

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): January 29, 2020

**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))

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

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 7.01 Regulation FD Disclosure.**

On January 29, 2020 RBB Bancorp made available on its website an investor presentation regarding the Company's fourth quarter financial results (Exhibit 99.1), which will be made in person to various investors and other parties through March 31, 2020.

David Morris, Chief Financial Officer, made this presentation during the Janney West Coast CFO Forum in Phoenix, Arizona, which took place January 29-30, 2020.

The investor presentation, a copy of which is furnished herewith as Exhibit 99.1, is incorporated herein by reference. The investor presentation replaces and supersedes investor presentation materials furnished as an exhibit to the Company's Current Reports on Form 8-K.

The information contained in this Item 7.01, and Exhibit 99.1 attached hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 [Investor Presentation regarding RBB fourth quarter 2019 results](#)

**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: January 29, 2020

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



RBB BANCORP  
皇佳商業金控



# Investor Presentation

## January 2020

NASDAQ: RBB

# Forward-Looking Statements

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 RBB Bancorp's ("RBB") current business plans, its future financial position and operating results and RBB's expectations. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "prospects" or "potential," by future conditional verbs such as "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. Forward-looking statements speak only as of the date they are made and we assume no duty to update forward-looking statements.

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 RBB, on 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, New York or other states where RBB lends, 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 RBB's 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; our relationships with and reliance upon vendors with respect to the operation of certain 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 our common stock or other securities; and the resulting impact on our ability to raise capital or RBB's ability to 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; our success at managing the risks involved in the foregoing items and all other factors set forth in RBB's public reports filed with the Securities and Exchange Commission (the "SEC"), including its Annual Report on Form 10-K for the year ended December 31, 2018, and particularly the discussion of risk factors within that document applicable to RBB. Any statements about future operating results, such as those concerning accretion and dilution to RBB's earnings or shareholders, are for illustrative purposes only, are not forecasts, and actual results may differ. RBB 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.

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



# Experienced Leadership Team

 Average 33 years of bank management experience in finance, lending, credit, risk, strategy and branch operations

<u>Name / Title</u>	<u>Experience</u>	<u>Background</u>
<b>Yee Phong (Alan) Thian</b> <i>President &amp; Chief Executive Officer</i>	37 years	<ul style="list-style-type: none"> <li>Chairman, President and Chief Executive Officer ("CEO") since Royal Business Bank (the "Bank") began operations in 2008</li> <li>Appointed to the FDIC community bank advisory committee twice</li> <li>Presently on the CFPB community bank advisory committee</li> <li>Formerly served as Executive Vice President ("EVP") and Regional Director for United Commercial Bank, as well as President and CEO for both First Continental Bank and American International Bank</li> </ul>
<b>David Morris</b> <i>Executive Vice President &amp; Chief Financial Officer</i>	33 years (10 years with Alan)	<ul style="list-style-type: none"> <li>Appointed EVP and Chief Financial Officer ("CFO") of the Bank and Company in 2010</li> <li>Formerly President and CEO with MetroPacific Bank and EVP, CFO and Chief Operating Officer ("COO") with San Diego Community Bank</li> </ul>
<b>Jeffrey Yeh</b> <i>Executive Vice President &amp; Chief Credit Officer</i>	30 years (17 years with Alan)	<ul style="list-style-type: none"> <li>Joined the Bank as an executive officer in 2008 and promoted to EVP and Chief Credit Officer in January 2014</li> <li>Formerly Finance Director and Business Control Manager for Universal Science Industrial Co, Ltd. and Lending and Investment Manager for Bank of Overseas Chinese</li> </ul>
<b>Larsen Lee</b> <i>Executive Vice President &amp; Director of Residential Mortgage Lending</i>	32 years (5 years with Alan)	<ul style="list-style-type: none"> <li>Joined in 2014 as SVP and Director of Mortgage Lending to start the Bank's residential mortgage unit, and promoted to EVP in January 2016</li> <li>Formerly created a wholesale department for Pacific City Bank from 2010 to 2014</li> </ul>
<b>I-Ming (Vincent) Liu</b> <i>Executive Vice President &amp; Chief Risk Officer</i>	32 years (24 years with Alan)	<ul style="list-style-type: none"> <li>Joined the Bank as an executive officer in 2008, promoted to COO in January 2011, and promoted to Chief Risk Officer of the Bank in 2011 and of the Company in 2013</li> <li>Formerly Senior Vice President ("SVP") and head of southern California branch network for United Commercial Bank</li> </ul>

# RBB Bancorp – Who We Are

## Overview

-  **Established in 2008 and headquartered in Los Angeles, California**
  - \$2.8 billion asset Chinese-American, business-oriented community bank
-  **25 traditional branches**
  - 13 located in Southern California
  - 8 located in New York
  - 3 located in Chicago
  - 1 in Nevada
-  **Four principal business lines:**
  - Commercial Real Estate (“CRE”)
  - Commercial & Industrial (“C&I”)
  - 1-4 Single Family Residential (“SFR”)
  - SBA Lending (“SBA”)
-  **Six successful acquisitions completed since 2010**
-  **Certified Community Development Financial Institution since mid-February 2016**

## Financial Highlights

*For the Three Months Ended December 31, 2019:*

Balance Sheet (Dollars in millions)	
Total Assets	\$2,789
Gross Loans, Including Held for Sale	\$2,305
Total Deposits	\$2,249
Tangible Common Equity <sup>1</sup>	\$343
Tangible Common Equity / Tangible Assets <sup>1</sup>	12.59%
NPAs / Assets <sup>2</sup>	0.48%
Profitability	
Return on Average Assets	1.51%
Return on Average Tangible Common Equity	12.50%
FTE Net Interest Margin	3.47%
Efficiency Ratio	46.52%

(1) Non-GAAP reconciliation in Appendix

(2) Nonperforming assets include nonaccrual loans, loans past due 90 days or more and still accruing interest, loans modified under troubled debt restructurings, and other repossessed assets; excludes purchased credit impaired (“PCI”) loans

# Investment Highlights

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## **High-performing community bank with defined and proven strategy to grow both organically and through acquisitions**

- Insider ownership (including family holdings) at 48% and high deposit balances, aligns interests with public shareholders
- Experienced management team and Board of Directors with demonstrated industry knowledge, regulatory relationships, lending expertise and community involvement
- Niche markets with concentration on Asian-Americans
  - Products structured to address the needs of underserved individuals and businesses within those markets
  - Significant opportunities for future acquisitions across the U.S.

## **Conservative risk profile with focused and diversified lending strategy**

- Solid asset quality from conservative credit culture and disciplined underwriting standards
- Interest rate neutral balance sheet

## **Track record of attractive returns**

- Diversified revenue with four lending products spread across multiple industries and geographies
- Substantial noninterest income and well-managed noninterest expenses

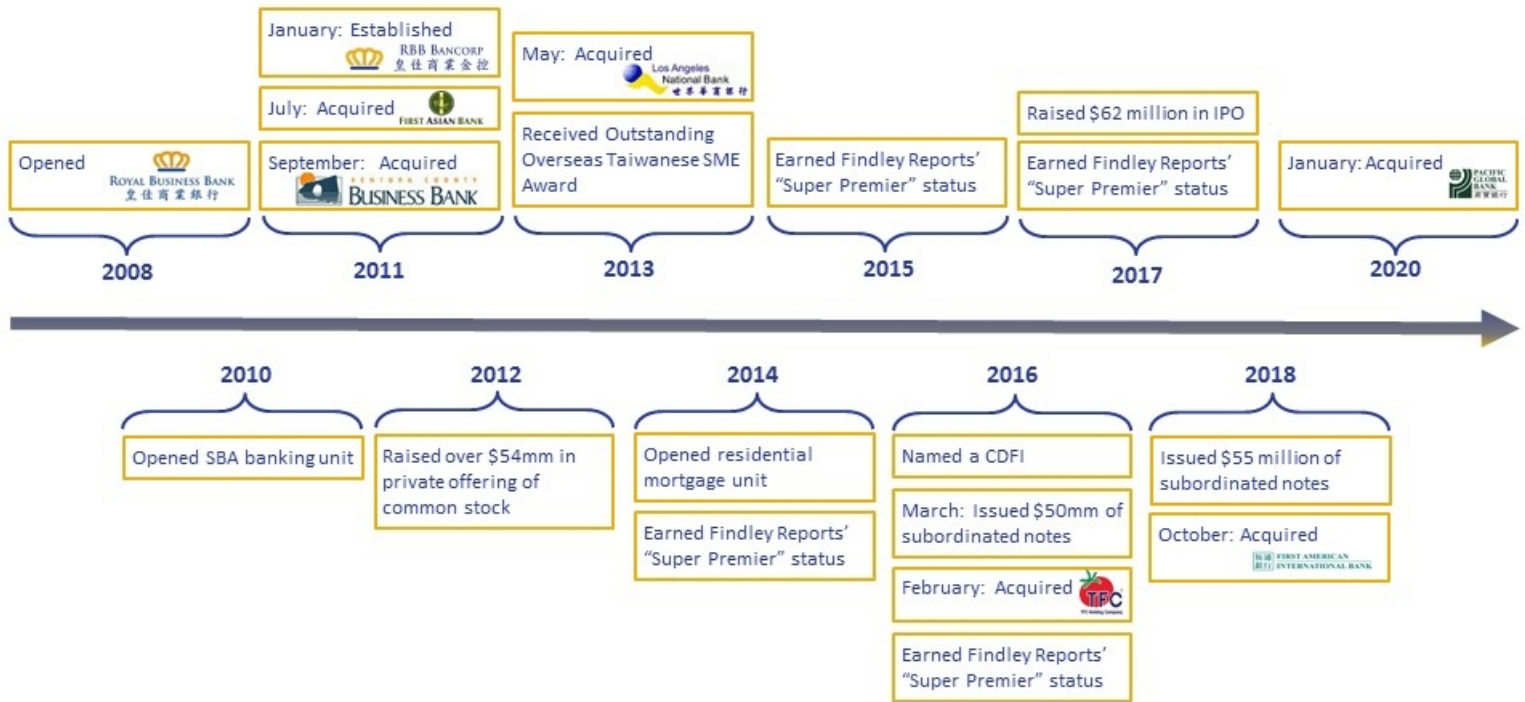
## **Exceptional investment opportunity to own a well-managed, highly profitable institution**

- Compelling valuation and strong dividend payout ratio



# Our History

## Historical Progression of Franchise Growth



# Our Current Footprint



## RBB BANCORP 皇佳商業金控

### Los Angeles County, California

Arcadia	Los Angeles
Cerritos	(Silver Lake)
Diamond Bar	Monterey Park
Los Angeles (Downtown)	Rowland Heights
Los Angeles (Westwood)	San Gabriel
	Torrance

### Orange County, California

Irvine

### Ventura County, California

Oxnard  
Westlake Village

### Clark County, Nevada

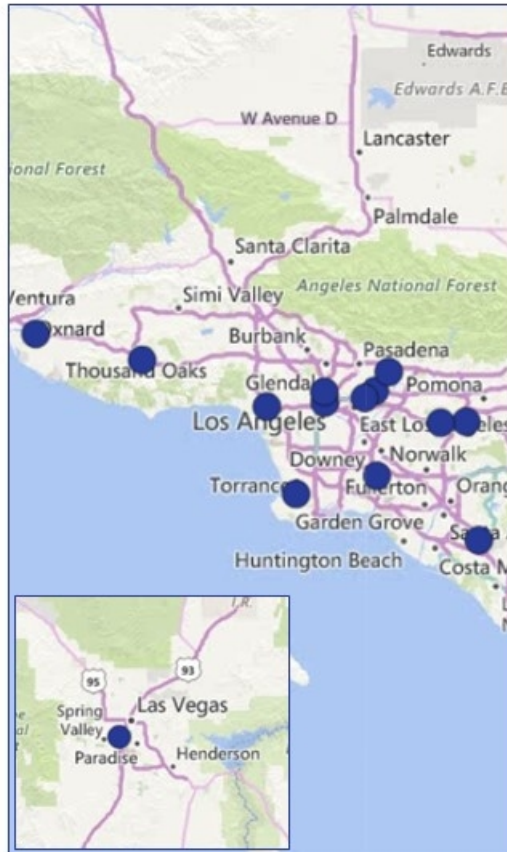
Las Vegas

### New York, NY

2 Brooklyn, NY  
2 Manhattan, NY  
4 Queens, NY

### Chicago, IL

2 Chinatown  
Bridgeport



# Transaction Highlights

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 **Expands the RBB franchise to the Chicago market**

- Gives RBB access to Chicago's Asian-American population of approximately 500,000

 **Enables Pacific Global to benefit from RBB's scale and efficiencies**

- Enhances residential mortgage loan production platform
- Enables RBB to bring its C&I lending platform to the PGB customer base

 **Highly compatible merger partners**

- Shared focus on Asian-American communities
- Complementary business models
- Strong residential mortgage loan production platforms
- Disciplined underwriting standards and commitment to strong asset quality

 **Compelling economics for RBB shareholders**

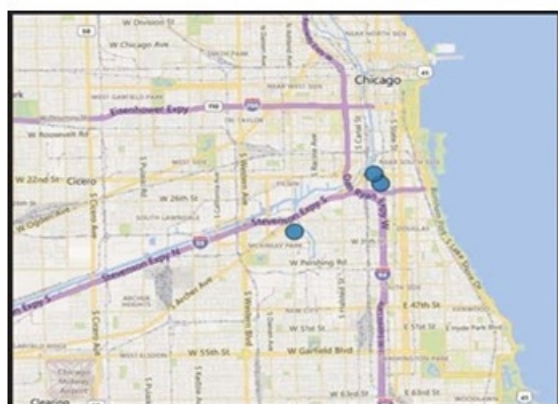
- Accretive to earnings per share
- Tangible book value dilution earnback of approximately 3 years

 **Positions RBB for continued profitable growth**

- Sixth acquisition since 2011

## Franchise Highlights (as of 9/30/19)

- Founded in 1995
- 3 full service branches principally serving Asian-American communities in Chicago
- Total assets of \$224.5 million
- 1-4 family residential loans comprise 83% of total loans
- 21.4% non-interest bearing deposits



## Financial Highlights

In \$000s	For the Twelve Months Ended			Quarter Ended
	12/31/16	12/31/17	12/31/18	9/30/19
<b>Balance Sheet</b>				
Total Assets	\$176,646	\$193,269	\$208,253	\$224,533
Total Loans	\$137,773	\$149,609	\$162,750	\$168,720
Total Deposits	\$156,204	\$172,070	\$183,380	\$196,868
Loans/Deposits	88.20%	86.95%	88.75%	85.70%
<b>Capital</b>				
Common Equity	\$19,384	\$20,607	\$22,965	\$25,224
Tangible Equity	\$19,384	\$20,607	\$22,965	\$25,224
Total Equity/Assets	10.97%	10.66%	11.03%	11.23%
Tang. Common Equity/Tang. Assets	10.97%	10.66%	11.03%	11.23%
Risk Based Capital	22.41%	21.48%	22.72%	23.34%
Tier 1 Capital	21.14%	20.21%	21.46%	22.08%
Leverage Ratio	10.93%	10.82%	11.21%	11.29%
<b>Profitability Measures</b>				
Net Interest Margin	4.18%	4.21%	4.18%	3.59%
Non Interest Income/Average Assets	0.27%	0.52%	0.61%	0.83%
Non Interest Expense/Average Assets	2.74%	2.62%	2.76%	2.77%
Efficiency Ratio	63.03%	57.60%	59.61%	62.31%
ROAA	0.90%	1.15%	1.47%	1.17%
ROAE	7.93%	10.52%	13.30%	10.31%
Net Income	\$1,543	\$2,135	\$2,881	\$648
<b>Asset Quality</b>				
NPAs/Assets	0.82%	0.54%	0.55%	0.09%
NPAs (excl TDRs)/Assets	0.66%	0.54%	0.55%	0.09%
NCOs/Avg Loans	0.50%	-0.01%	0.17%	-0.20%
Reserves/Loans	2.06%	1.91%	1.47%	1.33%
Reserves/NPAs	195.9%	274.4%	209.8%	1,071.3%

# Substantial Opportunities for Acquisitions: Chinese-American Banks Across the U.S.

Chinese-American bank universe comprised of over 35 banks<sup>1</sup>:

- Publicly-traded
- Locally-owned
- Subsidiaries of Taiwanese or Chinese banks

Other Asian-American banks also represent compelling acquisition opportunities

Target markets include select Metropolitan Statistical Areas (“MSAs”) that fulfill the following conditions:

- High concentration of Asian-Americans
- High number of Chinese-American banks<sup>2</sup> and branches

Chinese-American Bank<sup>1</sup> Locations in the U.S. (as of June 2019)



## Specific Target Markets

- Identified expansion markets
- Current markets

MSA (population in thousands)	Total Population	Asian American Population	
		Actual	% of Total
New York-Newark-Jersey City, NY-NJ-PA	19,979	1,978	9.9%
Los Angeles-Long Beach-Anaheim, CA	13,291	1,954	14.7%
San Francisco-Oakland-Hayward, CA	4,729	1,097	23.2%
Chicago-Naperville-Elgin, IL-IN-WI	9,499	532	5.6%
Houston-The Woodlands-Sugar Land, TX	6,997	455	6.5%
Seattle-Tacoma-Bellevue, WA	3,939	449	11.4%
Urban Honolulu, HI	980	429	43.8%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	6,046	302	5.0%
Las Vegas-Henderson-Paradise, NV	2,232	194	8.7%

(1) Chinese-American bank universe as defined by RBB's management team

(2) Count refers to total number of Chinese-American banks that are headquartered in the indicated MSA

Source: SNL Financial, Census Bureau 2018 estimates

# Demonstrated Track Record of Balance Sheet and Earnings Growth

## Total Loans (\$mm)



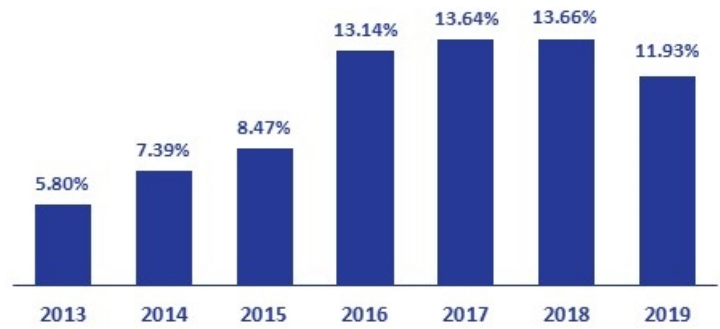
## Total Deposits (\$mm)



## Net Income (\$mm)



## Return on Average Tangible Common Equity<sup>1</sup>



(1) Non-GAAP reconciliation in Appendix

# Profitability Drivers

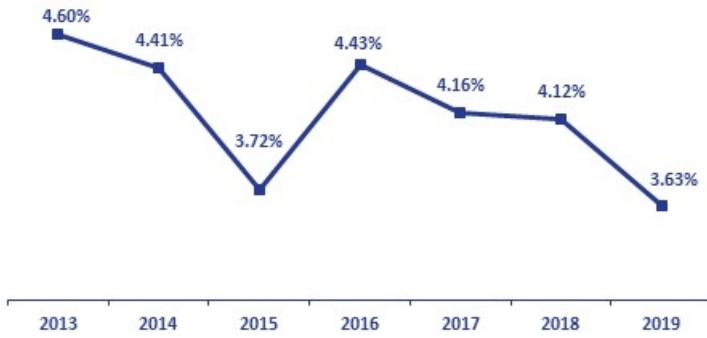
## Yield on Average Interest-Earning Assets



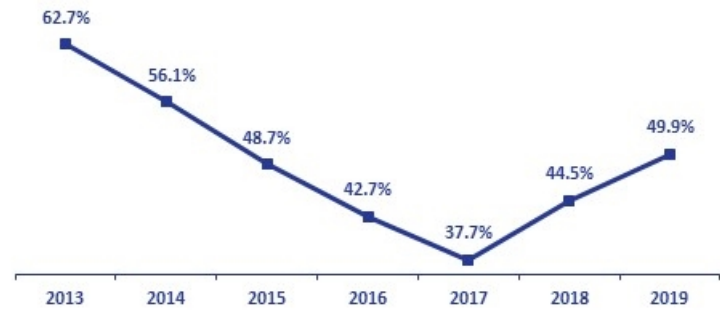
## Cost of Average Interest-Bearing Liabilities



## Net Interest Margin (FTE)



## Efficiency Ratio (FTE)



# Diversified Loan Portfolio

## Loan Portfolio Composition (December 31, 2019)

👑 \$2.30 billion total loans as of December 31, 2019

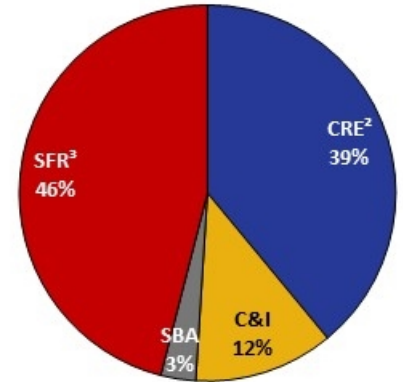
👑 Diversified across industry lines

- Single Family Residential - Mainly non-QM mortgages
- Commercial Real Estate - Owner occupied and Investor owned
- Commercial and Industrial - Majority secured by assets
- SBA - Primarily SBA 7(a) loans for business acquisition or working capital

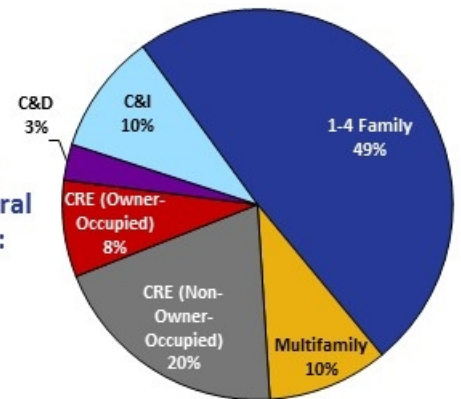
👑 13% Fixed rate and 87% Variable rate<sup>4</sup>

👑 Average yield on total loans of 5.40% for the fourth quarter of 2019

By Business Line<sup>1</sup>:



By Collateral Type:

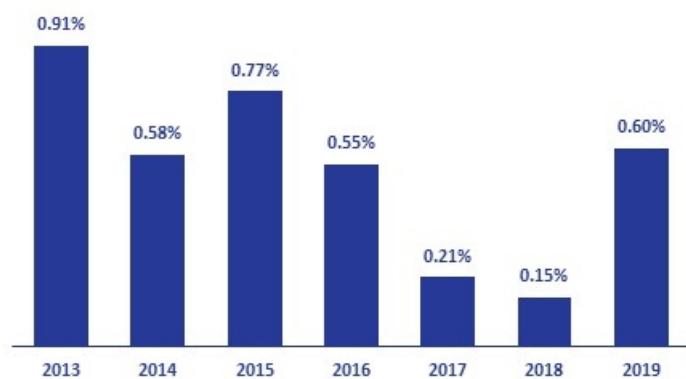


- (1) Excludes purchased loan discounts and deferred costs and fees
- (2) Includes construction and land development loans
- (3) Includes Held for Investment and Held for Sale Loans
- (4) Includes loans that have initial fixed rate terms prior to converting to variable rate loans

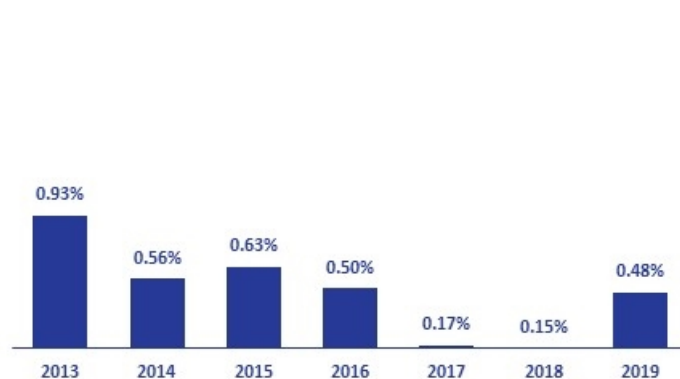


# Disciplined Credit Culture

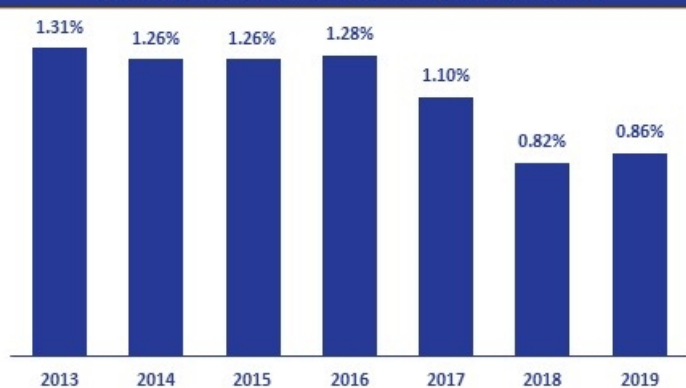
## Nonperforming Loans<sup>1</sup> / Total Loans



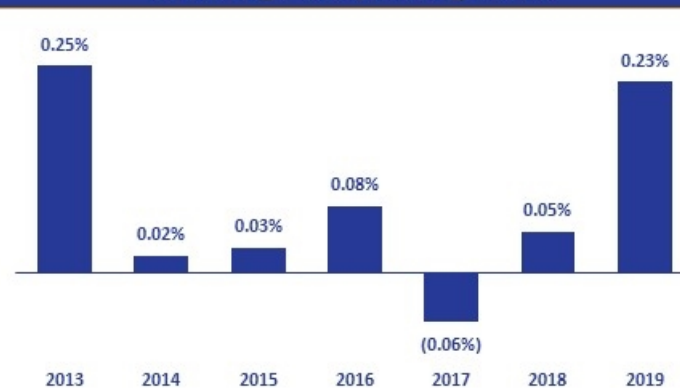
## Nonperforming Assets<sup>2</sup> / Total Assets



## Allowance for Loan Losses / Total Loans



## Net Charge-Offs / Average Loans



(1) Nonperforming loans include nonaccrual loans, loans past due 90 days or more and still accruing interest and loans modified under troubled debt restructurings; nonperforming loans exclude PCI loans acquired in prior acquisitions

(2) Nonperforming assets include nonperforming loans (as defined in footnote 1 above) and other repossessed assets

# Deposit Portfolio as of December 31, 2019

👑 Strongest growth coming in DDAs

👑 Top 10 Deposit Relationships = \$322.9 million (14.4% of total deposits)

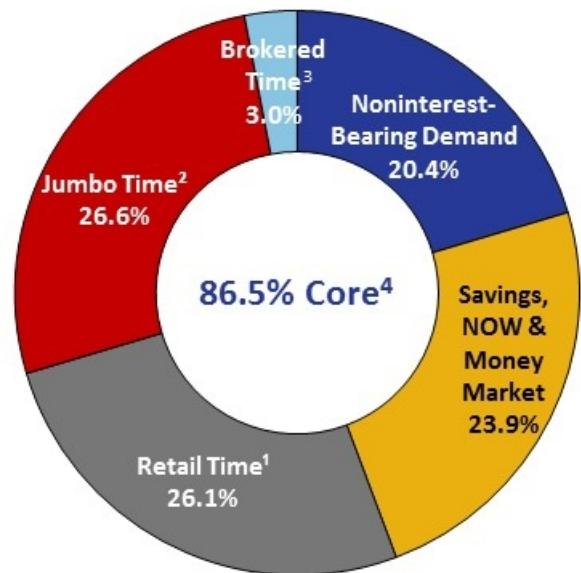
- 2 of the Top 10 Relationships are with Directors and shareholders of the Company; \$75.3 million, or ~23% of Top 10 total

## For the Three Months Ended December 31, 2019

	Avg. Balance (\$mm)	Weighted Avg. Rate
Noninterest-Bearing Demand	\$445.9	0.00%
NOW	\$25.7	0.26%
Savings	\$96.8	0.20%
Money Market	\$390.7	1.14%
Retail Time <sup>1</sup>	\$595.1	2.26%
Jumbo Time <sup>2</sup>	\$599.5	2.37%
Brokered Time <sup>3</sup>	\$101.8	2.34%
<b>Total Deposits</b>	<b>\$2,255.5</b>	<b>1.55%</b>

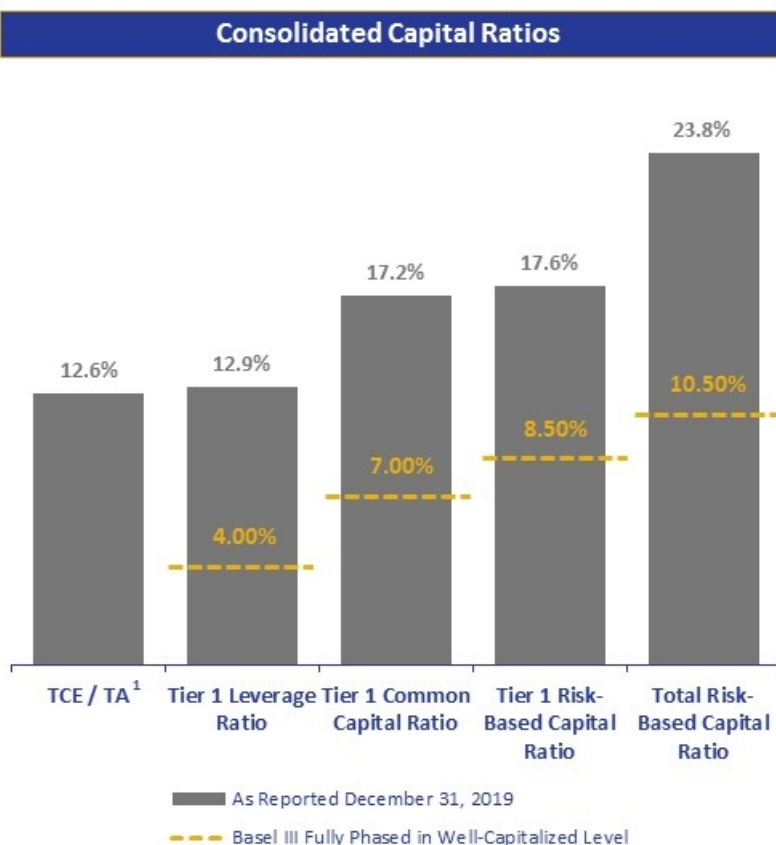
## Deposit Portfolio Composition

Total: \$2.25 billion



- (1) Retail Time includes time deposits with balances less than \$250,000, excluding brokered time  
 (2) Jumbo Time includes time deposits with balances of \$250,000 and greater  
 (3) Brokered Time are brokered time deposits, which are all lower than \$100,000  
 (4) Reconciliation in Appendix

# Consolidated Capital Ratios



**Consolidated Capitalization Table**

(Dollars in millions, except per share amounts) As of December 31, 2019

	Actual
<b>Long-Term Debt</b>	
Long-Term Debt	\$104.0
Subordinated Debentures	9.7
<b>Total Long-Term Debt</b>	<b>\$113.7</b>
<b>Shareholders' Equity</b>	
Common Stock	\$289.4
Additional Paid-in Capital	6.0
Treasury Stock	--
Retained Earnings	112.0
Accumulated Other Comprehensive Income	0.2
<b>Total Shareholders' Equity</b>	<b>\$407.6</b>
<b>Total Capitalization</b>	<b>\$521.3</b>
<b>Common Shares Outstanding</b>	<b>20,030,866</b>
<b>Book Value Per Share</b>	<b>\$20.35</b>
<b>Tangible Book Value Per Share<sup>1</sup></b>	<b>\$17.12</b>
<b>Regulatory Capital</b>	
Tier 1 Common Capital	\$343.9
Tier 1 Risk-Based Capital	\$353.6
<b>Total Risk-Based Capital</b>	<b>\$477.3</b>

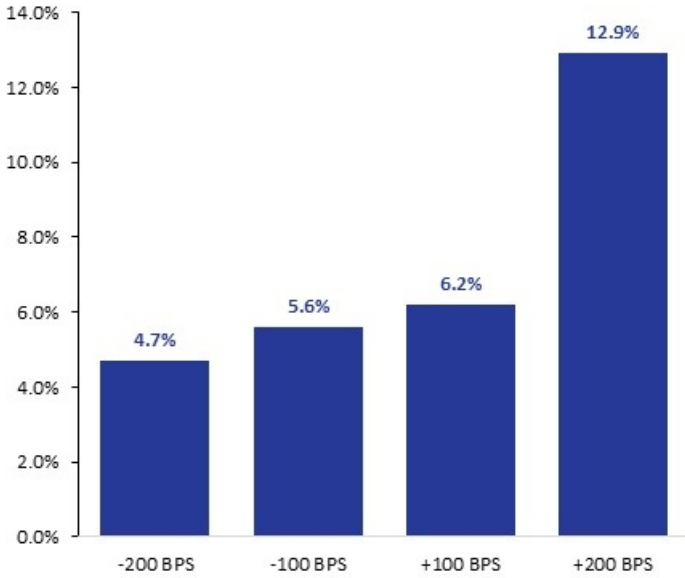
(1) Non-GAAP reconciliation in Appendix

# Interest Rate Risk Profile

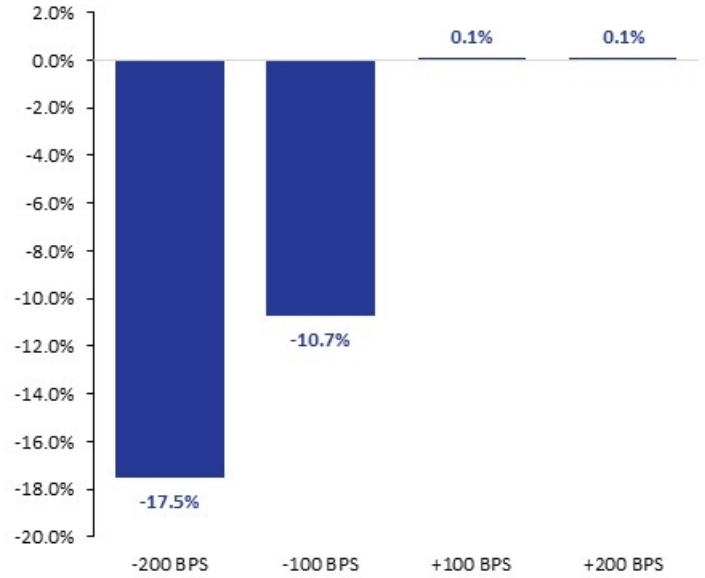
👑 12 month NII sensitivity is neutral to slightly liability sensitive

👑 Economic Value of Equity (“EVE”) sensitivity is neutral to slightly liability sensitive in a flat to declining environment

**12-Month Net Interest Income Sensitivity**  
*Immediate Change in Rates*  
 December 31, 2019



**Economic Value of Equity Sensitivity**  
*Immediate Change in Rates*  
 December 31, 2019



Note: Assumes parallel shifts in market interest rates



## Appendix



# Business Line Profile: 1-4 Single Family Residential Lending

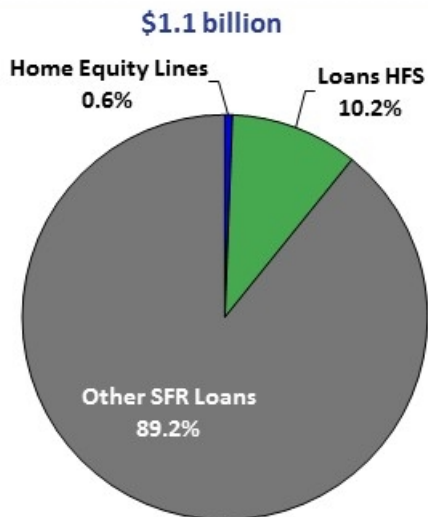
As of December 31, 2019:

👑 Average: LTV of 57.3%; FICO score of 760; duration of approximately 4.0 years

👑 Average current start rates:

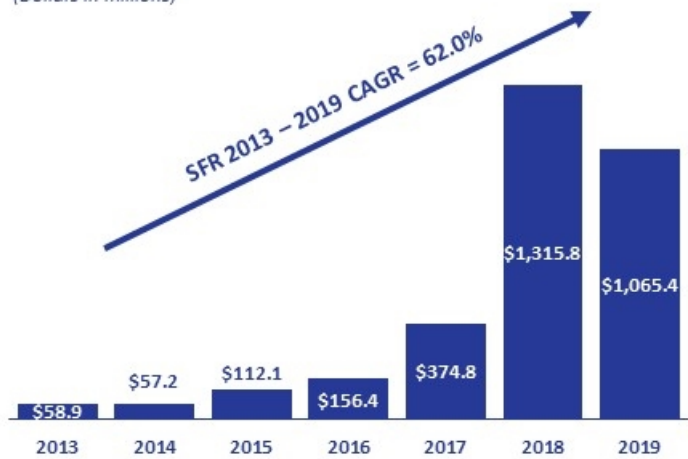
- 4.75%; 0% - 1% in points; reprices between 5 and 7 years to one-year CMT plus 2.50%

## SFR Loans



## SFR Portfolio Growth

(Dollars in millions)

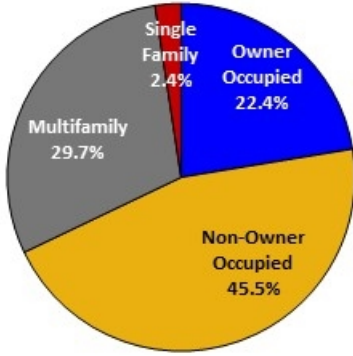


# Business Line Profile: CRE Lending | C&D Lending

As of December 31, 2019:

## CRE Loans

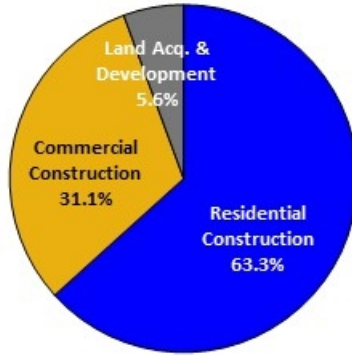
\$793.3 million



👑 ~12.7% fixed rate

## C&D Loans

\$96.0 million



## CRE and C&D Portfolio Growth

(Dollars in millions)

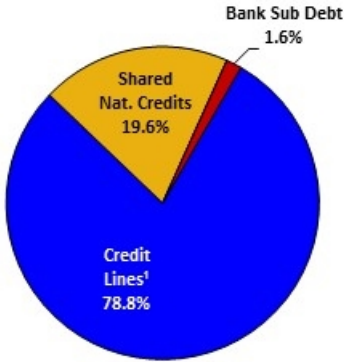


# Business Line Profile: C&I Lending | SBA Lending

As of December 31, 2019:

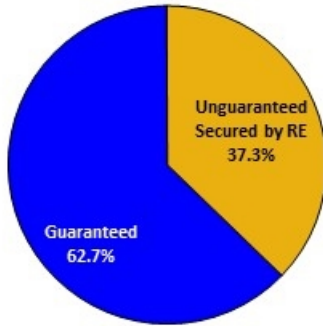
## C&I Loans

\$274.6 million



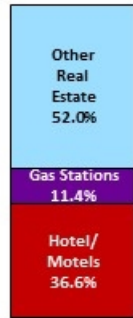
## SBA Loans

\$75.0 million

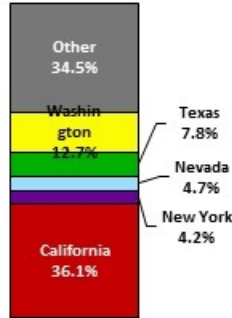


### Unguaranteed SBA Loans:

#### By Business:



#### By Location:



## C&I and SBA Portfolio Growth

(Dollars in millions)



(1) Credit Lines include commercial and industrial lines of credit, term loans, mortgage warehouse lines and international trade discounts



# 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:

<i>(Dollars in thousands, except per share data)</i>							
	2013	2014	As of and for the period ended		2018	2019	
			2015	2016	2017		
<b>Tangible Common Equity:</b>							
Total Shareholders' Equity	\$137,992	\$151,981	\$163,645	\$181,585	\$265,176	\$374,621	\$407,567
<b>Adjustments</b>							
Goodwill	(4,001)	(4,001)	(4,001)	(29,940)	(29,940)	(58,383)	(58,563)
Core Deposit Intangible	(714)	(582)	(466)	(1,793)	(1,438)	(7,601)	(6,100)
<b>Tangible Common Equity</b>	<b>\$133,277</b>	<b>\$147,398</b>	<b>\$159,178</b>	<b>\$149,852</b>	<b>\$233,798</b>	<b>\$308,637</b>	<b>\$342,904</b>
<b>Tangible Assets:</b>							
Total Assets - GAAP	723,410	925,891	1,023,084	1,395,551	1,691,059	2,974,002	2,788,535
<b>Adjustments</b>							
Goodwill	(4,001)	(4,001)	(4,001)	(29,940)	(29,940)	(58,383)	(58,563)
Core Deposit Intangible	(714)	(582)	(466)	(1,793)	(1,438)	(7,601)	(6,100)
<b>Tangible Assets</b>	<b>\$718,695</b>	<b>\$921,308</b>	<b>\$1,018,617</b>	<b>\$1,363,818</b>	<b>\$1,659,681</b>	<b>\$2,908,018</b>	<b>\$2,723,872</b>
Common Shares Outstanding	12,547,201	12,720,659	12,770,571	12,827,803	15,908,893	20,000,022	20,030,866
<b>Tangible Common Equity to Tangible Assets Ratio</b>	<b>18.54%</b>	<b>16.00%</b>	<b>15.63%</b>	<b>10.99%</b>	<b>14.09%</b>	<b>10.61%</b>	<b>12.59%</b>
<b>Tangible Book Value Per Share</b>	<b>\$10.62</b>	<b>\$11.59</b>	<b>\$12.46</b>	<b>\$11.68</b>	<b>\$14.70</b>	<b>\$15.43</b>	<b>\$17.12</b>
<b>Average Tangible Common Equity:</b>							
Average Shareholders' Equity	\$124,103	\$145,781	\$157,615	\$172,140	\$218,717	\$296,869	\$393,895
<b>Adjustments</b>							
Goodwill	(2,804)	(4,001)	(4,001)	(25,167)	(29,940)	(58,383)	(58,446)
Core Deposit Intangible	(479)	(649)	(526)	(1,779)	(1,620)	(7,601)	(6,873)
<b>Average Tangible Common Equity</b>	<b>\$120,820</b>	<b>\$141,131</b>	<b>\$153,088</b>	<b>\$145,194</b>	<b>\$187,157</b>	<b>\$230,885</b>	<b>\$328,576</b>
Net Income Available to Common Shareholders	\$7,004	\$10,428	\$12,973	\$19,079	\$25,528	\$36,105	\$39,209
<b>Return on Average Tangible Common Equity</b>	<b>5.80%</b>	<b>7.39%</b>	<b>8.47%</b>	<b>13.14%</b>	<b>13.64%</b>	<b>15.64%</b>	<b>11.93%</b>

Note: Historical financial data is not presented pro forma reflecting the acquisition of FAIT completed on October 15, 2018

# Regulatory Reporting to Financial Statements: Adjusted Core Deposits

Some of the financial measures included in this presentation and in forms 10-Q & 10-K filed with the SEC differ from those reported on the FRB Y-9(c) report. These financial measures include "core deposits to total deposits." Our management uses this financial measure in its analysis of our performance. The Bank measures core deposits by reviewing all relationships over \$250,000 on a quarterly basis. After discussions with our regulators on the proper way to measure core deposits, we now track all deposit relationships over \$250,000 on a quarterly basis and consider a relationship to be core if there are any three or more of the following: (i) relationships with us (as a director or shareholder); (ii) deposits within our market area; (iii) additional non-deposit services with us; (iv) electronic banking services with us; (v) active demand deposit account with us; (vi) deposits at market interest rates; and (vii) longevity of the relationship with us. We consider all deposit relationships under \$250,000 as a core relationship except for time deposits originated through an internet service. This differs from the traditional definition of core deposits which is demand and savings deposits plus time deposits less than \$250,000. As many of our customers have more than \$250,000 on deposit with us, we believe that using this method reflects a more accurate assessment of our deposit base. The following table reconciles the adjusted core deposit to total deposits:

	(Dollars in thousands)						
	As of the period ended						
	2013	2014	2015	2016	2017	2018	2019
<b>Core Deposits<sup>1</sup></b>	\$422,252	\$507,376	\$567,980	\$781,940	\$990,824	\$1,670,572	\$1,651,678
<b>Adjustments to Core Deposits</b>							
Time Deposits > \$250,000 Considered as Core Deposits <sup>2</sup>	118,756	115,572	174,038	325,453	180,751	468,773	446,968
Less: Brokered Deposits Considered Non-Core	-	-	-	-	-	(113,832)	(67,089)
Less: Internet and Other Deposit Originator Deposits < \$250,000 Considered Non-Core <sup>3</sup>	-	(44,562)	(21,418)	(30,971)	(29,467)	(18,286)	(26,025)
Less: Other Deposits Not Considered Core <sup>4</sup>	-	-	(70,759)	(171,800)	(136,943)	(52,002)	(60,719)
<b>Adjusted Core Deposits</b>	<b>\$541,008</b>	<b>\$578,386</b>	<b>\$649,841</b>	<b>\$904,622</b>	<b>\$1,005,165</b>	<b>\$1,955,225</b>	<b>\$1,944,813</b>
Total Deposits	574,079	767,365	853,417	1,152,763	1,337,281	2,144,041	2,249,061
Adjusted Core Deposits to Total Deposits Ratio	94.24%	75.37%	76.15%	78.47%	75.16%	91.19%	86.47%

(1) All demand and savings deposits of any amount plus time deposits less than \$250,000

(2) Time deposits to core customers over \$250,000 as defined in the lead-in to the table above

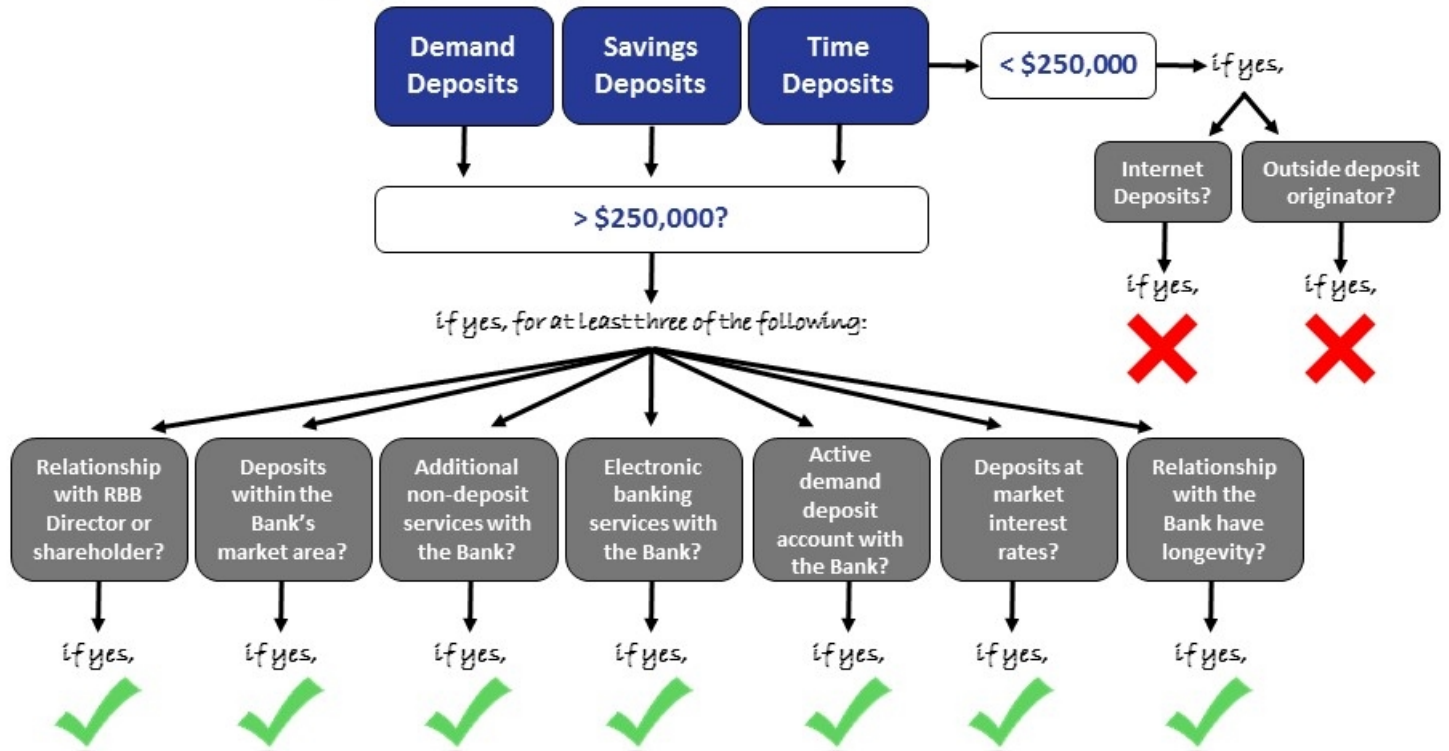
(3) Comprised of internet and outside deposit originator time deposits less than \$250,000 which are not considered to be core deposits

(4) Comprised of demand and savings deposits in relationships over \$250,000 which are considered non-core deposits because they do not satisfy the definition of core deposits set forth in the lead-in to the table above

# How We Measure Core Deposits

👑 RBB reviews all deposits over \$250K on a quarterly basis

👑 Core deposits are traditionally defined as all deposits less time deposits greater than \$250K →  
The Bank measures core deposits as:



Source: "Study on Core Deposits and Brokered Deposits, Submitted to Congress pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, FDIC, July 8, 2011": <https://www.fdic.gov/regulations/reform/coredeposit-study.pdf>

