

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): November 14, 2023 (November 14, 2023)

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.)

1055 Wilshire Blvd., 12th floor,
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.

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, No Par Value	RBB	NASDAQ Global Select Market

Item 7.01 Regulation FD Disclosure.

On November 14, 2023, RBB Bancorp (the “Company”) issued a press release correcting a misstatement in its quarterly earnings release for the third quarter of 2023 released on October 23, 2023 with respect to noninterest income and resulting net income. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1.

The Company has also made available on its website, www.royalbusinessbankusa.com, an updated investor presentation with corrected third quarter earnings results, which contains certain historical and forward-looking information relating to the Company (the “Investor Presentation”). The Investor Presentation is furnished as Exhibit 99.2 hereto and is incorporated by reference herein. All information in Exhibit 99.2 is presented as of the particular date or dates referenced therein, and the Company does not undertake any obligation to, and disclaims any duty to, update any of the information provided.

The information furnished under Item 7.01 and Item 9.01 of this Current Report on Form 8-K (including Exhibit 99.1 and Exhibit 99.2) shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such Section, nor shall such information be deemed incorporated by reference into any registration statement or other filings of the Company under the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing.

Item 9.01 Financial Statements and Exhibits.

- (d) Exhibits.
- 99.1 [Press Release dated November 14, 2023](#)
- 99.2 [Investor Presentation dated November 14, 2023](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

Date: November 14, 2023

RBB BANCORP
(Registrant)

By: /s/ Alex Ko

Alex Ko

Chief Financial Officer



Press Release
For Immediate Release

RBB BANCORP ANNOUNCES CORRECTIONS TO THIRD QUARTER EARNINGS RELEASE

LOS ANGELES, November 14, 2023 /Businesswire/ -- RBB Bancorp (the "Company", "we", "us" or "our") (NASDAQ: RBB) today announced that, in connection with the review of the Company's interim financial statements for the three months ended September 30, 2023, the Company's independent registered public accounting firm identified an adjustment to the interim period noninterest income and net income that the Company previously announced in its quarterly earnings release on October 23, 2023. The Company received a \$5.0 million grant as a part of the Community Development Financial Institution Equitable Recovery Program award (the "Award") during the interim period, which was previously recorded as noninterest income. The Company had previously announced in its quarterly earnings release that the Company's noninterest income for the three months ended September 30, 2023 was \$7.7 million, which included the full amount of the \$5.0 million Award. The Company subsequently determined that the income recognition should be deferred and not included in noninterest income for the interim period.

As a result, the Company's noninterest income for the three months ended September 30, 2023 was \$2.8 million, and its net income for the interim period was \$8.5 million, or \$0.45 diluted earnings per share, instead of the \$12.0 million and \$0.63, respectively, previously announced in the Company's quarterly earnings release. In addition, the Company's annualized return on average assets was 0.83% and annualized return on average tangible common equity was 7.82%, as compared to 1.17% and 11.04%, respectively, previously announced in the Company's quarterly earnings release.

Management of the Company and the Company's independent public accounting firm re-evaluated the Company's internal control over financial reporting related to our infrequent transactions such as noninterest income recognition for the Award and concluded that a material weakness existed in that area. As a result, management of the Company determined that the Company's internal control over financial reporting and disclosure controls and procedures were not effective as of September 30, 2023.

The Company has also made available on its website, www.royalbusinessbankusa.com, an updated investor presentation reflecting the corrected third quarter earnings results, which contains certain historical and forward-looking information relating to the Company.

Corporate Overview

RBB Bancorp is a community-based financial holding company headquartered in Los Angeles, California. As of September 30, 2023, the Company had total assets of \$4.1 billion. Its wholly-owned subsidiary, Royal Business Bank (the "Bank"), is a full service commercial bank, which provides business banking services to the Asian 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 finance and operations center is located at 7025 Orangethorpe Ave., Buena Park, California 90621. The Company's website address is www.royalbusinessbankusa.com.

Contacts

David Morris, Chief Executive Officer, (714) 670-2488

Alex Ko, EVP/Chief Financial Officer, (213) 533-7919

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 U.S. federal budget or debt or turbulence or uncertainty in domestic or foreign financial markets; the strength of the United States economy in general and the strength of the local economies in which we conduct operations; our ability to attract and retain deposits and access other sources of liquidity; possible additional provisions for loan 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; fluctuations in interest rates; the transition away from the London Interbank Offering Rate (LIBOR) and related uncertainty as well as the risks and costs related to our adopted alternative reference rate, including the Secured Overnight Financing Rate (SOFR); 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; 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 United States or other governments in response to acts or threats of terrorism and/or military conflicts, including the conflicts between Russia and Ukraine and in the Middle East, which could impact business and economic conditions in the United States and abroad; public health crises and pandemics, including the COVID-19 pandemic, 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 of the rules and regulations related to the calculation of the FDIC insurance assessment amount; 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 Bancorp'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 and Form 10-K/A for the year ended December 31, 2022, 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

NASDAQ: RBB

2023 Third Quarter
Earnings Results

November 14, 2023

Disclosure Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include the words “believes,” “expects,” “anticipates,” “estimates,” “forecasts,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions or future or conditional verbs such as “may,” “will,” “should,” “would” and “could” and the negative of these terms and similar words, although some forward-looking statements may be expressed differently. Forward-looking statements also include, but are not limited to, statements regarding plans, objectives, expectations or consequences of announced transactions, known trends and statements about future performance, operations, products and services of RBB Bancorp (“RBB” or the “Company”) and its subsidiaries.

These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Such risks and uncertainties and other factors include, but are not limited to, adverse developments or conditions related to or arising from: (1) 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 U.S. federal budget or debt or turbulence or uncertainty in domestic or foreign financial markets; (2) the strength of the United States economy in general and the strength of the local economies in which we conduct operations; (3) possible additional provisions for loan losses and charge-offs; (4) credit risks of lending activities and deterioration in asset or credit quality; (5) extensive laws and regulations and supervision that we are subject to, including potential supervisory action by bank supervisory authorities; (6) 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 (the “Dodd-Frank Act”); (7) compliance with the Bank Secrecy Act and other money laundering statutes and regulations; (8) potential goodwill impairment; (9) liquidity risk; (10) fluctuations in interest rates; (11) the transition away from the London Interbank Offering Rate (LIBOR) and related uncertainty as well as the risks and costs related to our adopted alternative reference rate, including the Secured Overnight Financing Rate (“SOFR”); (12) risks associated with acquisitions and the expansion of our business into new markets; (13) inflation and deflation; (14) real estate market conditions and the value of real estate collateral; (15) environmental liabilities; (16) our ability to compete with larger competitors; (17) our ability to retain key personnel; (18) successful management of reputational risk; (19) severe weather, natural disasters, earthquakes, fires; or other adverse external events could harm our business; (20) geopolitical conditions, including acts or threats of terrorism, actions taken by the United States or other governments in response to acts or threats of terrorism and/or military conflicts, including the conflicts between Russia and Ukraine and in the Middle East, which could impact business and economic conditions in the United States and abroad; (21) public health crises and pandemics, including the COVID-19 pandemic, 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; (22) general economic or business conditions in Asia, and other regions where the Bank has operations; (23) failures, interruptions, or security breaches of our information systems; (24) climate change, including any enhanced regulatory, compliance, credit and reputational risks and costs; (25) cybersecurity threats and the cost of defending against them; (26) our ability to adapt our systems to the expanding use of technology in banking; (27) risk management processes and strategies; (28) adverse results in legal proceedings; (29) the impact of regulatory enforcement actions, if any; (30) certain provisions in our charter and bylaws that may affect acquisition of the Company; (31) changes in tax laws and regulations; (32) the impact of governmental efforts to restructure the U.S. financial regulatory system; (33) the impact of future or recent changes in the Federal Deposit Insurance Corporation (“FDIC”) insurance assessment rate of the rules and regulations related to the calculation of the FDIC insurance assessment amount; (34) 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 U.S. Securities and Exchange Commission (“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; (35) market disruption and volatility; (36) fluctuations in the Company’s stock price; (37) restrictions on dividends and other distributions by laws and regulations and by our regulators and our capital structure; (38) issuances of preferred stock; (39) our ability to raise additional capital, if needed, and the potential resulting dilution of interests of holders of our common stock; (40) the soundness of other financial institutions; and (41) other risks detailed from time to time in our filings with the SEC including our Quarterly Reports on Form 10-Q and our Annual Reports on Form 10-K, all of which could cause actual results to differ from those set forth in the forward-looking statements.

Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.

There can be no assurance that other factors not currently anticipated by us will not materially and adversely affect our business, financial condition and results of operations. You are cautioned not to place undue reliance on our forward looking statements, which reflect management’s analysis and expectations only as of the date of such statements. Forward looking statements speak only as of the date they are made, and we do not intend, and undertake no obligation, to publicly revise or update forward looking statements, whether as a result of new information, future events or otherwise, except as required by federal securities law.

Non-GAAP Financial Measures

Certain financial information in this presentation has not been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and is presented on a non-GAAP basis. Investors should refer to the reconciliations included in this presentation and should consider the Company’s non-GAAP measures in addition to, not as a substitute for or superior to, measures prepared in accordance with GAAP. These measures may not be comparable to similarly titled measures used by other companies.

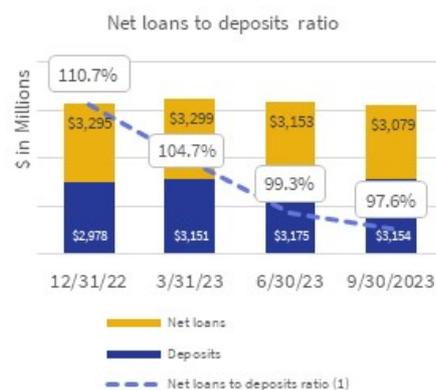
3rd Quarter 2023 | Financial Highlights

(\$ in thousands, except per share data)	4Q22	1Q23	2Q23	3Q23
Earnings & Profitability				
EPS	\$0.92	\$0.58	\$0.58	\$0.45
Net Income	\$17,581	\$10,970	\$10,949	\$8,473
Pre-Provision Net Revenue*	\$27,189	\$17,552	\$15,902	\$13,483
Net Interest Margin	4.26%	3.70%	3.37%	2.87%
Efficiency Ratio*	34.24%	51.86%	53.80%	55.59%
ROAA, annualized	1.80%	1.12%	1.08%	0.83%
ROTCE*, annualized	10.81%	10.66%	10.33%	7.82%
Balance Sheet & Capital				
Total Gross HFI Loans	\$3,336,449	\$3,342,416	\$3,195,995	\$3,120,952
Total Deposits	\$2,977,683	\$3,151,062	\$3,175,416	\$3,154,072
CET1 Ratio	16.03%	16.33%	16.91%	17.65%
TCE Ratio*	10.65%	10.40%	10.64%	10.71%
Tangible Book Value per Share*	\$21.58	\$22.10	\$22.40	\$22.53
Asset Quality				
Provision for Credit Losses	\$1,887	\$2,014	\$380	\$1,399
Net Loan Charge-offs	\$85	\$157	\$580	\$2,206
Substandard Loans	\$61,966	\$77,716	\$74,072	\$71,401
Total Loan ACL/Funded HFI Loans	1.23%	1.29%	1.35%	1.36%
NPA's/Total Assets	0.61%	0.66%	1.04%	0.99%

Highlights	
Net Income	EPS
\$8.5 million	\$0.45
PPNR*	ROTCE*
\$13.5 million	7.82%
Net Loan to Deposit Ratio ⁽¹⁾	NIM
97.6%	2.87%
Substandard loans	NPL
\$71.4 million	\$40.1 million

Strategically Managed Balance Sheet

(\$ in thousands, except per share data)	12/31/22	3/31/23	6/30/23	9/30/23
Cash and cash equivalents & ST investments	\$ 84,148	\$ 231,303	\$ 246,925	\$331, 391
AFS debt securities	256,830	293,371	391,116	354,378
HTM debt securities	5,729	5,722	5,718	5,214
HFS loans	---	---	555	62
Total gross HFI loans	3,336,449	3,342,416	3,195,995	3,120,952
Allowance for credit losses	(41,076)	(43,071)	(43,092)	(42,430)
Net HFI loans	3,295,373	3,299,345	3,152,903	3,078,522
Other assets	276,978	280,343	278,401	299,787
Total assets	\$ 3,919,058	\$ 4,110,084	\$ 4,075,618	\$4,069,354
Total deposits	\$ 2,977,683	\$ 3,151,062	\$ 3,175,416	\$3,154,072
FHLB advances	220,000	220,000	150,000	150,000
LT debt and subordinated debentures	188,305	188,504	188,703	188,903
Other liabilities	48,507	55,761	61,209	73,868
Total liabilities	\$ 3,434,495	\$ 3,615,327	\$ 3,575,328	\$3,566,843
Total shareholders' equity	\$ 484,563	\$ 494,757	\$ 500,290	\$ 502,511
Book value per share	\$ 25.55	\$ 26.05	\$ 26.34	\$ 26.45
Tangible book value per share*	\$ 21.58	\$ 22.10	\$ 22.40	\$ 22.53
Tangible common equity ratio*	10.7%	10.4%	10.6%	10.7%
Net loans to deposits ratio	110.7%	104.7%	99.3%	97.6%



👑 Cash and investment securities increased

👑 Net loans to deposits ratio decreased to 97.6%

👑 Deposits decreased while borrowings remained constant

Diversified Loan Portfolio

 Diversified across business lines

SFR⁽¹⁾ - Mainly non-QM loans

C&I - Majority secured by assets

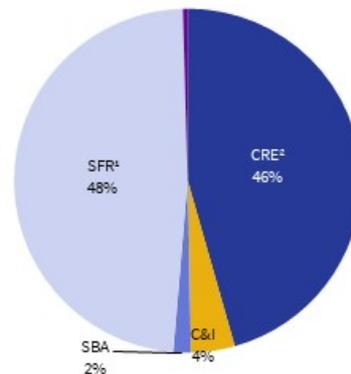
SBA - Primarily SBA 7(a) loans for business acquisition or working capital

 56.1% Fixed rate and 43.9% Variable rate⁽³⁾

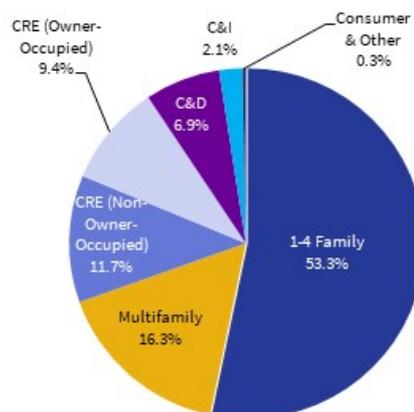
 Annualized yield on HFI loans of 5.99% for the third quarter of 2023

Loan Portfolio Composition as of 9/30/23

By Business Line:



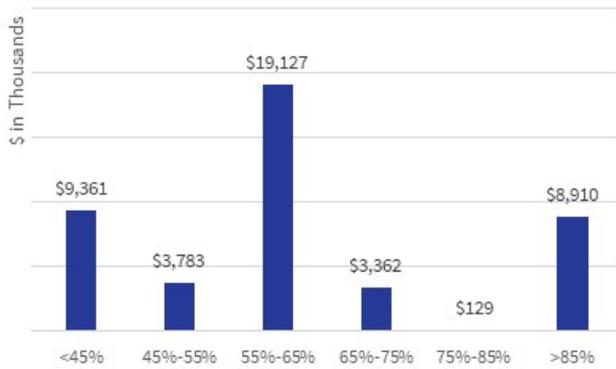
By Collateral Type:



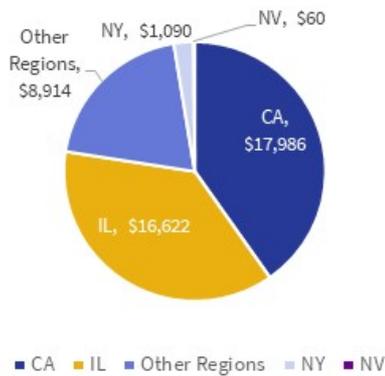
(1) Excludes HFS Loans
 (2) Includes construction and land development loans
 (3) Fixed rate loans include loans that have initial fixed rate terms prior to converting to variable rate loans

Commercial Real Estate : Office Portfolio as of September 30, 2023

LTV Distribution



**Region Breakdown
(\$ in Thousands)**



👑 CRE Office exposure is \$44.7 million: 3.4% of CRE portfolio and 1.4% of total loans

👑 LTV distribution:

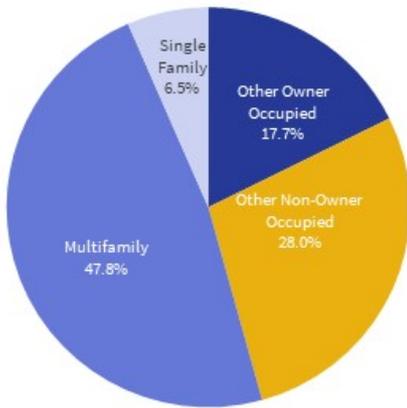
- Average weighted LTV ~62%
- Over 70% of loans with LTV <65%

👑 Regional distribution : ~80% of properties located within primary service areas

As of September 30, 2023:

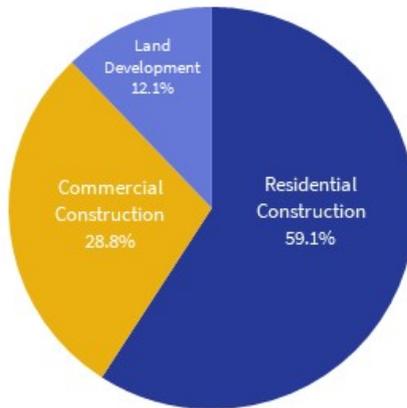
CRE Loans

\$1,164.2 million

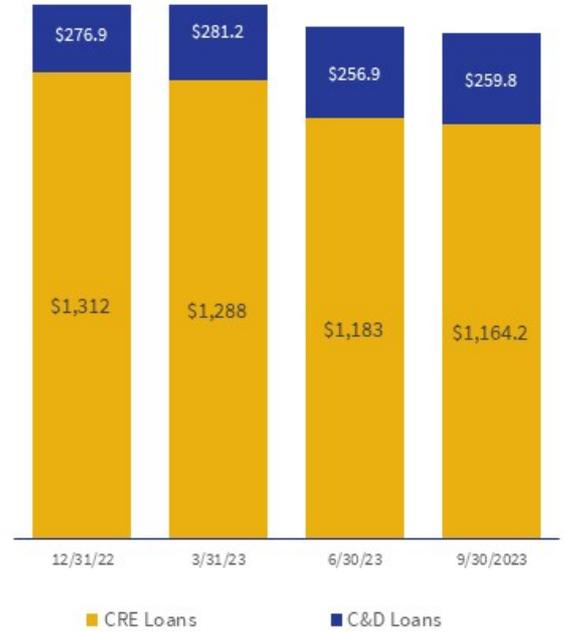


C&D Loans

\$259.8 million



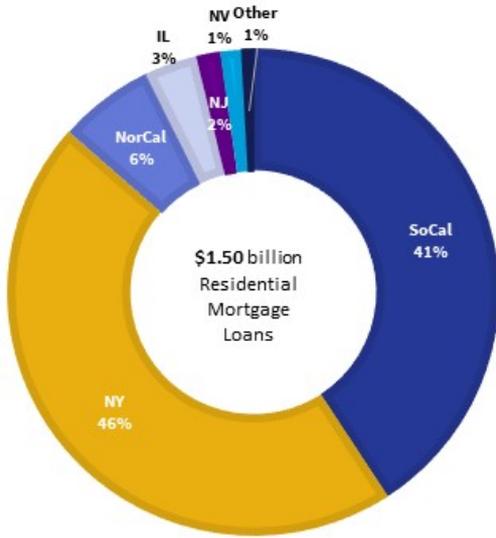
CRE and C&D Portfolio (\$mm)



Residential Mortgage Portfolio as of September 30, 2023

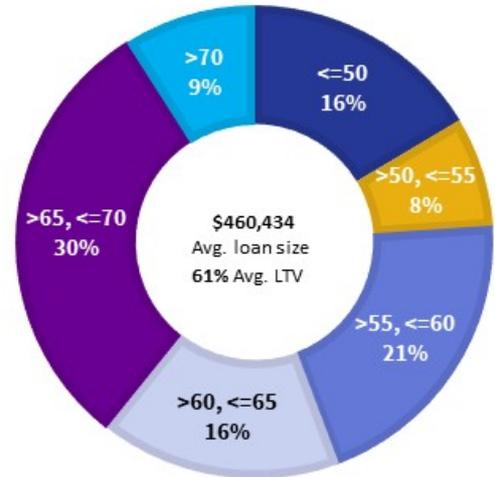
Distribution by Geography

■ SoCal ■ NY ■ NorCal ■ IL ■ NJ ■ NV ■ Other

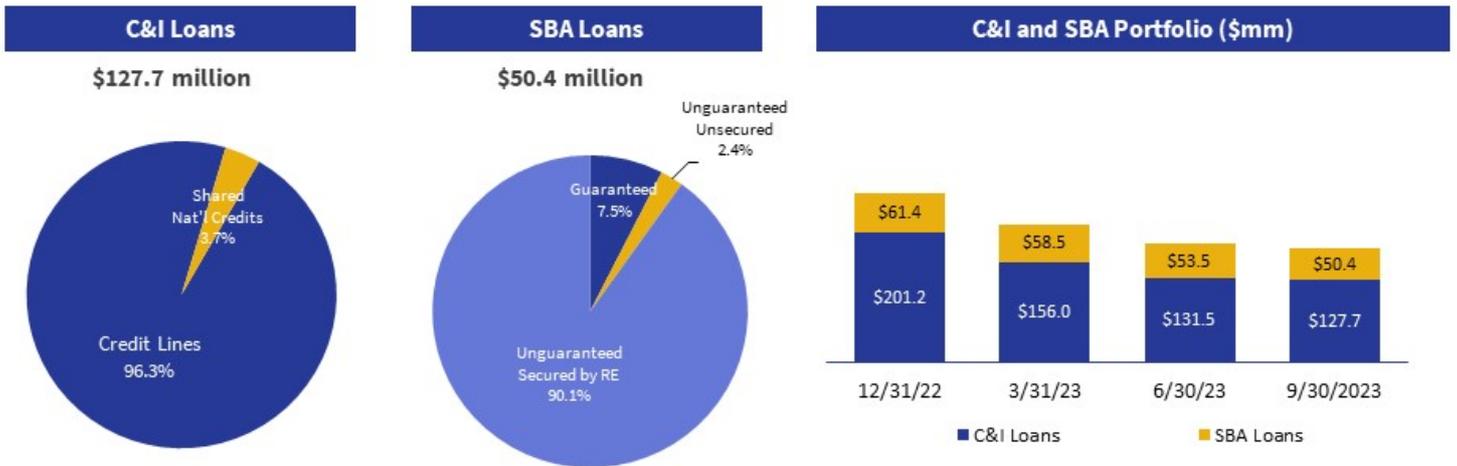


Distribution by LTV

■ ≤50 ■ >50, ≤55 ■ >55, ≤60
 ■ >60, ≤65 ■ >65, ≤70 ■ >70



As of September 30, 2023:

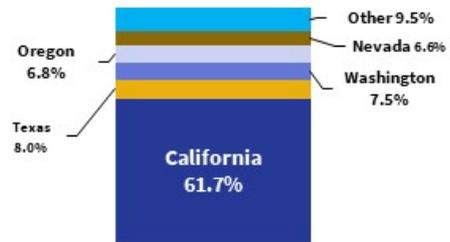


Unguaranteed SBA Loans:

By Business:



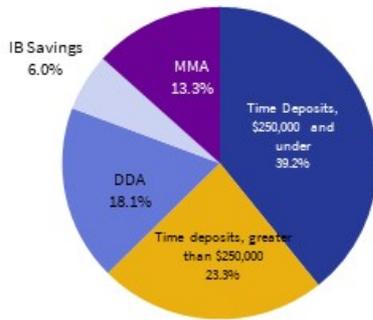
By Location:



Deposits

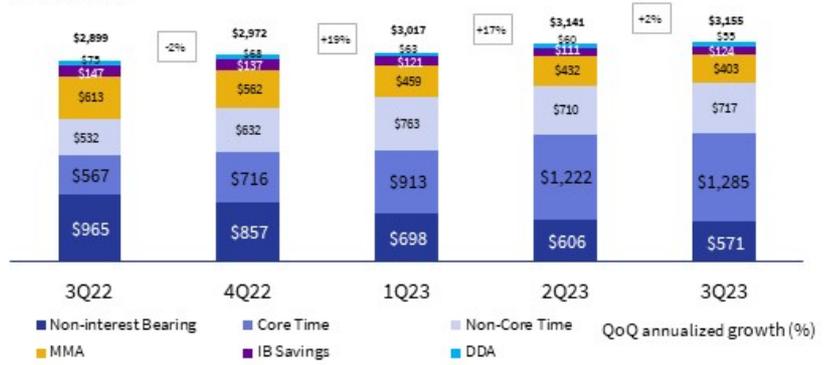
Total Deposits

\$3,154 million

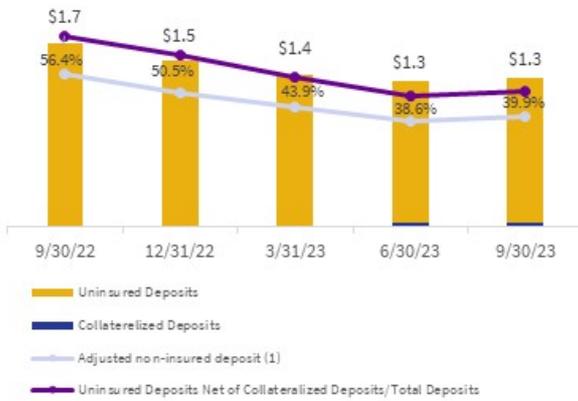


Average Deposit Growth - QoQ Annualized

\$ in thousands

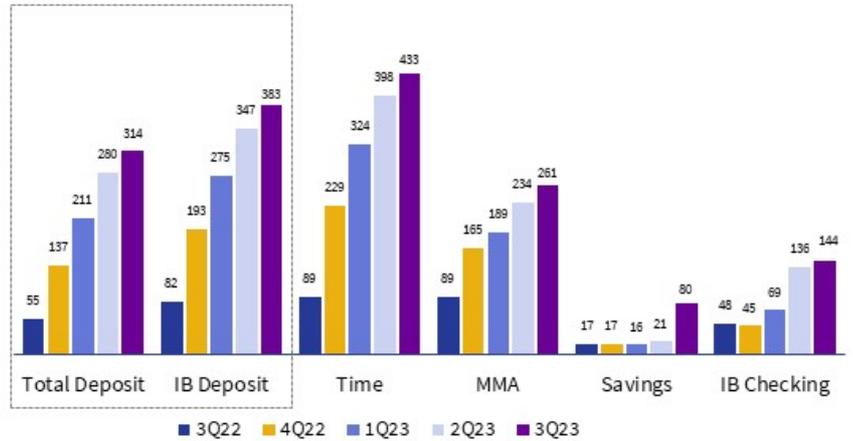


Uninsured Deposits (\$ billions)

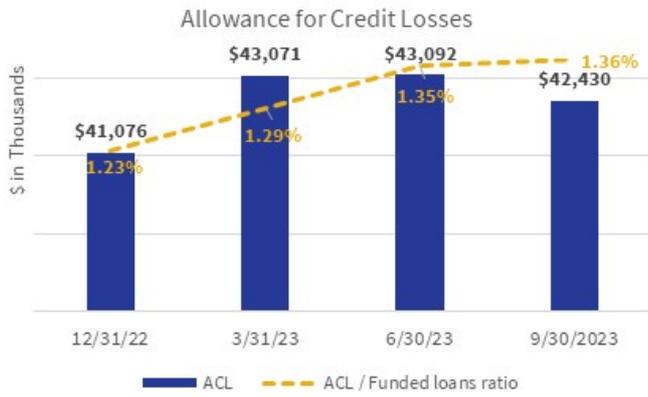


Average Cost of Deposits by Type

in bps

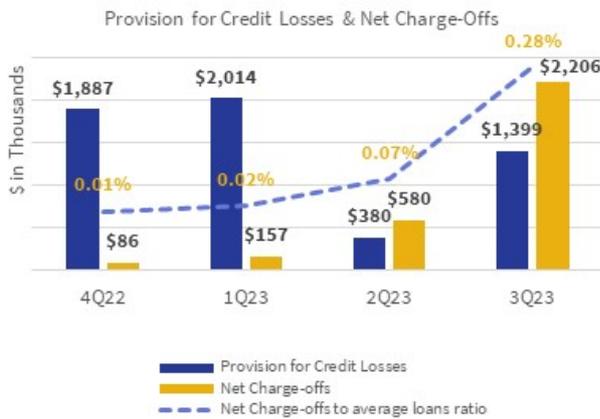


Allowance for Credit Losses & Credit Costs



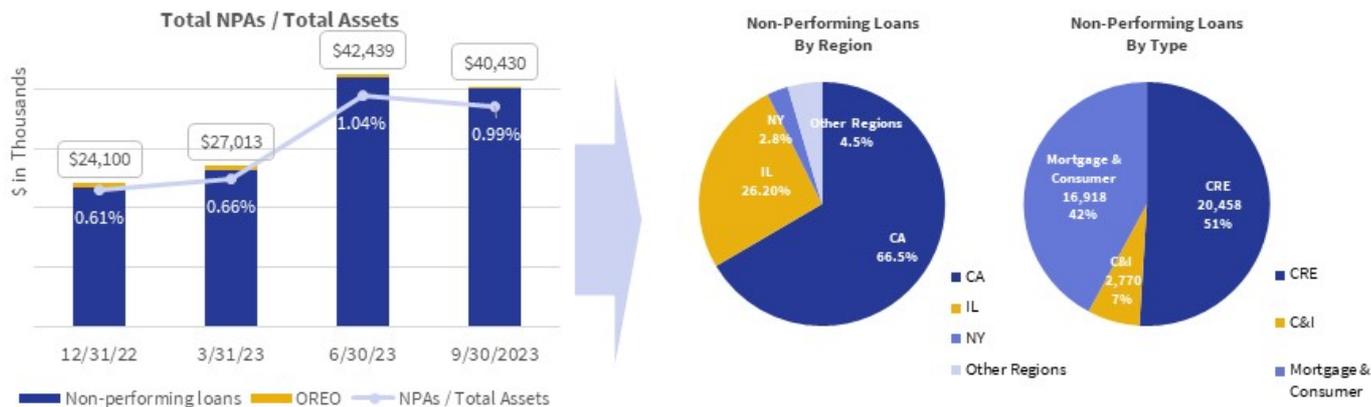
👑 Provision for credit losses of \$1.4mm in 3Q23, increased from \$380,000 in 2Q23; and allowance for credit losses decreased to \$42.4mm from \$43.1mm:

- ~\$792,000 increase resulted primarily due to two individually evaluated loans
- ~\$227,000 increase related to qualitative adjustment
- ACL / Funded loans ratio increased to 1.36% at September 30, 2023 from 1.35% at June 30, 2023



👑 Net charge-offs of \$2.2 million in 3Q23, increased from \$580,000 in 2Q23 due primarily to a \$2mm charge-off of a CRE loan

Asset Quality Metrics : Non-Performing Assets

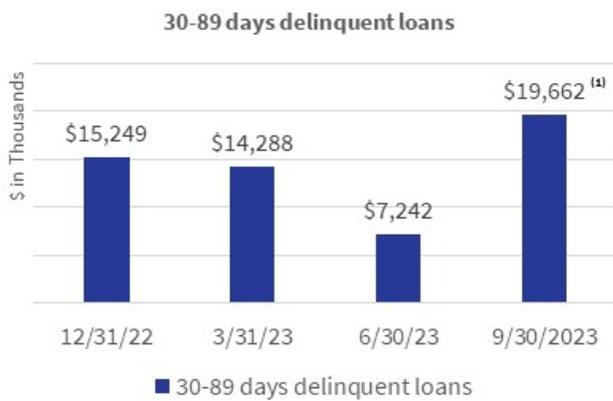
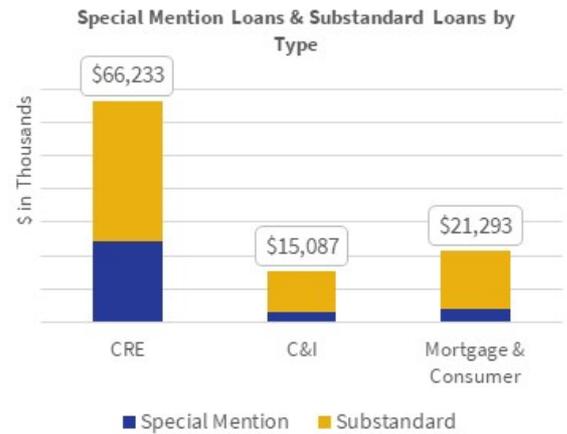


👑 Non-performing assets / Total assets decreased to 0.99% at 9/30/23 from 1.04% at 6/30/23 primarily due to the sale of one OREO in the amount of \$293,000

👑 Average weighted LTV of non-performing loans is 76%. Break down by loan type:

- CRE loans 96% LTV
- C&I loans 55% LTV
- Mortgage and consumer loans 55% LTV

Asset Quality Metrics : Loan Classifications and Delinquencies



- 👑 Special mention loans increased to \$31.2 million at 9/30/23 from \$24.2 million at 6/30/23, mainly due to the addition of two CRE loans in the amount of \$6.7 million
- 👑 Substandard loans decreased to \$71.4 million at 9/30/23 from \$74.0 million at 6/30/23, mainly due to loan payoffs in 3Q23
- 👑 ^(A) 30-89 days delinquent loans increased to \$19.7 million at September 30, 2023 from \$7.2 million at June 30, 2023 primarily due to a new delinquent commercial real estate loan of \$16.1 million for one business day payment delay, which reverted back to current in October 2023. The past due loans would have been \$3.6 million excluding this loan.

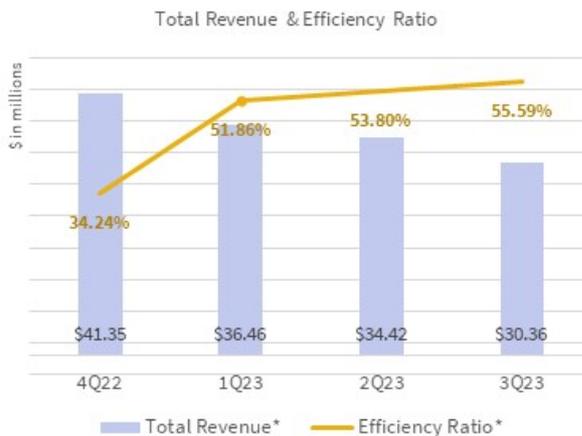
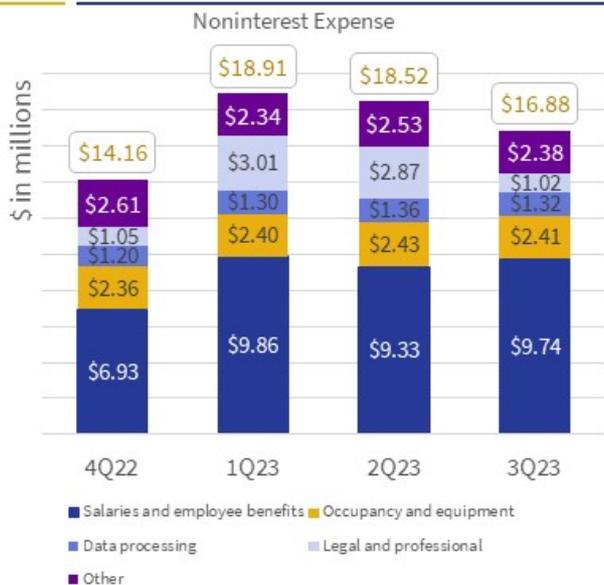
Noninterest Income Detail



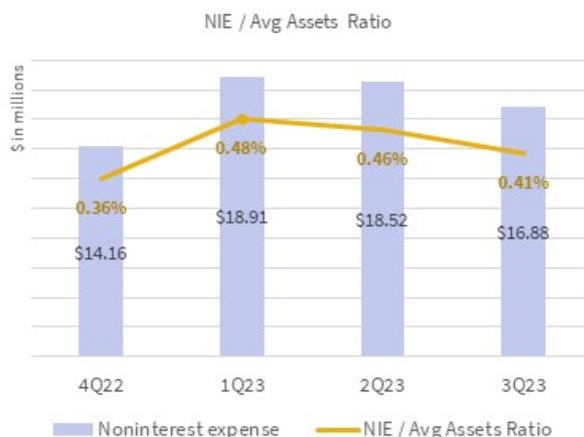
3Q23 noninterest income of \$2.8mm, increased from \$2.5mm in 2Q23, mainly due to gain on sale of OREO and gain on sale of loans, partially offset by decrease in letter of credit commissions, wealth management commissions and other income.

3Q23 loan servicing fees increased from 2Q23, mainly due to increase in loans that the Bank services

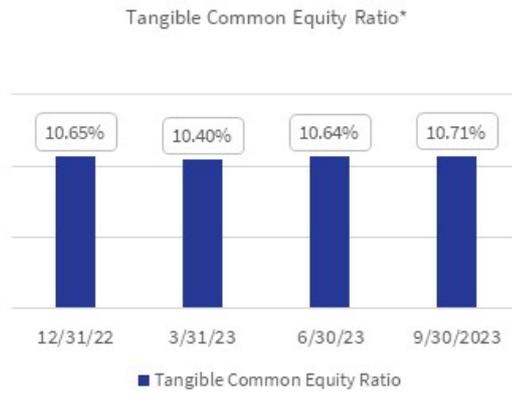
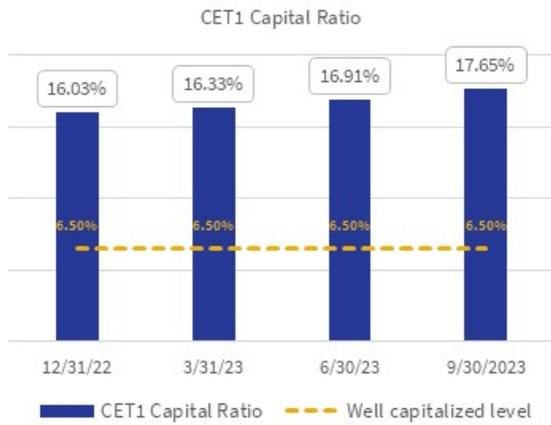
Operating Expense & Efficiency



- 3Q23 noninterest expense of \$16.9mm, decreased from \$18.5mm in 2Q23
- Noninterest expense as a percentage of total average assets decreased to 0.41% in 3Q23 from 0.46% in 2Q23
- 3Q23 efficiency ratio* was 55.59%, up from 53.80% in 2Q23, mainly due to decrease in total revenue*
- 3Q23 legal and professional fees decreased by \$1.9mm from 2Q23 due to insurance coverage on SEC special investigation



Accumulation of Strong Company Capital Ratios

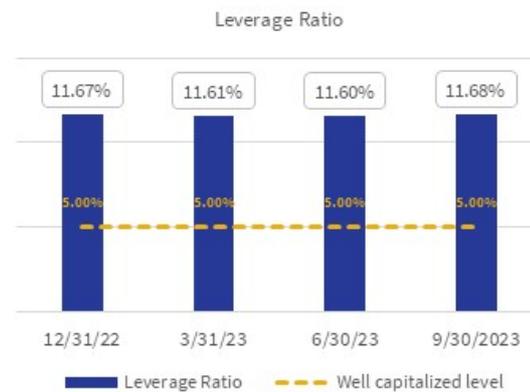
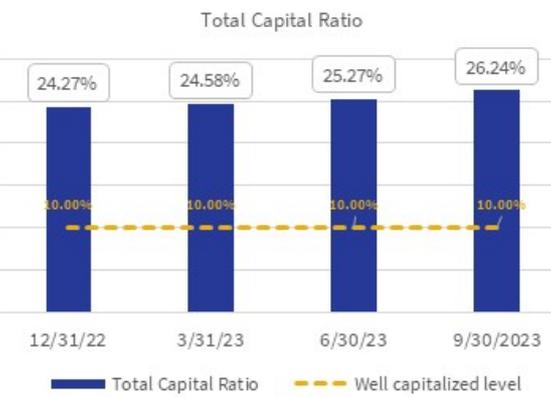


👑 Accumulation of capital over quarters

👑 Remains some of the strongest capital ratios among peer banks

👑 No stock buybacks during 3Q23

👑 Quarterly common stock dividend of \$0.16/share, equivalent to \$0.64 per share annualized





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Appendix: Non-GAAP Reconciliations

Non-GAAP Reconciliation: Pre-Provision Net Revenue

Some of the financial measures included in this presentation are not measures of financial performance recognized by GAAP. These non-GAAP financial measures include "pre-provision net revenue." Our management uses these non-GAAP financial measures in its analysis of our performance and believes these are helpful to investors as an additional tool for further understanding our performance. The following table provides clarity to financial statement users regarding the ongoing performance of the Company and allow comparability to prior periods:

(\$ in thousands)	4Q22	1Q23	2Q23	3Q23
Net interest income before provision for credit losses	\$38,993	\$34,101	\$31,926	\$27,589
Total noninterest income	2,352	2,362	2,493	2,770
Total revenue	\$41,345	\$36,463	\$34,419	\$30,359
Total noninterest expense	14,156	18,911	18,517	16,876
Pre-provision net revenue	\$27,189	\$17,552	\$15,902	\$13,483

Non-GAAP Reconciliation: Tangible Common Equity and Tangible Assets

Some of the financial measures included in this presentation are not measures of financial performance recognized by GAAP. These non-GAAP financial measures include "tangible common equity to tangible assets," "tangible book value per share," and "return on average tangible common equity." Our management uses these non-GAAP financial measures in its analysis of our performance and believes these are helpful to investors as an additional tool for further understanding our performance. The following table reconciles shareholders' equity (on a GAAP basis) to tangible common equity and total assets (on a GAAP basis) to tangible assets, calculates our tangible book value per share, and reconciles return on average tangible common equity to its most comparable GAAP measure:

(\$ in thousands)	12/31/22	3/31/23	6/30/23	9/30/23
Tangible Common Equity:				
Total Shareholders' Equity	\$484,563	\$494,757	\$500,290	\$502,511
Adjustments				
Goodwill	(71,498)	(71,498)	(71,498)	(71,498)
Core Deposit Intangible	(3,718)	(3,481)	(3,246)	(3,010)
Tangible Common Equity	\$409,347	\$419,778	\$425,546	\$428,003
Tangible Assets:				
Total Assets - GAAP	3,919,058	4,110,084	4,075,618	4,069,354
Adjustments				
Goodwill	(71,498)	(71,498)	(71,498)	(71,498)
Core Deposit Intangible	(3,718)	(3,481)	(3,246)	(3,010)
Tangible Assets	\$3,843,842	\$4,035,105	\$4,000,874	\$3,994,846
Common Shares Outstanding	18,965,776	18,992,903	18,995,303	18,995,303
Tangible Common Equity to Tangible Assets Ratio	10.65%	10.40%	10.64%	10.71%
Tangible Book Value Per Share	\$21.58	\$22.10	\$22.40	\$22.53
Average Tangible Common Equity:				
Average Shareholders' Equity	\$477,964	\$492,300	\$500,062	\$504,432
Adjustments				
Goodwill	(71,498)	(71,498)	(71,498)	(71,498)
Core Deposit Intangible	(3,882)	(3,636)	(3,400)	(3,165)
Average Tangible Common Equity	\$402,584	\$417,166	\$425,164	\$429,769
Net Income Available to Common Shareholders	\$17,581	10,970	10,949	8,473
Return on Average Tangible Common Equity	17.33%	10.66%	10.33%	7.82%