



Questions and Answers between David Morris (RBB Interim President and CEO) and analyst Andrew Terrell at Stephens, on February 24, 2022

Q: Just to start – Regarding the internal investigation into Alan, can you tell us anymore about the investigation?

A: I hope you will understand that I cannot comment on questions regarding the investigation. As we have stated, it is an internal investigation being directed by a special committee of the Board of Directors. I hope you will understand that we need to allow that process to conclude before we can comment on it.

With that said, I'd like to provide a short summary of the Bank's condition as of February 22, 2022.

- Loans have increased by \$69.4 million from December 31, 2021.
- Deposits have increase to \$3.5 billion from December 31, 2021. However, we still believe that much of the increase will run-off due to customers investing cash in other assets as previously announced and as rates go up.
- Year-to-date we have net recoveries of \$19,000. The home improvement loan product line will continue to have small monthly charge-offs and we do not see higher than normal charge-offs for the quarter.
- Sub-standard loans decreased by approximately \$15 million from December 31, 2021. We do not expect any substantial changes in sub-standard or doubtful loans this quarter.

The financial information list above has not been audited or reviewed. Current events, normal market changes and normal business will affect the final quarter-end financial information.

Q: Can you provide any details on Tammy Song's departure last week?

A: Tammy resigned from RBB on February 15th. I am told that according to her LinkedIn profile she is already working at East West Bank.

Q: Is the buyback active?

A: Yes. We continue to repurchase shares under our buyback plan.

Q: I know it's early, but will Alan's leave of absence have any impact on your recently announced acquisition? What about your strategy of expansion going forward?

- A: I think it's too early to say if it will impact the Gateway acquisition. But, our long-term strategy of expansion remains intact.
- Q: So the pending deal does not black you out from the buyback? Does the deal or the investigation black you out from authorizing any incremental buyback?
- A: That is correct the current deal does not cause a black out for the repurchase of shares. Concerning authorizing incremental additional stock repurchase plans, it is too early to tell.
- Q: Has your confidence changed in getting the Gateway acquisition to the finish line
- A: The Regulators do not like sudden changes in management therefore it will make it harder for us to be approved.
- Q: Can you remind us where you're at from a regulatory timeline perspective with the Gateway acquisition?
- A: We filed the application approximately two weeks ago.
- Q: Are you open to combining with a larger bank?
- A: We are always open to options that maximize shareholder value.
- Q: Can you remind us how much in loan and deposit exposure you have to Alan and the other officers and directors and their families?
- A: Catherine Thian, Alan's sister, intends to remain on the board of directors. The Bank has no loans with the Thian family and approximately \$25 million in deposits. We expect the deposits to remain intact. All insiders have about \$55 million in deposits with the Bank.
- Q: Have you had a chance yet to speak with other senior leaders and front-line lenders at the Company and is there any concern from your perspective regarding attrition at the bank?
- A: I am in constant communication with the senior team at Royal Business Bank and believe our employees are as committed as ever to helping this bank succeed. Yesterday I toured our largest branches in California to answer any, and all concerns of our staff. I will be touring all locations to ensure our staff has all the tools they need. Fortunately, our major customers are connected to the original long time executive vice presidents of the Bank, who are committed to the success of and remaining at the Bank.
- Q: What about some of the larger clients of the bank? Are you seeing any deposit attrition because of the announcement?
- A: We are not. Our customers naturally have questions, but we have not seen any unusual activity in that regard. However, prior to the announcement, as previously disclosed we have noticed some of the depositors leaving to invest in other investments.

Q: When should we all be expecting a future update from RBB regarding the pending investigation?

A: I cannot be sure, but we anticipate that the investigation should conclude within the next few weeks.

Q: And just to be clear - this is an investigation from the Board of Directors, it's not an investigation that your regulators are involved in, correct?

A: I will repeat from the opening question, this is an internal investigation being directed by a special committee of the Board of Directors.

Q: Going back to the business update - Is there any update you can provide us on mortgage?

A: Oh, Mortgage originations are a bright spot in our production at this time. Approximately one-half of the increase in loans from December 31, 2021 is due to mortgage originations. This is due to two factors, first, the prepaid speed has slowed due to the increase in FNMA rates and second, the higher production in the non-QM side. The FNMA production has slowed.

Q: How large is the book of business under Tammy Song and how are you thinking about hiring a replacement for her?

A: It is approximately \$600 million. Many of the borrowers have long-term relationships with many of our executives. We are interviewing for a new Chief Lending Officer starting next week. This person will be well known in the community and experienced as a CLO or a CCO.

Q: How does the bank think about key man risk? If Alan were hypothetically to depart the bank – what aspects of your business would be viewed as most vulnerable?

A: The management team of a bank is not just one person. It is the entire team. Most of the team has been with RBB since 2009 when I joined as a consultant.

Q: What is the normal course of action when you announce an investigation like this – how do you communicate it with regulatory agencies?

A: We had a recent regulatory examination starting in November 2021. The regulatory agencies are well aware of the investigation.