



ROBUST SBA PPP FUNDINGS BOOST RECORD NET INCOME

Diluted Earnings per Share increases 40% over prior quarter

Second Quarter 2020 Highlights

- **Funded \$693 million SBA Paycheck Protection Program (“PPP”) loans** with \$14.9 million of net deferred processing fees
- **Total loans, excluding PPP loans, increased \$131 million** or 10% from a year ago
- **Total deposits, excluding estimated deposits related to PPP loans, increased \$349 million** or 17% from a year ago
- **Non-interest bearing demand deposits** were 56% of total deposits
- **Nonperforming assets to total assets, excluding PPP loans, still low** at 0.11%
- **Net interest income increased** by \$2.7 million or 14% over the prior year quarter
- **Continued status as well-capitalized**, the highest regulatory category

Los Angeles, California, July 24, 2020. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported record net income of \$6.7 million or \$0.83 per fully diluted share for the second quarter of 2020 compared to \$5.3 million or \$0.66 per fully diluted share for the second quarter of 2019. The increase was primarily due to significant PPP loan originations during the quarter which increased net interest income but reduced net interest margin.

“Although much uncertainty exists from the pandemic, we are confident for the future based upon the resilience and financial strength of our outstanding customer base. Additionally our significant participation in the PPP program makes us hopeful our clients received the economic boost to move forward in a positive manner, making the proper adjustment to not only survive but to flourish. The program provided unprecedented liquidity in April to our customers who did not know what the new normal would look like. Most of our customers did not shut down but adapted to remote work like the Bank. We have taken an aggressive stance in downgrading credits, but a vast amount of our customers are proactive and are good managers of their businesses and are taking the necessary steps to survive. This is reflected in the continued strong credit metrics of the Bank and is a result of our prudent lending approach in our evaluation of businesses.”

“Furthermore, the Bank is providing the same responsiveness and service we demonstrated in the PPP origination process by assisting clients with a professional accounting firm to ensure our customers meet the SBA requirements to maximize loan forgiveness. At PPP loan payoff, the Bank stands to earn a noteworthy amount of fees to offset the effects of the lower interest rate environment we find ourselves in. Another reason I’m optimistic is the strong pipeline of new business for the Bank as our PPP performance has attracted prospects at a time when our high touch service is appreciated more than ever,” said Leon Blankstein, ABB’s President, CEO and Director.

For the quarter ending June 30, 2020, net income was \$6.7 million or \$0.83 per fully diluted share, compared to net income of \$4.8 million or \$0.60 per fully diluted share for the first quarter of 2020. Net

interest income for the second quarter was \$21.7 million, or 9% higher than the first quarter of 2020 as PPP loan interest of \$3 million was partially offset by lower rates on earning assets, while the cost of deposits declined 13 basis points to 0.08%. The increase in net income was also attributable to a \$1.7 million increase in Bank/Corporate Owned Life Insurance income offset by a \$1.2 million increase in salaries and employee benefits. Furthermore, as outstanding loans excluding PPP declined in the second quarter the provision for loan loss was \$680,000 compared to \$1.4 million recorded in the first quarter. The allowance for loan losses as a percentage of loans, excluding PPP loans, increased from 1.42% at March 31, 2020 to 1.54% at June 30, 2020.

Net income was \$11.6 million or \$1.43 per fully diluted share for the six months ended June 30, 2020, compared to \$10.7 million or \$1.32 per fully diluted share for the six months ended June 30, 2019. The increase was primarily due to significant loan growth between periods, partially offset by lower interest margin resulting in increased net interest income. The provision for loan losses increased \$1.1 million primarily as a result of loan growth between periods, as well as a higher level of allowance in response to uncertainty caused by the COVID-19 pandemic.

PPP loans represent 45% of total loans as of March 31, 2020 with the participation of 46% of our customer base. These efforts helped to protect approximately 50,000 jobs in the business community served by the Bank. This influx of cash to the Bank's existing commercial customers has helped to alleviate any deterioration in their operations for the time being. The following table shows the details of the PPP loans originated during the second quarter of 2020:

Loan Size by Tier	Count	Funded (Dollars in '000)	Average loan size (Dollars in '000)
Less than \$350,000	518	\$75,438	\$146
\$350,000 to less than \$2 million	465	388,116	835
\$2 million and greater	73	229,066	3,138
	1056	\$692,620	\$656
Weighted average processing fee %			2.57%

Net Interest Margin

The Bank's net interest margin for the second quarter of 2020 was 2.88% compared to 3.61% in the second quarter of 2019, and 3.47% in the first quarter of 2020. Excluding the impact of PPP loans, net interest margin for the second quarter of 2020 was 3.02%. The decrease was primarily due to a reduction in market interest rates while the mix of non-interest bearing deposits to total deposits remains at 50% or more. The loan to deposit ratio increased to 70% for the second quarter of 2020 compared to 68% for the first quarter of 2020 and 66% for the second quarter of 2019. Despite the contraction in the Bank's net interest margin, there continues to be a shift to higher earning assets. As of June 30, 2020, approximately 44% of the Bank's variable-rate loans are indexed to prime and 69% of these loans are at or above their floor.

Net Interest Income

Net interest income increased for the second quarter of 2020 compared to the second quarter of 2019 by \$2.7 million, or 14%, and compared to the first quarter of 2020 by \$1.7 million, or 9%. These increases were due to an increase in average outstanding loans offset by lower yields on all interest earning assets for the periods compared. Included in interest income for the second quarter of 2020 is the accretion of net deferred processing fees of \$1.5 million for PPP loans. The Bank's core funding continues to be a strength

with the cost of deposits at 0.08% for the second quarter of 2020 compared to 0.24% for same period a year ago.

On a year-to-date basis, net interest income was \$41.8 million for the six months ended June 30, 2020, compared to \$37.9 million for the same period a year ago. The increase was primarily due to significant loan growth between periods, partially offset by a lower net interest margin.

Non Interest Income

Non-interest income in the second quarter of 2020 was \$1.8 million, representing an increase of \$454,000, or 34% from the quarter a year ago, and an increase of \$1.4 million compared to the first quarter of 2020. The increase from the second quarter of 2019 was attributable to an increase in Bank/Corporate owned life insurance income of \$753,000, which is driven by the increase in the value of the policies that are invested in mutual funds. This increase was partially offset by a \$161,000 decline in gains on sale of SBA loans as the Bank started to portfolio more SBA loans to add to its interest earning asset base since 2019. Compared to the first quarter of 2020, non-interest income also increased primarily due to a \$1.7 million increase in Bank/Corporate owned life insurance income, offset by an \$184,000 net loss on the sale of SBA investment securities realized in the recent quarter. On a year-to-date basis, Deposit and International Fees increased \$224,000 from the period a year ago due to growth in commercial business customers. For the second quarter of 2020, International Fees declined due to the impact of the pandemic.

Non Interest Expense

Non-interest expense increased \$1.6 million for the quarter ended June 30, 2020 compared to the same quarter a year ago. The increase was predominantly due to an \$810,000 increase in salaries expense, a \$431,000 increase in professional services expense and a \$533,000 increase in other non-interest expense. The increase in salaries expense is primarily due to higher deferred compensation plan (DCP) cost as a result of better market performances on other mutual fund measurement balances, and higher full time equivalent employees at June 30, 2020 over the prior year. In other non-interest expense, the provision for off-balance-sheet commitments increased \$687,000 due to reduced utilization percentages. The efficiency ratio declined to 59% for the second quarter of 2020 compared to 60% for the second quarter of 2019.

Compared to the first quarter of 2020, non-interest expense increased \$1.9 million primarily due to a \$1.2 million increase in salaries and employee benefits expense and a \$635,000 increase in other non-interest expense. The increase in salaries expense is mainly due to the following:

- Higher DCP cost as a result of better market performances on other mutual fund measurement balances, resulting in an \$894,000 DCP expense recorded in the recent quarter compared to an \$837,000 DCP benefit recorded in the prior quarter;
- Higher overtime and bonus expenses associated with PPP originations net of related deferred costs for PPP origination activities.

In other non-interest expense, the provision for off-balance sheet commitments increased \$706,000 due to reduced utilization percentages, and deposit insurance assessments increased \$117,000 as the Bank received a Small Bank Assessment Credit of the same amount from the FDIC during the first quarter of 2020 to offset regular deposit insurance assessments. The Bank did not receive such credit in the recent quarter. The efficiency ratio was 59% for the second and first quarters of 2020.

On a year-to-date basis, non-interest expense for the six months ended June 30, 2020 increased \$654,000 or 3% compared to the same period a year ago, predominantly due to higher professional services expense. The efficiency ratio was 59% and 62% for the six months ended June 30, 2020 and 2019, respectively.

Full time equivalent employees at June 30, 2020 were 195 compared to 191 a year ago, and the same as March 31, 2020. The Bank has 30 relationship managers in seven offices.

Balance Sheet

Total assets increased \$893 million, or 37% from year-end December 31, 2019 to \$3.3 billion, with 76% of the increase attributable to PPP originations during the recent quarter. Total loans, excluding PPP loans, decreased \$32 million, or 2%, to \$1.46 billion from year-end as the Bank primarily focused its resources to participate in the PPP program and C&I line utilization declined. As of June 30, 2020 and March 31, 2020, the utilization rates for the Bank's commercial lines of credit were 27% and 35%, respectively.

During the first six months of 2020, total deposits grew by \$860 million with a majority of the increase attributable to the proceeds of PPP loans. In addition, existing customers became more liquid as the economy slowed and receivables were converted to cash as well as new relationships to the Bank contributed to the significant growth in deposits during the first half of 2020. At June 30, 2020, the tangible common equity ratio was 6.89%; excluding PPP loans, the tangible common equity ratio was 8.67%.

Asset Quality

During the second quarter of 2020, non-performing assets declined from \$4.5 million on March 31, 2020 to \$2.8 million on June 30, 2020, representing 0.11% of total assets (excluding PPP loans). The Bank continues to have no Other Real Estate Owned (OREO). At June 30, 2020, the Bank's level of past due, criticized and classified loans represented 0.26%, 6.55% and 1.22% of total loans (excluding PPP loans), respectively. As of June 30, 2020 the Bank has one \$2.6 million commercial loan on non-accrual status with a specific allowance. There are four other relationships that are impaired totaling \$1.6 million with a specific allowance. At the end of the quarter, the allowance for loan losses stood at \$22.4 million, or 1.54% of total loans (excluding PPP loans); compared to 1.4% at December 31, 2019. All PPP loans are 100% guaranteed by the SBA and as such, no allowance for loan losses is allocated to these loans. The Bank is required to adopt CECL, or Current Expected Credit Loss, on January 1, 2023. For the first six months of 2020, the Bank recorded a total of \$538,000 in net charge-offs on two commercial loans, representing annualized net charge offs of 0.06%.

In response to the COVID-19 pandemic, the Bank established a loan payment deferment program to assist its customers who are experiencing short-term, temporary financial or operational problems. During the second quarter of 2020, loan payment deferrals were granted on 38 loans with a total principal balance of \$94 million, or 4% of total loans; 68% of the deferrals granted were in the owner occupied and 24% were in non-owner occupied commercial real estate loans. Those loans were originally underwritten with a 53% average loan to value ratio. All payment deferrals granted to-date meet applicable requirements to continue accruing interest.

At June 30, 2020, loans to customers in the hotel, restaurant, entertainment, and recreation industries represented 5% of the loan portfolio. Retail and hospitality related loans, collateralized by commercial real

estate, comprised 7% of the loan portfolio that was originally underwritten with a 55% average loan to value ratio. The Bank has no exposure to the oil and gas industry.

ABOUT AMERICAN BUSINESS BANK

American Business Bank, headquartered in downtown Los Angeles, offers a wide range of financial services to the business marketplace. Clients include wholesalers, manufacturers, service businesses, professionals and non-profits. American Business Bank has six Loan Production Offices in strategic locations including: North Orange County in Anaheim, Orange County in Irvine, South Bay in Torrance, San Fernando Valley in Woodland Hills, Riverside County in Corona and Inland Empire in Ontario.

FORWARD LOOKING STATEMENTS

This communication contains certain forward-looking information about American Business Bank that is intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Such statements include future financial and operating results, expectations, intentions and other statements that are not historical facts. Such statements are based on information available at the time of this communication and are based on current beliefs and expectations of the Bank’s management and are subject to significant risks, uncertainties and contingencies, many of which are beyond our control. The COVID-19 pandemic is adversely affecting the national economy; the ultimate length and severity of its impact on the Bank’s customers are uncertain. Actual results may differ materially from those set forth in the forward-looking statements due to a variety of factors, including various risk factors. We are under no obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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American Business Bank*Figures in \$000, except share and per share amounts***BALANCE SHEETS (unaudited)**

	June 2020	March 2020	December 2019	June 2019
Assets:				
Cash and Due from Banks	\$ 68,072	\$ 36,539	\$ 31,673	\$ 66,605
Interest Earning Deposits in Other Financial Institutions	232,770	149,654	45,202	10,313
Investment Securities:				
US Agencies	240,012	265,758	284,032	376,573
Mortgage Backed Securities	313,119	286,122	292,126	194,735
State and Municipals	133,128	75,240	78,520	72,117
US Treasuries	10,081	10,116	10,009	9,991
Corporate Bonds	19,502	20,068	19,805	7,919
Securities Available-for-Sale, at Fair Value	715,842	657,304	684,492	661,335
State and Municipals Securities Held-to-Maturity, at Amortized Cost	86,289	86,499	86,707	87,121
Federal Home Loan Bank Stock, at Cost	10,864	10,356	10,356	10,356
Total Investment Securities	812,995	754,159	781,555	758,812
Loans Receivable:				
Commercial Real Estate	1,007,655	1,009,731	982,070	893,866
Commercial and Industrial	370,786	454,838	423,868	365,834
SBA Payroll Protection Program	675,666	-	-	-
Residential Real Estate	71,112	76,083	76,481	61,116
Installment and Other	6,039	5,337	4,959	4,026
Total Loans Receivable	2,131,258	1,545,989	1,487,378	1,324,842
Allowance for Loan Losses	(22,399)	(21,888)	(20,824)	(18,548)
Loans Receivable, Net	2,108,859	1,524,101	1,466,554	1,306,294
Furniture, Equipment and Leasehold Improvements, Net	8,520	8,833	9,023	6,453
Bank/Corporate Owned Life Insurance	26,651	25,698	26,448	25,975
Other Assets	37,396	38,650	41,456	47,030
Total Assets	\$ 3,295,263	\$ 2,537,634	\$ 2,401,911	\$ 2,221,482
Liabilities:				
Non-Interest Bearing Demand Deposits	\$ 1,684,662	\$ 1,164,965	\$ 1,083,705	\$ 988,259
Interest Bearing Transaction Accounts	204,133	214,967	215,730	202,465
Money Market and Savings Deposits	1,100,191	872,908	827,713	749,979
Certificates of Deposit	35,713	36,044	37,712	59,524
Total Deposits	3,024,699	2,288,884	2,164,860	2,000,227
Federal Home Loan Bank Advances / Other Borrowings	-	-	-	-
Other Liabilities	43,206	33,526	30,386	29,190
Total Liabilities	\$ 3,067,905	\$ 2,322,410	\$ 2,195,246	\$ 2,029,417
Shareholders' Equity:				
Common Stock	\$ 165,032	\$ 164,456	\$ 163,872	\$ 162,589
Retained Earnings	58,359	51,624	46,784	35,378
Accumulated Other Comprehensive Income / (Loss)	3,967	(856)	(3,991)	(5,902)
Total Shareholders' Equity	\$ 227,358	\$ 215,224	\$ 206,665	\$ 192,065
Total Liabilities and Shareholders' Equity	\$ 3,295,263	\$ 2,537,634	\$ 2,401,911	\$ 2,221,482
Standby Letters of Credit	\$ 37,259	\$ 38,614	\$ 39,513	\$ 40,346
Per Share Information:				
Common Shares Outstanding	7,904,105	7,870,120	7,850,171	7,794,212
Book Value Per Share	\$ 28.76	\$ 27.35	\$ 26.33	\$ 24.64
Tangible Book Value Per Share	\$ 28.76	\$ 27.35	\$ 26.33	\$ 24.64

American Business Bank

Figures in \$000, except share and per share amounts

INCOME STATEMENTS (unaudited)

	For the three months ended:		
	June 2020	March 2020	June 2019
<u>Interest Income:</u>			
Interest and Fees on Loans	\$ 19,169	\$ 17,295	\$ 15,845
Interest on Investment Securities	3,084	3,913	4,145
Interest on Interest Earning Deposits in Other Financial Institutions	93	54	263
Total Interest Income	22,346	21,262	20,253
<u>Interest Expense:</u>			
Interest on Interest Bearing Transaction Accounts	37	105	107
Interest on Money Market and Savings Deposits	538	968	956
Interest on Certificates of Deposits	28	41	116
Interest on Federal Home Loan Bank Advances and Other Borrowings	-	131	14
Total Interest Expense	603	1,245	1,193
Net Interest Income	21,743	20,017	19,060
Provision for Loan Losses	680	1,434	928
Net Interest Income after Provision for Loan Losses	21,063	18,583	18,132
<u>Non-Interest Income:</u>			
Deposit Fees	640	615	543
International Fees	244	282	254
Gain (Loss) on Sale of Investment Securities, Net	(184)	47	(145)
Gain on Sale of SBA Loans, Net	-	19	161
Bank/Corporate Owned Life Insurance Income (Expense)	953	(750)	200
Other	143	198	329
Total Non-Interest Income	1,796	411	1,342
<u>Non-Interest Expense:</u>			
Salaries and Employee Benefits	9,384	8,219	8,574
Occupancy and Equipment	953	920	1,047
Professional Services	1,627	1,482	1,196
Promotion Expenses	267	366	322
Other	1,693	1,058	1,160
Total Non-Interest Expense	13,924	12,045	12,299
Earnings before income taxes	8,935	6,949	7,175
Income Tax Expense	2,200	2,110	1,906
<u>NET INCOME</u>	\$ 6,735	\$ 4,839	\$ 5,269
<u>Add back:</u>			
After-Tax Gain (Loss) on Sale of Investment Securities, Net	\$ 139	\$ (33)	\$ 107
After-Tax DCP ABB Stock Expense (Benefit)	\$ -	\$ -	\$ 52
<u>Core Net Income</u>	\$ 6,874	\$ 4,806	\$ 5,428
<u>Per Share Information:</u>			
Earnings Per Share - Basic	\$ 0.84	\$ 0.60	\$ 0.66
Earnings Per Share - Diluted	\$ 0.83	\$ 0.60	\$ 0.65
Core Earnings Per Share - Diluted	\$ 0.85	\$ 0.59	\$ 0.67
Weighted Average Shares - Basic	8,046,122	8,036,255	7,947,731
Weighted Average Shares - Diluted	8,097,354	8,122,355	8,079,466

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Figures in \$000, except share and per share amounts

INCOME STATEMENTS (unaudited)

	For the six months ended:	
	June 2020	June 2019
<u>Interest Income:</u>		
Interest and Fees on Loans	\$ 36,464	\$ 30,922
Interest on Investment Securities	6,997	8,419
Interest on Interest Earning Deposits		
in Other Financial Institutions	147	766
Total Interest Income	43,608	40,107
<u>Interest Expense:</u>		
Interest on Interest Bearing Transaction Accounts	141	210
Interest on Money Market and Savings Deposits	1,505	1,763
Interest on Certificates of Deposits	69	221
Interest on Federal Home Loan Bank Advances		
and Other Borrowings	131	14
Total Interest Expense	1,846	2,208
Net Interest Income	41,762	37,899
Provision for Loan Losses	2,114	1,018
Net Interest Income after Provision for Loan Losses	39,648	36,881
<u>Non-Interest Income:</u>		
Deposit Fees	1,255	1,045
International Fees	527	513
Gain (Loss) on Sale of Investment Securities, Net	(137)	(145)
Gain on Sale of SBA Loans, Net	19	239
Bank/Corporate Owned Life Insurance Income (Expense)	203	647
Other	341	514
Total Non-Interest Income	2,208	2,813
<u>Non-Interest Expense:</u>		
Salaries and Employee Benefits	17,603	18,017
Occupancy and Equipment	1,873	2,068
Professional Services	3,109	2,394
Promotion Expenses	633	586
Other	2,754	2,253
Total Non-Interest Expense	25,972	25,318
Earnings before income taxes	15,884	14,376
Income Tax Expense	4,310	3,706
<u>NET INCOME</u>	\$ 11,574	\$ 10,670
<u>Add back:</u>		
After-Tax Net Gains (Losses) on Sale of Investment Securities	\$ 100	\$ 108
After-Tax DCP ABB Stock Expense (Benefit)	\$ -	\$ 451
<u>Core Net Income</u>	\$ 11,674	\$ 11,229
<u>Per Share Information:</u>		
Earnings Per Share - Basic	\$ 1.44	\$ 1.35
Earnings Per Share - Diluted	\$ 1.43	\$ 1.32
Core Earnings Per Share - Diluted	\$ 1.44	\$ 1.39
Weighted Average Shares - Basic	8,041,189	7,923,375
Weighted Average Shares - Diluted	8,109,855	8,068,298

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Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	June 2020			March 2020		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits in Other Financial Institutions	\$ 264,722	\$ 93	0.14%	\$ 27,556	\$ 54	0.80%
Investment Securities:						
US Agencies	260,033	270	0.41%	277,854	677	0.98%
Mortgage Backed Securities	271,173	1,434	2.12%	287,295	1,742	2.43%
State and Municipals	178,378	1,196	2.68%	166,727	1,121	2.69%
US Treasuries	10,018	37	1.48%	10,025	37	1.48%
Corporate Bonds	19,908	147	2.95%	19,947	150	3.00%
Securities Available-for-Sale and Held-to-Maturity	739,510	3,084	1.67%	761,848	3,727	1.96%
Federal Home Loan Bank Stock	10,753	-	0.00%	10,356	186	7.16%
Total Investment Securities	750,263	3,084	1.64%	772,204	3,913	2.03%
Loans Receivable:						
Commercial Real Estate	1,003,318	11,031	4.42%	1,005,413	11,345	4.54%
Commercial and Industrial	402,179	4,380	4.38%	436,183	5,024	4.63%
SBA Payroll Protection Program	539,535	2,994	2.23%	-	-	0.00%
Residential Real Estate	70,984	705	4.00%	76,302	886	4.67%
Installment and Other	5,037	59	4.75%	5,649	40	2.88%
Total Loans Receivable	2,021,053	19,169	3.81%	1,523,547	17,295	4.57%
Total Interest Earning Assets	\$ 3,036,038	\$ 22,346	2.91%	\$ 2,323,307	\$ 21,262	3.62%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,624,250	-	0.00%	1,104,594	-	0.00%
Interest Bearing Transaction Accounts	201,439	37	0.07%	202,250	105	0.21%
Money Market and Savings Deposits	1,027,292	538	0.21%	807,134	968	0.48%
Certificates of Deposit	35,614	28	0.31%	36,427	41	0.46%
Total Deposits	2,888,595	603	0.08%	2,150,405	1,114	0.21%
Federal Home Loan Bank Advances / Other Borrowings	-	-	0.00%	31,714	131	1.66%
Total Interest Bearing Deposits and Borrowings	1,264,345	603	0.19%	1,077,525	1,245	0.46%
Total Deposits and Borrowings	\$ 2,888,595	\$ 603	0.08%	\$ 2,182,119	\$ 1,245	0.23%
Net Interest Income	\$ 21,743			\$ 20,017		
Net Interest Rate Spread	2.83%			3.39%		
Net Interest Margin	2.88%			3.47%		
Net Interest Margin, excluding SBA PPP	3.02%			3.47%		

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Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

For the three months ended:						
	June 2020			June 2019		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits in Other Financial Institutions	\$ 264,722	\$ 93	0.14%	\$ 43,368	\$ 263	2.46%
Investment Securities:						
US Agencies	260,033	270	0.41%	402,437	1,449	1.44%
Mortgage Backed Securities	271,173	1,434	2.12%	191,710	1,362	2.84%
State and Municipals	178,378	1,196	2.68%	163,565	1,096	2.68%
US Treasuries	10,018	37	1.48%	10,046	37	1.49%
Corporate Bonds	19,908	147	2.95%	2,720	24	3.46%
Securities Available-for-Sale and Held-to-Maturity	739,510	3,084	1.67%	770,478	3,968	2.06%
Federal Home Loan Bank Stock	10,753	-	0.00%	10,356	177	6.84%
Total Investment Securities	750,263	3,084	1.64%	780,834	4,145	2.12%
Loans Receivable:						
Commercial Real Estate	1,003,318	11,031	4.42%	870,023	10,289	4.74%
Commercial and Industrial	402,179	4,380	4.38%	359,009	4,712	5.26%
SBA Payroll Protection Program	539,535	2,994	2.23%	-	-	0.00%
Residential Real Estate	70,984	705	4.00%	60,345	808	5.37%
Installment and Other	5,037	59	4.75%	4,996	36	2.88%
Total Loans Receivable	2,021,053	19,169	3.81%	1,294,373	15,845	4.91%
Total Interest Earning Assets	\$ 3,036,038	\$ 22,346	2.91%	\$ 2,118,575	\$ 20,253	3.78%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,624,250	-	0.00%	1,006,872	-	0.00%
Interest Bearing Transaction Accounts	201,439	37	0.07%	198,638	107	0.22%
Money Market and Savings Deposits	1,027,292	538	0.21%	723,827	956	0.53%
Certificates of Deposit	35,614	28	0.31%	69,674	116	0.67%
Total Deposits	2,888,595	603	0.08%	1,999,011	1,179	0.24%
Federal Home Loan Bank Advances / Other Borrowings	-	-	0.00%	2,049	14	2.66%
Total Interest Bearing Deposits and Borrowings	1,264,345	603	0.19%	994,188	1,193	0.48%
Total Deposits and Borrowings	\$ 2,888,595	\$ 603	0.08%	\$ 2,001,060	\$ 1,193	0.24%
Net Interest Income	\$ 21,743			\$ 19,060		
Net Interest Rate Spread			2.83%			3.54%
Net Interest Margin			2.88%			3.61%
Net Interest Margin, excluding SBA PPP			3.02%			3.61%

American Business Bank
Figures in \$000
YEAR-TO-DATE AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

For the six months ended:						
	June 2020			June 2019		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits with Other Financial Institutions	\$ 146,139	\$ 147	0.20%	\$ 62,591	\$ 766	2.48%
Investment Securities:						
US Agencies	268,943	946	0.70%	418,032	3,206	1.53%
Mortgage Backed Securities	279,234	3,177	2.28%	170,005	2,481	2.92%
State and Municipals	172,553	2,317	2.69%	167,964	2,257	2.69%
US Treasuries	10,022	74	1.48%	10,049	74	1.48%
Corporate Bonds	19,928	297	2.98%	2,362	42	3.53%
Securities Available-for-Sale and Held-to-Maturity	750,680	6,811	1.81%	768,412	8,060	2.10%
Federal Home Loan Bank Stock	10,554	186	3.52%	10,356	359	6.94%
Total Investment Securities	761,234	6,997	1.84%	778,768	8,419	2.16%
Loans Receivable:						
Commercial Real Estate	1,004,366	22,374	4.48%	850,748	19,944	4.73%
Commercial and Industrial	419,181	9,404	4.51%	356,349	9,311	5.27%
SBA Payroll Protection Program	269,767	2,994	2.23%	-	-	0.00%
Residential Real Estate	73,643	1,592	4.35%	60,138	1,596	5.35%
Installment and Other	5,343	100	3.76%	4,841	71	2.95%
Total Loans Receivable	1,772,300	36,464	4.14%	1,272,076	30,922	4.90%
Total Interest Earning Assets	\$ 2,679,673	\$ 43,608	3.22%	\$ 2,113,435	\$ 40,107	3.77%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,364,422	-	0.00%	1,001,486	-	0.00%
Interest Bearing Transaction Accounts	201,845	141	0.14%	198,723	210	0.21%
Money Market and Savings Deposits	917,213	1,505	0.33%	729,957	1,763	0.49%
Certificates of Deposit	36,020	69	0.39%	67,152	221	0.66%
Total Deposits	2,519,500	1,715	0.14%	1,997,318	2,194	0.22%
Federal Home Loan Bank Advances / Other Borrowings	15,857	131	1.66%	1,030	14	2.66%
Total Interest Bearing Deposits and Borrowings	1,170,935	1,846	0.32%	996,862	2,208	0.45%
Total Deposits and Borrowings	\$ 2,535,357	\$ 1,846	0.15%	\$ 1,998,348	\$ 2,208	0.22%
Net Interest Income	\$ 41,762			\$ 37,899		
Net Interest Rate Spread			3.07%			3.55%
Net Interest Margin			3.13%			3.62%
Net Interest Margin, excluding SBA PPP			3.23%			3.62%

American Business Bank
Figures in \$000

SUPPLEMENTAL DATA (unaudited)

	June 2020	March 2020	December 2019	June 2019
Performance Ratios:				
<u>Quarterly:</u>				
Return on Average Assets (ROAA)	0.86%	0.80%	0.99%	0.95%
Core Return on Average Assets (ROAA)	0.87%	0.79%	0.99%	0.98%
Return on Average Equity (ROAE)	12.14%	9.15%	11.74%	11.74%
Core Return on Average Equity (ROAE)	12.39%	9.09%	11.74%	12.09%
Efficiency Ratio	58.70%	59.10%	58.77%	59.86%
Core Efficiency Ratio	58.70%	59.10%	58.77%	59.51%
<u>Year-to-Date</u>				
Return on Average Assets (ROAA)	0.83%	0.80%	0.97%	0.97%
Core Return on Average Assets (ROAA)	0.84%	0.79%	1.00%	1.02%
Return on Average Equity (ROAE)	10.68%	9.15%	11.80%	12.29%
Core Return on Average Equity (ROAE)	10.77%	9.09%	12.15%	12.93%
Efficiency Ratio	58.88%	59.10%	60.29%	61.97%
Core Efficiency Ratio	58.88%	59.10%	59.57%	60.48%
Capital Adequacy:				
Total Risk Based Capital Ratio	14.64%	13.71%	13.82%	14.37%
Common Equity Tier 1 Capital Ratio	13.38%	12.46%	12.57%	13.12%
Tier 1 Risk Based Capital Ratio	13.38%	12.46%	12.57%	13.12%
Tier 1 Leverage Ratio	7.10%	8.91%	8.66%	8.94%
Tangible Common Equity / Tangible Assets	6.89%	8.48%	8.60%	8.65%
Asset Quality Overview				
Non-Performing Loans	\$ 2,601	\$ 4,225	\$ 1,855	\$ 1,047
Loans 90+ Days Past Due and Still Accruing	-	-	-	-
Total Non-Performing Loans	2,601	4,225	1,855	1,047
Restructured Loans	223	225	227	231
Other Real Estate Owned	-	-	-	-
ALLL / Loans Receivable	1.05%	1.42%	1.40%	1.40%
Non-Performing Loans / Total Loans Receivable *	0.13%	0.29%	0.14%	0.10%
Non-Performing Loans / Total Loans Receivable *, excluding PPP **	0.19%	0.29%	0.14%	0.10%
Non-Performing Assets / Total Assets *	0.09%	0.18%	0.09%	0.06%
Non-Performing Assets / Total Assets *, excluding PPP **	0.11%	0.18%	0.09%	0.06%
Net Charge-Offs (Recoveries) quarterly	\$ 168	\$ 370	\$ (8)	\$ (12)
Net Charge-Offs (Recoveries) year-to-date	\$ 538	\$ 370	\$ (41)	\$ (27)
Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable	0.03%	0.02%	0.00%	0.00%

* Includes non-accrual loans, accruing loans past due 90+ days and Troubled Debt Restructurings (TDRs).

** SBA Paycheck Protection Program (PPP)