  
**AVERAGE BALANCE SHEET AND NET INTEREST INCOME**  
**(Unaudited)**  
*(Dollars in thousands, except per share amounts)*

|  | For the nine months ended September 30, |                    |                 |                     |                    |                 |
|--|---|--------------------|-----------------|---------------------|--------------------|-----------------|
|  | 2017                                    |                    |                 | 2016                |                    |                 |
| (tax-equivalent basis, dollars in thousands)       | Average<br>Balance                      | Interest<br>& Fees | Yield /<br>Rate | Average<br>Balance  | Interest<br>& Fees | Yield /<br>Rate |
| <b>Earning assets:</b>                             |   |                    |                 |                     |                    |                 |
| Federal funds sold, cash equivalents & other (1)   | \$ 151,755                              | \$ 1,711           | 1.51%           | \$ 80,475           | \$ 810             | 1.35%           |
| <b>Securities (2)</b>                              |   |                    |                 |                     |                    |                 |
| Available for sale                                 | 40,862                                  | 746                | 2.44%           | 28,703              | 433                | 2.01%           |
| Held to maturity                                   | 5,980                                   | 176                | 3.94%           | 6,378               | 187                | 3.92%           |
| Mortgage loans held for sale                       | 74,230                                  | 2,617              | 4.71%           | 66,848              | 2,421              | 4.84%           |
| <b>Loans held for investment: (3)</b>              |   |                    |                 |                     |                    |                 |
| Real estate  | 766,974                                 | 31,990             | 5.58%           | 771,131             | 34,386             | 5.96%           |
| Commercial (4)                                     | 374,979                                 | 15,384             | 5.49%           | 351,731             | 13,236             | 5.03%           |
| <b>Total loans</b>                                 | <u>1,141,953</u>                        | <u>47,375</u>      | 5.55%           | <u>1,122,862</u>    | <u>47,621</u>      | 5.67%           |
| <b>Total earning assets</b>                        | <u>1,414,780</u>                        | <u>\$ 52,626</u>   | 4.97%           | <u>1,305,266</u>    | <u>\$ 51,473</u>   | 5.27%           |
| Noninterest-earning assets                         | 93,160                                  |                    |                 | 84,539              |                    |                 |
| <b>Total assets</b>                                | <u>\$ 1,507,940</u>                     |                    |                 | <u>\$ 1,389,806</u> |                    |                 |
| <b>Interest-bearing liabilities</b>                |   |                    |                 |                     |                    |                 |
| NOW and money market deposits                      | \$ 301,254                              | \$ 1,576           | 0.70%           | \$ 282,790          | \$ 1,370           | 0.65%           |
| Savings deposits                                   | 34,879                                  | 121                | 0.46%           | 34,718              | 118                | 0.45%           |
| Time deposits                                      | 695,020                                 | 5,903              | 1.14%           | 682,484             | 5,144              | 1.01%           |
| <b>Total interest-bearing deposits</b>             | <u>1,031,153</u>                        | <u>7,601</u>       | 0.99%           | <u>999,992</u>      | <u>6,633</u>       | 0.89%           |
| FHLB short-term advances                           | 5,128                                   | 29                 | 0.77%           | 5,949               | 24                 | 0.54%           |
| Long-term debt                                     | 49,433                                  | 2,546              | 6.89%           | 33,001              | 1,698              | 6.87%           |
| Subordinated debentures                            | 3,366                                   | 173                | 6.88%           | 2,673               | 127                | 6.34%           |
| <b>Total interest-bearing liabilities</b>          | <u>1,089,080</u>                        | <u>\$ 10,350</u>   | 1.27%           | <u>1,041,615</u>    | <u>\$ 8,481</u>    | 1.09%           |
| <b>Noninterest-bearing liabilities</b>             |   |                    |                 |                     |                    |                 |
| Noninterest-bearing deposits                       | 205,532                                 |                    |                 | 163,518             |                    |                 |
| Other noninterest-bearing liabilities              | 10,274                                  |                    |                 | 15,052              |                    |                 |
| <b>Total noninterest-bearing liabilities</b>       | <u>215,805</u>                          |                    |                 | <u>178,569</u>      |                    |                 |
| Shareholders' equity                               | 203,054                                 |                    |                 | 169,622             |                    |                 |
| <b>Total liabilities and shareholders' equity</b>  | <u>\$ 1,507,940</u>                     |                    |                 | <u>\$ 1,389,806</u> |                    |                 |
| <b>Net interest income / interest rate spreads</b> |   | <u>\$ 42,276</u>   | 3.70%           |                     | <u>\$ 42,992</u>   | 4.18%           |
| <b>Net interest margin</b>                         |   |                    | <u>4.00%</u>    |                     |                    | <u>4.40%</u>    |

- (1) Includes income and average balances for FHLB stock, term federal funds, interest-bearing time deposits and other miscellaneous interest-bearing assets.
- (2) We have an insignificant amount of tax-exempt loans and securities, less than \$1 million. Interest income and average rates for tax-exempt loans and securities are presented on a tax-equivalent basis as of September 30, 2017 and 2016.
- (3) Average loan balances include nonaccrual loans and loans held for sale. Interest income on loans includes - amortization of deferred loan fees, net of deferred loan costs.
- (4) Includes purchased receivables, which are short term loans made to investment grade companies and are used for cash - management purposes by the Company.

**RBB BANCORP AND SUBSIDIARIES**  
**SELECTED FINANCIAL HIGHLIGHTS**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

|  | For the three months ended |                  |                       |
|--|----------------------------|------------------|-----------------------|
|  | September 30,<br>2017      | June 30,<br>2017 | September 30,<br>2016 |
| <b>Per share data (common stock)</b>                 |                            |                  |                       |
| <b>Earnings</b>                                      |                            |                  |                       |
| Basic  | \$ 0.45                    | \$ 0.67          | \$ 0.44               |
| Diluted  | \$ 0.42                    | \$ 0.62          | \$ 0.42               |
| Book value   | \$ 16.49                   | \$ 14.99         | \$ 13.75              |
| Tangible book value                                  | \$ 14.49                   | \$ 12.53         | \$ 11.27              |
| <b>Weighted average shares outstanding</b>           |                            |                  |                       |
| Basic  | 14,767,457                 | 12,827,803       | 12,827,803            |
| Diluted  | 15,851,929                 | 13,863,273       | 13,717,232            |
| Shares outstanding at period end                     | 15,790,611                 | 12,827,803       | 12,827,803            |
| <b>Performance ratios</b>                            |                            |                  |                       |
| Return on average assets, annualized                 | 1.65%                      | 2.29%            | 1.56%                 |
| Return on average shareholders' equity, annualized   | 11.04%                     | 18.27%           | 12.88%                |
| Return on average tangible common equity, annualized | 12.73%                     | 21.98%           | 15.73%                |
| Noninterest income to average assets, annualized     | 0.95%                      | 0.85%            | 0.71%                 |
| Noninterest expense to average assets, annualized    | 1.80%                      | 1.87%            | 1.93%                 |
| Return on average earning assets                     | 4.87%                      | 5.02%            | 5.47%                 |
| Cost of average deposits                             | 0.83%                      | 0.83%            | 0.77%                 |
| Cost of average interest-bearing deposits            | 1.01%                      | 0.99%            | 0.90%                 |
| Cost of average interest-bearing liabilities         | 1.29%                      | 1.28%            | 1.18%                 |
| Accretion on loans to average earning assets         | 0.17%                      | 0.25%            | 0.81%                 |
| Net interest spread                                  | 3.58%                      | 3.75%            | 4.29%                 |
| Net interest margin                                  | 3.91%                      | 4.02%            | 4.52%                 |
| Efficiency ratio                                     | 38.87%                     | 40.44%           | 40.13%                |

**RBB BANCORP AND SUBSIDIARIES**  
**SELECTED FINANCIAL HIGHLIGHTS**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

|  | <b>For the nine months ended September 30,</b> |             |
|--|--|-------------|
|  | <b>2017</b>                                    | <b>2016</b> |
| <b>Per share data (common stock)</b>                 |  |             |
| <b>Earnings</b>                                      |  |             |
| Basic  | \$ 1.53  | \$ 1.07     |
| Diluted  | \$ 1.42  | \$ 1.00     |
| Dividends declared                                   | \$ 0.30  | \$ 0.20     |
| Book value   | \$ 16.49                                       | \$ 13.75    |
| Tangible book value                                  | \$ 14.49                                       | \$ 11.27    |
| <b>Weighted average shares outstanding</b>           |  |             |
| Basic  | 13,481,459                                     | 12,791,876  |
| Diluted  | 14,559,043                                     | 13,687,998  |
| Shares outstanding at period end                     | 15,790,611                                     | 12,827,803  |
| <b>Performance ratios</b>                            |  |             |
| Return on average assets, annualized                 | 1.83%  | 1.32%       |
| Return on average shareholders' equity, annualized   | 13.59%   | 10.78%      |
| Return on average tangible common equity, annualized | 16.10%   | 12.70%      |
| Noninterest income to average assets, annualized     | 0.83%  | 0.60%       |
| Noninterest expense to average assets, annualized    | 1.84%  | 2.15%       |
| Return on average earning assets                     | 4.97%  | 5.27%       |
| Cost of average deposits                             | 0.82%  | 0.76%       |
| Cost of average interest-bearing deposits            | 0.99%  | 0.89%       |
| Cost of average interest-bearing liabilities         | 1.27%  | 1.09%       |
| Accretion on loans to average earning assets         | 0.23%  | 0.63%       |
| Net interest spread                                  | 3.70%  | 4.18%       |
| Net interest margin                                  | 4.00%  | 4.40%       |
| Efficiency ratio                                     | 40.13%   | 45.41%      |
| Common stock dividend payout ratio                   | 19.60%   | 18.68%      |

**RBB BANCORP AND SUBSIDIARIES**  
**SELECTED FINANCIAL HIGHLIGHTS**  
(Unaudited)  
*(Dollars in thousands, except per share amounts)*

|  | For the periods ending |                  |                       |
|--|------------------------|------------------|-----------------------|
|  | September 30,<br>2017  | June 30,<br>2017 | September 30,<br>2016 |
| Loan to deposit ratio                              | 90.76%                 | 89.64%           | 93.56%                |
| Core deposits / total deposits                     | 73.37%                 | 70.51%           | 69.03%                |
| Net non-core funding dependence ratio              | 22.81%                 | 23.84%           | 18.47%                |
| <b>Credit Quality Data:</b>                        |                        |                  |                       |
| Loans 30-89 days past due                          | \$ 2,178               | \$ 20,688        | \$ 3,708              |
| Loans 30-89 days past due to total loans           | 0.18%                  | 1.81%            | 0.33%                 |
| Nonperforming loans                                | \$ 3,950               | \$ 8,481         | \$ 7,468              |
| Nonperforming loans to total loans                 | 0.33%                  | 0.74%            | 0.67%                 |
| Nonperforming assets                               | \$ 4,243               | \$ 9,315         | \$ 7,761              |
| Nonperforming assets to total assets               | 0.26%                  | 0.61%            | 0.54%                 |
| Allowance for loan losses to total loans           | 0.95%                  | 0.93%            | 1.19%                 |
| Allowance for loan losses to nonperforming loans   | 289.12%                | 125.30%          | 179.42%               |
| Net charge-offs to average loans                   | -0.07%                 | -0.06%           | 0.02%                 |
| <b>Regulatory and other capital ratios—Company</b> |                        |                  |                       |
| Tangible common equity to tangible assets          | 14.20%                 | 10.70%           | 10.20%                |
| Tier 1 leverage ratio                              | 14.91%                 | 11.24%           | 10.52%                |
| Tier 1 common capital to risk-weighted assets      | 18.23%                 | 13.68%           | 12.48%                |
| Tier 1 capital to risk-weighted assets             | 18.49%                 | 13.96%           | 12.72%                |
| Total capital to risk-weighted assets              | 23.37%                 | 19.10%           | 18.12%                |
| <b>Regulatory capital ratios—bank only</b>         |                        |                  |                       |
| Tier 1 leverage ratio                              | 14.57%                 | 13.32%           | 12.27%                |
| Tier 1 common capital to risk-weighted assets      | 18.13%                 | 16.58%           | 14.85%                |
| Tier 1 capital to risk-weighted assets             | 18.13%                 | 16.58%           | 14.85%                |
| Total capital to risk-weighted assets              | 19.08%                 | 17.53%           | 16.05%                |

**RBB BANCORP AND SUBSIDIARIES**  
**SELECTED FINANCIAL HIGHLIGHTS**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

| Quarterly Consolidated Statements of Earnings        | 3Q<br>2017      | 2Q<br>2017      | 1Q<br>2017      | 4Q<br>2016      | 3Q<br>2016      |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Interest income</b>                               |                 |                 |                 |                 |                 |
| Loans, including fees                                | \$ 17,200       | \$ 16,759       | \$ 16,033       | \$ 15,846       | \$ 18,169       |
| Investment securities and other                      | 1,146           | 762             | 726             | 870             | 530             |
| Total interest income                                | 18,346          | 17,521          | 16,759          | 16,716          | 18,699          |
| <b>Interest expense</b>                              |                 |                 |                 |                 |                 |
| Deposits   | 2,710           | 2,568           | 2,323           | 2,310           | 2,322           |
| Interest on subordinated debentures and other        | 908             | 907             | 905             | 723             | 903             |
| Other borrowings                                     | —               | 12              | 17              | 193             | 16              |
| Total interest expense                               | 3,618           | 3,487           | 3,245           | 3,226           | 3,241           |
| Net interest income before provision for loan losses | 14,728          | 14,034          | 13,514          | 13,490          | 15,458          |
| Provision (recapture) for loan losses                | 700             | (4,188)         | —               | 1,375           | 1,250           |
| Net interest income after provision for loan losses  | 14,028          | 18,222          | 13,514          | 12,115          | 14,208          |
| Noninterest income                                   | 3,796           | 3,175           | 2,432           | 2,683           | 2,596           |
| Noninterest expense                                  | 7,200           | 6,960           | 6,578           | 5,532           | 7,037           |
| Earnings before income taxes                         | 10,624          | 14,437          | 9,368           | 9,266           | 9,767           |
| Income taxes   | 4,013           | 5,901           | 3,875           | 3,880           | 4,070           |
| <b>Net income</b>                                    | <b>\$ 6,611</b> | <b>\$ 8,536</b> | <b>\$ 5,493</b> | <b>\$ 5,386</b> | <b>\$ 5,697</b> |
| Net income per common share – basic                  | \$ 0.45         | \$ 0.67         | \$ 0.43         | \$ 0.42         | \$ 0.44         |
| Net income per common share – diluted                | \$ 0.42         | \$ 0.62         | \$ 0.40         | \$ 0.39         | \$ 0.42         |
| Cash dividends declared per common share             | —               | —               | \$ 0.30         | —               | —               |
| Cash dividends declared                              | —               | —               | \$ 3,848        | —               | —               |
| Return on average assets, annualized                 | 1.65%           | 2.29%           | 1.55%           | 1.49%           | 1.56%           |
| Return on average earning assets                     | 4.87%           | 5.02%           | 5.04%           | 4.92%           | 5.47%           |
| Cost of average deposits                             | 0.83%           | 0.83%           | 0.80%           | 0.78%           | 0.77%           |
| Cost of average interest-bearing deposits            | 1.01%           | 0.99%           | 0.95%           | 0.91%           | 0.90%           |
| Cost of average interest-bearing liabilities         | 1.29%           | 1.28%           | 1.24%           | 1.20%           | 1.16%           |
| Accretion on loans to average earning assets         | 0.17%           | 0.25%           | 0.25%           | 0.54%           | 0.75%           |
| Net interest margin                                  | 3.91%           | 4.02%           | 4.06%           | 3.97%           | 4.52%           |



**RBB BANCORP AND SUBSIDIARIES**  
**SELECTED FINANCIAL HIGHLIGHTS**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

| Loan Portfolio Detail<br>(dollars in thousands) | As of September 30, |               | As of June 30,     |               | As of March 31,    |               | As of December 31, |               | As of September 30, |               |
|---|---------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|---------------------|---------------|
|   | 2017                | %             | 2017               | %             | 2017               | %             | 2016               | %             | 2016                | %             |
| <b>Loans:</b>                                   |                     |               |                    |               |                    |               |                    |               |                     |               |
| Commercial and industrial                       | \$ 225,968          | 18.89         | \$ 229,985         | 20.07         | \$ 214,480         | 18.82         | \$ 203,843         | 18.36         | \$ 189,484          | 16.89         |
| SBA   | 148,005             | 12.37         | 158,372            | 13.82         | 149,926            | 13.16         | 158,968            | 14.32         | 162,924             | 14.52         |
| Construction and land development               | 94,297              | 7.88          | 100,239            | 8.75          | 89,869             | 7.89          | 89,409             | 8.05          | 106,769             | 9.52          |
| Commercial real estate (1)                      | 491,085             | 41.04         | 439,204            | 38.32         | 493,416            | 43.30         | 501,798            | 45.19         | 519,103             | 46.27         |
| Single-family residential mortgages             | 237,167             | 19.82         | 218,205            | 19.04         | 191,872            | 16.84         | 156,428            | 14.09         | 143,593             | 12.80         |
| <b>Total loans,(2)</b>                          | <b>\$1,196,522</b>  | <b>100.00</b> | <b>\$1,146,005</b> | <b>100.00</b> | <b>\$1,139,563</b> | <b>100.00</b> | <b>\$1,110,446</b> | <b>100.00</b> | <b>\$1,121,873</b>  | <b>100.00</b> |
| Allowance for loan losses                       | (11,420)            |               | (10,627)           |               | (14,186)           |               | (14,162)           |               | (13,399)            |               |
| <b>Total loans, net</b>                         | <b>\$1,185,102</b>  |               | <b>\$1,135,378</b> |               | <b>\$1,125,377</b> |               | <b>\$1,096,284</b> |               | <b>\$1,108,474</b>  |               |

(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.

| Change in Allowance for Loan Losses<br>(dollars in thousands) | Nine months ended<br>September 30, |                  |
|---|------------------------------------|------------------|
|   | 2017                               | 2016             |
| Beginning balance   | \$ 14,162                          | \$ 10,023        |
| (Recapture) additions to the allowance charged to expense     | (3,488)                            | 3,599            |
| Recoveries on loans charged-off                               | 747                                | —                |
|   | 11,420                             | 13,622           |
| Less loans charged-off  | —                                  | (223)            |
| <b>Ending balance</b>   | <b>\$ 11,420</b>                   | <b>\$ 13,399</b> |

**Tangible Book Value Reconciliations (non-GAAP)**

The tangible book value per share is a non-GAAP disclosure. The Company uses certain non-GAAP financial measures to provide supplemental information regarding the Company's 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, 2017 and 2016.

| (dollars in thousands, except per share data)   | September 30,       |                     |
|---|---------------------|---------------------|
|   | 2017                | 2016                |
| <b>Tangible common equity:</b>                  |                     |                     |
| Total shareholders' equity                      | \$ 260,331          | \$ 176,434          |
| <b>Adjustments</b>                              |                     |                     |
| Goodwill  | (29,940)            | (29,940)            |
| Core deposit intangible                         | (1,525)             | (1,897)             |
| <b>Tangible common equity</b>                   | <b>\$ 228,866</b>   | <b>\$ 144,597</b>   |
| <b>Tangible assets:</b>                         |                     |                     |
| Total assets-GAAP                               | \$ 1,642,714        | \$ 1,449,455        |
| <b>Adjustments</b>                              |                     |                     |
| Goodwill  | (29,940)            | (29,940)            |
| Core deposit intangible                         | (1,525)             | (1,897)             |
| <b>Tangible assets</b>                          | <b>\$ 1,611,249</b> | <b>\$ 1,417,618</b> |
| Common shares outstanding                       | 15,790,611          | 12,827,803          |
| Tangible common equity to tangible assets ratio | 14.20%              | 10.20%              |
| <b>Tangible book value per share</b>            | <b>\$ 14.49</b>     | <b>\$ 11.27</b>     |

### Adjusted Earnings Metrics (non-GAAP)

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

| (dollars in thousands, except per share data)      | Three Months Ended    |                  |                       |
|--|-----------------------|------------------|-----------------------|
|  | September 30,<br>2017 | June 30,<br>2017 | September 30,<br>2016 |
| Income before taxes - GAAP                         | \$ 10,624             | \$ 14,437        | \$ 9,767              |
| Adjustments to interest income                     |                       |                  |                       |
| Accretion of purchase discounts                    | (638)                 | (868)            | (2,895)               |
| Provision for loan loss                            | —                     | (4,188)          | —                     |
| Adjustments to noninterest income                  |                       |                  |                       |
| Gain on sale of investment securities, net         | —                     | —                | —                     |
| Adjustments to other expenses                      |                       |                  |                       |
| Integration and acquisition expenses               | —                     | —                | —                     |
| Total adjustments to income                        | (638)                 | (5,056)          | (2,895)               |
| Adjusted earnings pre-tax                          | 9,986                 | 9,381            | 6,872                 |
| Adjusted taxes                                     | 3,772                 | 3,834            | 2,864                 |
| Adjusted earnings non-GAAP                         | \$ 6,214              | \$ 5,547         | \$ 4,008              |
| Adjusted diluted EPS                               | \$ 0.39               | \$ 0.40          | \$ 0.29               |
| Weighted average diluted common shares outstanding | 15,851,929            | 13,863,273       | 13,717,232            |
| Average assets                                     | \$ 1,590,388          | \$ 1,494,722     | \$ 1,452,032          |
| Adjusted return on average assets                  | 1.55%                 | 1.49%            | 1.10%                 |
| Average tangible common equity                     | \$ 205,964            | \$ 155,798       | \$ 144,122            |
| Adjusted return on average tangible common equity  | 11.97%                | 14.28%           | 11.06%                |