



## AMERICAN BUSINESS BANK REPORTS FIRST QUARTER EARNINGS OF \$9.9 MILLION

*Core loans increased by \$163 million or 34% annualized in the quarter*

### First Quarter 2022 Highlights

- **Total core loans, excluding PPP loans, increased \$163 million or 8% over prior quarter**
- **Net interest income increased 24%**, excluding accelerated PPP fees, over prior year quarter
- **Net income increased \$1.0 million or 11%** over prior year quarter
- **Total PPP loans outstanding of \$89 million** with \$2.2 million of net deferred processing fees
- **Nonperforming assets to total assets of 0%**
- **Non-interest bearing demand deposits** were 54% of total deposits
- **Net interest income includes accelerated PPP fees** of \$1.4 million on loan forgiveness
- **Cost of average deposits of 0.04%**, a decline of 0.02% over prior year quarter
- **Continued status as well capitalized**, the highest regulatory standard

Los Angeles, California, April 29, 2022. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$9.9 million or \$1.08 per fully diluted share for the first quarter of 2022 compared to \$9.7 million or \$1.06 per fully diluted share for the fourth quarter of 2021, an increase of 3%. For the quarter ended March 31, 2022, net income associated with the PPP program was \$1.3 million or \$0.14 per fully diluted share the same as the fourth quarter of 2021.

“The highlight for the quarter was generating \$163 million in core loan growth (non-PPP) matching our record increase from the fourth quarter of 2021. As a result of this growth, loan interest income has increased meaningfully in the first quarter of 2022 over 2021. Our overall loan growth from the second half of 2021 through the first quarter of 2022 has enabled the Bank to replace and surpass the significant income generated from PPP that was essential to bridge the pandemic rate shock. Despite a challenging environment that includes now rapidly rising interest rates, a labor shortage and high inflation, we continue to execute on serving small to middle-market business customers with superior service while maintaining outstanding credit quality.” commented Leon Blankstein, ABB’s President, CEO, and Director.

For the quarter ending March 31, 2022, net interest income was \$28.2 million, a 2% increase over the fourth quarter of 2021 as loan interest income increased by \$1.0 million as the average loan portfolio, excluding PPP, increased by \$160 million. This increase was offset by the \$0.5 million decrease in interest income on securities due to a non-recurring prepayment penalty of \$470 thousand received during the fourth quarter of 2021. For the quarter ending March 31, 2022, the cost of deposits decreased to 0.04% compared to 0.05% in the previous quarter.

For the quarter ending March 31, 2022, the provision for loan losses was \$1.5 million commensurate with the growth in core loans. The allowance for loan losses as a percentage of loans, excluding PPP loans, was 1.27% at March 31, 2022.

### Net Interest Margin

Net interest margin for the first quarter of 2022 was 3.00% compared to 2.82% in the fourth quarter of 2021 and 2.92% in the first quarter of 2021. Excluding the impact of PPP loans, the net interest margin was 2.89% for the first quarter of 2022 compared to 2.75% for the fourth quarter of 2021 reflecting the higher percentage of core loans to assets. Without the acceleration of fees on forgiveness, the yield on PPP loans was 1.65% for the first quarter of 2022. As of March 31, 2022, 37% of the loan portfolio had variable rates, with approximately half of the Bank's variable-rate loans indexed to prime and 81% of these loans are at or above interest rate floors by 48 bps.

### Net Interest Income

For the quarter ending March 31, 2022, net interest income increased by \$586,000, or 2%, compared to the fourth quarter of 2021 and increased by \$3.7 million, or 15%, compared to the quarter ending March 31, 2021. The increase is a result of the Bank's strong core loan growth offset by the decrease in the accelerated realization of net deferred PPP processing fees and decrease in interest income on securities.

(Figures in \$000s, except per share amounts)	As of or For the Three Months Ended:		
	March 2022	December 2021	March 2021
PPP loans - first round, net	\$ 6,391	\$ 10,361	\$ 424,327
PPP loans - second round, net	79,997	133,224	217,780
PPP Total Loans, net	\$ 86,388	\$ 143,585	\$ 642,107
1% Coupon Interest	\$ 277	\$ 418	\$ 1,527
Amortized fees	171	254	668
Accelerated fees	1,427	1,118	2,845
Total PPP loan income	\$ 1,875	\$ 1,789	\$ 5,040
Total PPP loan income after tax	\$ 1,322	\$ 1,262	\$ 3,555
Total PPP loan income after tax per share - diluted	\$ 0.14	\$ 0.14	\$ 0.39

As of April 25, 2022, approximately 98% of PPP loans originated in 2020 and 72% of PPP loans originated in 2021 have been forgiven. Of the remaining PPP loans originated in 2020 and 2021, approximately 23% are in the forgiveness review or submission process.

### Non-Interest Income

The decrease in non-interest income from the prior quarter and the same quarter a year ago are primarily due to the decline in the value of the Bank/Corporate owned life insurance (BOLI) that are invested in mutual funds.

### Non-Interest Expense

For the quarter ending March 31, 2022, total non-interest expense decreased \$349 thousand compared to the fourth quarter of 2021 primarily due to donations paid in the fourth quarter of 2021 fulfilling the Bank's

PPP Grant Program benefiting minority and women-owned businesses. The efficiency ratio decreased to 50% compared to 52% for the fourth quarter of 2021.

Non-interest expense increased \$771 thousand for the quarter ended March 31, 2022 compared to the first quarter of 2021. This was driven by an increase in salaries and employee benefits. The efficiency ratio declined to 50% for the first quarter of 2022 compared to 54% for the first quarter of 2021.

There were 198 full time equivalent employees at March 31, 2022 compared to 192 a year ago and 203 at December 31, 2021. In March of 2022, Suzanne Dondanville, EVP/Chief Operations Officer, departed from the Bank. “We thank Suzanne for her contributions to our success,” commented ABB’s Executive Vice President and Chief Financial Officer. The Bank has 38 relationship managers in eight offices representing an increase of four from a year ago and an increase of one from the prior quarter.

### Balance Sheet

From December 31, 2021 to March 31, 2022, total core loans, excluding PPP loans, increased \$163 million, or 8%. During the first quarter of 2022, CRE loans, primarily owner-occupied, increased by \$125 million, and C&I loans increased by \$49 million. At March 31, 2022, the utilization rate for the Bank’s commercial lines of credit remained unchanged at 30% compared to December 31, 2021. Investment securities decreased from the fourth quarter of 2021 to \$1.46 billion. On January 3, 2022, \$307 million of Available-for-Sale securities, net of \$3.7 million of unrealized losses, were transferred to Held-to-Maturity securities. As of March 31, 2022, the duration of the securities portfolio increased to 5.7 years from 4.5 years as of December 31, 2021 as market interest rates increased.

During the first quarter of 2022, total assets decreased \$85 million, or 2%, and total deposits decreased by \$63 million.

At March 31, 2022, the tangible common equity ratio was 6.7%, as the benefit of first quarter net income was more than offset by a larger Accumulated Other Comprehensive Loss, reflecting the impact of higher rates on net unrealized securities losses. The loan growth over the last year has increased risk-weighted assets resulting in a decrease in those capital ratios, which remain well above regulatory requirements.

### Asset Quality

The following table presents asset quality overview as of the dates indicated:

	March 31, 2022	December 31, 2021
(Figures in \$000s)		
Non-performing assets (NPA)	\$ -	\$ 338
Loans 90+ Days Past Due and Still Accruing	-	-
Total NPA	\$ -	\$ 338
NPA as a % of total assets, excluding PPP	0.00%	0.01%
Past Due as a % of total Loans, excluding PPP	0.00%	0.00%
Criticized as a % of total Loans, excluding PPP	2.49%	3.50%
Classified as a % of total Loans, excluding PPP	0.14%	0.12%

As of March 31, 2021, the Bank had no specific reserve related to two impaired loan relationships.

The following table represents the allowance for loan losses as of and for the dates and periods indicated:

	Three Months Ended	
	March 31, 2022	December 31, 2021
(Figures in \$000s)		
Beginning Balance	\$ 25,062	\$ 23,550
Charge-offs	-	-
Recoveries	13	27
Net (charge-offs) / recoveries	\$ 13	\$ 27
Provision	1,486	1,485
Ending Balance	\$ 26,561	\$ 25,062
Allowance as a % of total assets, excluding PPP	1.27%	1.30%

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. There are no loans on a loan payment deferment program.

## 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 seven 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, Inland Empire in Ontario and LA Coastal in Long Beach.

## 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. 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)**

	<b>March 2022</b>	<b>December 2021</b>	<b>March 2021</b>
<b><u>Assets:</u></b>			
Cash and Due from Banks	\$ 48,531	\$ 33,246	\$ 38,637
Interest Earning Deposits in Other Financial Institutions	63,022	195,624	350,354
<b><u>Investment Securities:</u></b>			
US Agencies	169,832	185,170	218,794
Mortgage Backed Securities	545,447	808,496	407,651
State and Municipals	122,868	231,917	270,161
US Treasuries	-	-	-
Corporate Bonds	14,044	12,903	8,848
Securities Available-for-Sale, at Fair Value	852,191	1,238,486	905,454
Mortgage Backed Securities	204,025	-	-
State and Municipals	396,748	298,651	151,041
Securities Held-to-Maturity, at Amortized Cost	600,773	298,651	151,041
Federal Home Loan Bank Stock, at Cost	11,779	11,779	10,864
Total Investment Securities	1,464,743	1,548,916	1,067,359
<b><u>Loans Receivable:</u></b>			
Commercial Real Estate	1,496,684	1,371,475	1,137,493
Commercial and Industrial	492,822	444,009	327,519
SBA Payroll Protection Program	86,387	143,584	642,107
Residential Real Estate	102,305	112,817	80,686
Installment and Other	5,756	5,897	4,212
Total Loans Receivable	2,183,954	2,077,782	2,192,017
Allowance for Loan Losses	(26,561)	(25,062)	(22,946)
Loans Receivable, Net	2,157,393	2,052,720	2,169,071
Furniture, Equipment and Leasehold Improvements, Net	6,327	6,580	7,472
Bank/Corporate Owned Life Insurance	28,622	28,851	28,070
Other Assets	58,242	46,339	44,247
<b>Total Assets</b>	<b>\$ 3,826,880</b>	<b>\$ 3,912,276</b>	<b>\$ 3,705,210</b>
<b><u>Liabilities:</u></b>			
Non-Interest Bearing Demand Deposits	\$ 1,920,015	\$ 1,934,444	\$ 1,855,756
Interest Bearing Transaction Accounts	277,016	287,224	260,610
Money Market and Savings Deposits	1,297,039	1,337,035	1,270,228
Certificates of Deposit	40,998	39,445	34,267
Total Deposits	3,535,068	3,598,148	3,420,861
Federal Home Loan Bank Advances / Other Borrowings	-	-	-
Other Liabilities	36,588	35,574	36,265
<b>Total Liabilities</b>	<b>\$ 3,571,656</b>	<b>\$ 3,633,722</b>	<b>\$ 3,457,126</b>
<b><u>Shareholders' Equity:</u></b>			
Common Stock	\$ 203,400	\$ 202,199	\$ 166,956
Retained Earnings	91,443	81,521	84,473
Accumulated Other Comprehensive Income / (Loss)	(39,619)	(5,166)	(3,345)
<b>Total Shareholders' Equity</b>	<b>\$ 255,224</b>	<b>\$ 278,554</b>	<b>\$ 248,084</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,826,880</b>	<b>\$ 3,912,276</b>	<b>\$ 3,705,210</b>
Standby Letters of Credit	\$ 36,698	\$ 35,891	\$ 32,115
<b><u>Per Share Information:</u></b>			
Common Shares Outstanding	8,913,974	8,832,797	8,775,324
Book Value Per Share	\$ 28.63	\$ 31.54	\$ 28.27
Tangible Book Value Per Share	\$ 28.63	\$ 31.54	\$ 28.27

\* All per share amounts and number of shares outstanding have been retroactively applied for the 10% stock dividend paid in July 2021

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

	For the three months ended:		
	March 2022	December 2021	March 2021
<b><u>Interest Income:</u></b>			
Interest and Fees on Loans	\$ 21,809	\$ 20,729	\$ 20,774
Interest on Investment Securities	6,658	7,158	4,122
Interest on Interest Earning Deposits in Other Financial Institutions	80	135	66
Total Interest Income	28,547	28,022	24,962
<b><u>Interest Expense:</u></b>			
Interest on Interest Bearing Transaction Accounts	26	33	41
Interest on Money Market and Savings Deposits	323	377	414
Interest on Certificates of Deposits	10	10	14
Interest on Federal Home Loan Bank Advances and Other Borrowings	-	-	-
Total Interest Expense	359	420	469
Net Interest Income	28,188	27,602	24,493
Provision for Loan Losses	1,486	1,485	-
Net Interest Income after Provision for Loan Losses	26,702	26,117	24,493
<b><u>Non-Interest Income:</u></b>			
Deposit Fees	960	912	745
International Fees	337	357	263
Gain (Loss) on Sale of Investment Securities, Net	30	(18)	(15)
Gain on Sale of SBA Loans, Net	-	-	-
Bank/Corporate Owned Life Insurance Income (Expense)	(229)	308	332
Other	293	280	202
Total Non-Interest Income	1,391	1,839	1,527
<b><u>Non-Interest Expense:</u></b>			
Salaries and Employee Benefits	10,475	10,459	9,663
Occupancy and Equipment	1,165	1,157	1,146
Professional Services	1,681	1,462	1,703
Promotion Expenses	320	800	222
Other	1,064	1,176	1,200
Total Non-Interest Expense	14,705	15,054	13,934
Earnings before income taxes	13,388	12,902	12,086
Income Tax Expense	3,465	3,240	3,170
<b><u>NET INCOME</u></b>	<b>\$ 9,923</b>	<b>\$ 9,662</b>	<b>\$ 8,916</b>
<b><u>Per Share Information:</u></b>			
Earnings Per Share - Basic	\$ 1.10	\$ 1.07	\$ 1.00
Earnings Per Share - Diluted	\$ 1.08	\$ 1.06	\$ 0.99
Weighted Average Shares - Basic	9,040,825	9,002,011	8,921,941
Weighted Average Shares - Diluted	9,167,184	9,143,933	9,033,128

\* All per share amounts and number of shares outstanding have been retroactively applied for the 10% stock dividend paid in July 2021

## QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	March 2022			December 2021		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
<b>Interest Earning Assets:</b>						
Interest Earning Deposits in Other Financial Institutions	\$ 162,969	\$ 80	0.20%	\$ 326,356	\$ 135	0.17%
<u>Investment Securities:</u>						
US Agencies	177,077	91	0.21%	191,544	278	0.58%
Mortgage Backed Securities	805,321	3,361	1.67%	818,689	3,728	1.82%
State and Municipals	523,835	2,913	2.22%	520,354	2,863	2.20%
US Treasuries	-	-	0.00%	-	-	0.00%
Corporate Bonds	13,000	113	3.47%	12,750	109	3.42%
Securities Available-for-Sale and Held-to-Maturity	1,519,233	6,478	1.71%	1,543,337	6,978	1.81%
Federal Home Loan Bank Stock	11,779	180	6.10%	11,779	180	6.10%
Total Investment Securities	1,531,012	6,658	1.74%	1,555,116	7,158	1.84%
<u>Loans Receivable:</u>						
Commercial Real Estate	1,418,952	14,180	4.05%	1,318,877	13,610	4.09%
Commercial and Industrial	465,403	4,691	4.09%	401,559	4,211	4.16%
SBA Payroll Protection Program	110,355	1,875	6.89%	161,986	1,789	4.38%
Residential Real Estate	109,759	1,011	3.74%	113,660	1,059	3.70%
Installment and Other	6,746	52	3.10%	6,658	60	3.58%
Total Loans Receivable	2,111,215	21,809	4.19%	2,002,740	20,729	4.11%
<b>Total Interest Earning Assets</b>	<b>\$ 3,805,196</b>	<b>\$ 28,547</b>	<b>3.00%</b>	<b>\$ 3,884,212</b>	<b>\$ 28,022</b>	<b>2.82%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	1,984,694	-	0.00%	2,019,342	-	0.00%
Interest Bearing Transaction Accounts	274,988	26	0.04%	267,881	33	0.05%
Money Market and Savings Deposits	1,303,545	323	0.10%	1,363,415	377	0.11%
Certificates of Deposit	40,270	10	0.10%	39,414	10	0.10%
Total Deposits	3,603,497	359	0.04%	3,690,052	420	0.05%
Federal Home Loan Bank Advances / Other Borrowings	-	-	0.00%	-	-	0.00%
Total Interest Bearing Deposits and Borrowings	1,618,803	359	0.09%	1,670,710	420	0.10%
<b>Total Deposits and Borrowings</b>	<b>\$ 3,603,497</b>	<b>\$ 359</b>	<b>0.04%</b>	<b>\$ 3,690,052</b>	<b>\$ 420</b>	<b>0.05%</b>
Net Interest Income	\$ 28,188			\$ 27,602		
Net Interest Rate Spread	2.96%			2.77%		
Net Interest Margin	3.00%			2.82%		
Net Interest Margin, excluding SBA PPP	2.89%			2.75%		

## QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	March 2022			March 2021		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
<b>Interest Earning Assets:</b>						
Interest Earning Deposits in Other Financial Institutions	\$ 162,969	\$ 80	0.20%	\$ 216,373	\$ 66	0.12%
<b>Investment Securities:</b>						
US Agencies	177,077	91	0.21%	225,144	408	0.72%
Mortgage Backed Securities	805,321	3,361	1.67%	398,884	1,229	1.23%
State and Municipals	523,835	2,913	2.22%	414,773	2,267	2.19%
US Treasuries	-	-	0.00%	-	-	0.00%
Corporate Bonds	13,000	113	3.47%	10,273	82	3.20%
Securities Available-for-Sale and Held-to-Maturity	1,519,233	6,478	1.71%	1,049,074	3,986	1.52%
Federal Home Loan Bank Stock	11,779	180	6.10%	10,864	136	5.01%
Total Investment Securities	1,531,012	6,658	1.74%	1,059,938	4,122	1.56%
<b>Loans Receivable:</b>						
Commercial Real Estate	1,418,952	14,180	4.05%	1,105,890	11,463	4.20%
Commercial and Industrial	465,403	4,691	4.09%	330,778	3,462	4.24%
SBA Payroll Protection Program	110,355	1,875	6.89%	609,638	5,040	3.35%
Residential Real Estate	109,759	1,011	3.74%	78,034	758	3.94%
Installment and Other	6,746	52	3.10%	4,957	51	4.15%
Total Loans Receivable	2,111,215	21,809	4.19%	2,129,297	20,774	3.96%
<b>Total Interest Earning Assets</b>	<b>\$ 3,805,196</b>	<b>\$ 28,547</b>	<b>3.00%</b>	<b>\$ 3,405,608</b>	<b>\$ 24,962</b>	<b>2.93%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	1,984,694	-	0.00%	1,730,626	-	0.00%
Interest Bearing Transaction Accounts	274,988	26	0.04%	255,416	41	0.07%
Money Market and Savings Deposits	1,303,545	323	0.10%	1,223,414	414	0.14%
Certificates of Deposit	40,270	10	0.10%	34,865	14	0.16%
Total Deposits	3,603,497	359	0.04%	3,244,321	469	0.06%
Federal Home Loan Bank Advances / Other Borrowings	-	-	0.00%	-	-	0.00%
Total Interest Bearing Deposits and Borrowings	1,618,803	359	0.09%	1,513,695	469	0.13%
<b>Total Deposits and Borrowings</b>	<b>\$ 3,603,497</b>	<b>\$ 359</b>	<b>0.04%</b>	<b>\$ 3,244,321</b>	<b>\$ 469</b>	<b>0.06%</b>
<b>Net Interest Income</b>						
		<u>\$ 28,188</u>			<u>\$ 24,493</u>	
Net Interest Rate Spread			<u>2.96%</u>			<u>2.87%</u>
Net Interest Margin			<u>3.00%</u>			<u>2.92%</u>
Net Interest Margin, excluding SBA PPP			<u>2.89%</u>			<u>2.82%</u>



**American Business Bank***Figures in \$000***SUPPLEMENTAL DATA (unaudited)****Performance Ratios:**Quarterly:

	<b>March 2022</b>	<b>December 2021</b>	<b>March 2021</b>
Return on Average Assets (ROAA)	1.01%	0.97%	1.01%
Return on Average Equity (ROAE)	14.48%	14.17%	14.32%
Efficiency Ratio	49.77%	51.10%	53.52%

Year-to-Date

Return on Average Assets (ROAA)	1.01%	1.03%	1.01%
Return on Average Equity (ROAE)	14.48%	14.95%	14.32%
Efficiency Ratio	49.77%	51.77%	53.52%

**Capital Adequacy:**

Total Risk Based Capital Ratio	12.82%	13.21%	14.85%
Common Equity Tier 1 Capital Ratio	11.72%	12.09%	13.60%
Tier 1 Risk Based Capital Ratio	11.72%	12.09%	13.60%
Tier 1 Leverage Ratio	7.53%	7.09%	7.13%
Tangible Common Equity / Tangible Assets	6.67%	7.12%	6.70%

**Asset Quality Overview**

Non-Performing Loans	\$ -	\$ 338	\$ 2,172
Loans 90+ Days Past Due and Still Accruing	-	-	-
Total Non-Performing Loans	-	338	2,172
Restructured Loans	-	-	216
Other Real Estate Owned	-	-	-
ALLL / Loans Receivable	1.22%	1.21%	1.05%
Non-Performing Loans / Total Loans Receivable *	0.00%	0.02%	0.11%
Non-Performing Loans / Total Loans Receivable *, excluding PPP **	0.00%	0.02%	0.15%
Non-Performing Assets / Total Assets *	0.00%	0.01%	0.06%
Non-Performing Assets / Total Assets *, excluding PPP **	0.00%	0.01%	0.08%
Net Charge-Offs (Recoveries) quarterly	\$ (13)	\$ (27)	\$ (16)
Net Charge-Offs (Recoveries) year-to-date	\$ (13)	\$ (178)	\$ (16)
Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable	(0.00%)	(0.01%)	(0.00%)

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

\*\* SBA Paycheck Protection Program (PPP)