



## AMERICAN BUSINESS BANK REPORTS FIRST QUARTER EARNINGS

*First Quarter Earnings of \$13.1 million increases 32% over Prior Year Quarter*

### First Quarter 2023 Highlights

- **Total loans increased \$38 million or 2% over prior quarter**
- **Net yield on interest earning assets increased 24 basis points over the prior quarter**
- **Net interest income increased \$3.8 million or 14%, over prior year quarter**
- **Net income increased \$3.2 million or 32%, over prior year quarter**
- **Tangible book value per share increased by \$2.69 to \$31.08 over prior quarter**
- **Non-interest bearing demand deposits were 56% of total deposits**
- **Nonperforming assets to total assets of 0.15%**
- **Continued status as well-capitalized, the highest regulatory category**

Los Angeles, California, April 28, 2023. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$13.1 million or \$1.42 per fully diluted share for the first quarter of 2023 compared to \$14.0 million or \$1.51 per fully diluted share for the fourth quarter of 2022, a decline of 7%. For the quarter ending March 31, 2023, net income was \$13.1 million or \$1.42 per fully diluted share, compared to \$9.9 million or \$1.08 per fully diluted share for the first quarter of 2022, an increase of 32%. The first quarter of 2022 included net income associated with the PPP program of \$1.3 million or \$0.14 per fully diluted share.

“For the past 25 years, we have been building the bank and our balance sheet to weather periods of economic and industry instability. Since day one our philosophy has been to run the bank in a conservative manner, taking measured risk on credit decisions and maintaining an abundance of liquidity. Over our history, cumulative net charge-offs on the loan portfolio have totaled \$465,000 on nearly \$4 billion in loans made over a quarter century, while the \$1.3 billion investment portfolio consists of mostly government backed securities. The majority of both the loan and investment portfolios can be borrowed against to provide the bank approximately \$1.6 billion of liquidity in addition to deposit funding. During periods of uncertainty, many clients view the bank as a safe haven. Two additional factors add to our strong foundation. Firstly, our clients are profitable with very well-run businesses, otherwise we would not bank them. No crypto or venture capital, just very straight forward companies. Secondly, the relationship with our clients is a true partnership in good times and bad. This special relationship not only rewards both the bank and its clients with stability, but it protects and fosters an openness with clients that ultimately helps them with any difficulties or challenges that may arise.

“As the government draws liquidity from the financial system at highly competitive rates, total deposits decreased \$314 million or 9% from year end, and we are borrowing on a short-term basis to fill that gap. We continue to be a strong core deposit franchise and are leaning into that strength by continuing to focus on gathering core deposits to replace those borrowings. We are proud to say we have not lost a single client during the recent storm. As further evidence of the strength of our core deposit base, non-interest bearing deposits declined 5.5% in the quarter. This business centric approach coupled with a high touch superior

service sets us apart to succeed in greater Southern California,” commented Leon Blankstein, ABB’s President, CEO, and Director.

For the quarter ending March 31, 2023, net interest income was \$32.0 million, a 7.6% decrease over the fourth quarter of 2022. Interest income on loans increased by \$1.7 million due to loan growth and higher interest rates which was offset by an increase in interest expense of \$4.4 million due to an increase in the use of short-term borrowings. For the quarter ending March 31, 2023, the cost of deposits was 0.33% representing an increase of 0.19% compared to the quarter ending December 31, 2022.

The Bank adopted Current Expected Credit Losses (“CECL”) on January 1, 2023 and recorded a reduction in the allowance for credit losses of \$3.9 million on the adoption date. The adoption of CECL resulted in utilizing a new model with historical low loan charge offs and an economic forecast reflecting management’s expectation of a modest recession ahead. The provision for loan losses was \$0.5 million in the quarter commensurate with loan growth. The allowance for loan losses as a percentage of loans was 1.05% at March 31, 2023.

#### Net Interest Margin

Net interest margin for the first quarter of 2023 was 3.38% compared to 3.60% in the fourth quarter of 2022 due to a change in the mix of liabilities from low cost deposits to high cost short-term borrowings. Net interest margin for the first quarter of 2023 increased to 3.38% from 3.00% in the first quarter of 2022 reflecting the higher yield on earning assets. As of March 31, 2023, 63% of the loan portfolio was fixed rate. Of the variable rate loans, approximately half are indexed to prime of which \$372 million are adjustable within 90 days of a change in prime. For the month of March 2023, the net interest margin was 3.18%.

#### Net Interest Income

For the quarter ended March 31, 2023, net interest income declined by \$2.7 million, or 8%, compared to the fourth quarter of 2022 and increased by \$3.8 million, or 14%, compared to the quarter ended March 31, 2022. The decrease compared to the prior quarter is due to an increase in average borrowings during the quarter which were utilized to replace deposits. Deposits declined by \$250 million in March 2023. The increase compared to prior year quarter is the result of the Bank’s strong core loan growth and increases in market rates on loans and investment securities offset by the reduction in PPP loan income.

|  | As of or For the<br>Three Months Ended: |                  |               |
|--|---|------------------|---------------|
|  | March<br>2023                           | December<br>2022 | March<br>2022 |
| (Figures in \$000s, except per share amounts)          |   |                  |               |
| PPP Total Loans, net                                   | \$ 6,659                                | \$ 9,505         | \$ 86,388     |
| Total PPP loan income                                  | \$ 81                                   | \$ 73            | \$ 1,875      |
| Total PPP loan income after tax                        | \$ 57                                   | \$ 52            | \$ 1,322      |
| Total PPP loan income after tax per<br>share - diluted | \$ 0.01                                 | \$ 0.01          | \$ 0.14       |

### Non-Interest Income

Other non-interest income increased compared to the prior quarter and prior year quarter primarily due to the gain on sale of SBA loans and an increase in the valuation of COLI policies that are invested in mutual funds.

### Non-Interest Expense

For the quarter ending March 31, 2023, total non-interest expense decreased \$0.2 million compared to the fourth quarter of 2022 primarily due to recoveries on operations losses offset by an increase in salaries and employee benefits. The efficiency ratio increased to 47% for the first quarter of 2023 compared to 45% for the fourth quarter of 2022.

Non-interest expense increased \$1.5 million for the quarter ended March 31, 2023 compared to the first quarter of 2022. This was driven by an increase in salaries and employee benefits. The efficiency ratio declined to 47% for the first quarter of 2023 compared to 50% for the first quarter of 2022.

There were 224 full time equivalent employees at March 31, 2023 compared to 198 a year ago and 225 at December 31, 2022. The Bank has 41 relationship managers in eight offices representing an increase of three from a year ago and an increase of one from the prior quarter. The Bank has invested in back office personnel commensurate with the increase in core loans over the last two years.

### Balance Sheet

From December 31, 2022 to March 31, 2023, total core loans, excluding PPP loans, increased \$40 million, or 2%. During the first quarter of 2023, Commercial Real Estate (CRE) loans increased by \$80 million, primarily due to an increase of \$40 million in owner-occupied CRE and \$32 million in non-owner-occupied CRE. The largest increase during the quarter by loan type was in Industrial Warehouse single tenant buildings of \$17 million during the quarter.

|                         | March 31,<br>2023   | December 31,<br>2022 |
|-------------------------|---------------------|----------------------|
| (Figures in \$000s)     |                     |                      |
| RE - Owner Occupied     | \$ 1,051,637        | \$ 1,011,913         |
| RE - Non Owner Occupied | 692,437             | 660,600              |
| Construction & Land     | 57,823              | 49,398               |
| Total CRE Loans         | <u>\$ 1,801,897</u> | <u>\$ 1,721,911</u>  |

In addition, C&I loans decreased by \$30 million due to the sale of ten SBA loans and a decrease in line utilization. At March 31, 2023, the utilization rate for the Bank's commercial lines of credit decreased to 29% from 31% at December 31, 2022.

Investment securities decreased during the first quarter of 2023 to \$1.27 billion. As of March 31, 2023, the duration of the available-for-sale securities portfolio increased to 5.5 years from 5.4 years as of December 31, 2022. Accumulated other comprehensive loss decreased to \$72.0 million as of March 31, 2023 from \$81.2 million as of December 31, 2022 as market rates relevant to securities pricing decreased. The duration on the held-to-maturity portfolio which holds a significant amount of municipal securities is 7.7 years. As of March 31, 2023, the unrealized loss on Held-to-Maturity (HTM) securities after tax is \$70 million.

Deposits decreased during the first quarter of 2023 to \$3.1 billion. The Bank has not lost any relationships due to the recent turbulence in the banking industry. The Bank provides off balance sheet products to

customers such as the sale of treasury securities; these balances increased by \$75 million during the first quarter of 2023. Other customers reduced their money market accounts and invested in other wealth management solutions. Finally, there were normal seasonal outflows in January for distributions to owners.

During the first quarter of 2023, total assets increased \$38.4 million, or 1.0%, total loans grew \$37.5 million, or 1.5% and borrowings grew by \$324.5 million.

The Bank has increased its borrowing capability since March 31, 2023, with pledging additional securities under the Federal Reserve Bank (FRB) Term Funding Program. Under this program, the FRB discount window and with loans pledged at the Federal Home Loan Bank of San Francisco, the Bank has \$1.6 billion in borrowing capacity as of April 25, 2023.

At March 31, 2023, the tangible common equity ratio increased from December 31, 2022 to 7.21%, benefitting from first quarter net income, adoption of CECL (\$2.7 million) and a lower Accumulated Other Comprehensive Loss. Loan growth over the last year has increased risk-weighted assets resulting in a decline in risk-based capital ratios, which remain well above regulatory requirements.

### Asset Quality

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

|  | March 31,<br>2023 | December 31,<br>2022 |
|--|-------------------|----------------------|
| (Figures in \$000s)                        |                   |                      |
| Non-performing assets (NPA)                | \$ 6,000          | \$ 6,927             |
| Loans 90+ Days Past Due and Still Accruing | -                 | -                    |
| Total NPA                                  | \$ 6,000          | \$ 6,927             |
| NPA as a % of total assets                 | 0.15%             | 0.18%                |
| Past Due as a % of total Loans             | 0.03%             | 0.00%                |
| Criticized as a % of total Loans           | 2.60%             | 1.59%                |
| Classified as a % of total Loans           | 0.26%             | 0.42%                |

During the first quarter, non-performing assets (NPAs) decreased by \$0.9 million to \$6.0 million due to a payoff of one C&I loan relationship. As of March 31, 2023, NPAs have a \$458 thousand allowance on individually evaluated loans related to five C&I non-performing loan relationships of which the majority have a partial guarantee by the state or the SBA.

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

|  | Three Months Ended |                      |
|--|--------------------|----------------------|
|  | March 31,<br>2023  | December 31,<br>2022 |
| (Figures in \$000s)  |                    |                      |
| Balance, beginning of period                               | \$ 29,635          | \$ 28,439            |
| Cumulative effect of change in accounting principle - CECL | (3,885)            | -                    |
| Balance, January 1, 2023                                   | \$ 25,750          | \$ 28,439            |
| Charge-offs  | -                  | -                    |
| Recoveries   | 10                 | 27                   |
| Net (charge-offs) / recoveries                             | \$ 10              | \$ 27                |
| Provision  | 313                | 1,169                |
| Balance, end of period                                     | \$ 26,073          | \$ 29,635            |
| Allowance as a % of loans                                  | 1.05%              | 1.21%                |

The allowance for credit losses decreased to \$26 million during the first quarter of 2023 as a result of the adoption of CECL. There were no charge offs in the first quarter of 2023 and \$23,000 during the prior year. All PPP loans are 100% guaranteed by the SBA and as such, no allowance for credit losses is allocated to these loans.

## 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<br/>2023</b> | <b>December<br/>2022</b> | <b>March<br/>2022</b> |
|---|-----------------------|--------------------------|-----------------------|
| <b>Assets:</b>  |                       |                          |                       |
| Cash and Due from Banks   | \$ 43,642             | \$ 34,644                | \$ 48,531             |
| Interest Earning Deposits in Other Financial Institutions                             | 9,732                 | 1,931                    | 63,022                |
| <b>Investment Securities:</b>   |                       |                          |                       |
| US Agencies   | 114,081               | 123,164                  | 169,832               |
| Mortgage Backed Securities  | 442,375               | 439,376                  | 545,447               |
| State and Municipals  | 100,791               | 101,788                  | 122,868               |
| US Treasuries   | -                     | -                        | -                     |
| Corporate Bonds   | 14,347                | 15,021                   | 14,044                |
| Securities Available-for-Sale, at Fair Value  | 671,594               | 679,349                  | 852,191               |
| Mortgage Backed Securities  | 187,850               | 190,525                  | 204,025               |
| State and Municipals  | 393,459               | 394,219                  | 396,748               |
| Allowance for Credit Losses, Held-To-Maturity   | (55)                  | -                        | -                     |
| Securities Held-to-Maturity, at Amortized Cost,<br>Net of Allowance for Credit Losses | 581,254               | 584,744                  | 600,773               |
| Federal Home Loan Bank Stock, at Cost   | 15,000                | 15,000                   | 11,779                |
| Total Investment Securities   | 1,267,848             | 1,279,093                | 1,464,743             |
| <b>Loans Receivable:</b>  |                       |                          |                       |
| Commercial Real Estate  | 1,801,897             | 1,721,911                | 1,496,684             |
| Commercial and Industrial   | 484,405               | 514,787                  | 492,822               |
| SBA Payroll Protection Program  | 6,659                 | 9,505                    | 86,387                |
| Residential Real Estate   | 175,099               | 179,452                  | 102,305               |
| Installment and Other   | 9,665                 | 14,547                   | 5,756                 |
| Total Loans Receivable  | 2,477,725             | 2,440,202                | 2,183,954             |
| Allowance for Credit Losses   | (26,073)              | (29,635)                 | (26,561)              |
| Loans Receivable, Net   | 2,451,652             | 2,410,567                | 2,157,393             |
| Furniture, Equipment and Leasehold Improvements, Net                                  | 5,334                 | 5,605                    | 6,327                 |
| Bank/Corporate Owned Life Insurance   | 27,863                | 27,668                   | 28,622                |
| Other Assets  | 73,048                | 81,254                   | 58,242                |
| <b>Total Assets</b>   | <b>\$ 3,879,119</b>   | <b>\$ 3,840,762</b>      | <b>\$ 3,826,880</b>   |
| <b>Liabilities:</b>   |                       |                          |                       |
| Non-Interest Bearing Demand Deposits  | \$ 1,708,750          | \$ 1,808,570             | \$ 1,920,015          |
| Interest Bearing Transaction Accounts   | 276,059               | 314,747                  | 277,016               |
| Money Market and Savings Deposits   | 997,720               | 1,225,619                | 1,297,039             |
| Certificates of Deposit   | 93,624                | 41,858                   | 40,998                |
| Total Deposits  | 3,076,153             | 3,390,794                | 3,535,068             |
| Federal Home Loan Bank Advances / Other Borrowings                                    | 486,000               | 161,500                  | -                     |
| Other Liabilities   | 37,285                | 34,018                   | 36,588                |
| <b>Total Liabilities</b>  | <b>\$ 3,599,438</b>   | <b>\$ 3,586,312</b>      | <b>\$ 3,571,656</b>   |
| <b>Shareholders' Equity:</b>  |                       |                          |                       |
| Common Stock  | \$ 205,791            | \$ 205,558               | \$ 203,400            |
| Retained Earnings   | 145,865               | 130,080                  | 91,443                |
| Accumulated Other Comprehensive Income / (Loss)                                       | (71,975)              | (81,188)                 | (39,619)              |
| <b>Total Shareholders' Equity</b>   | <b>\$ 279,681</b>     | <b>\$ 254,450</b>        | <b>\$ 255,224</b>     |
| <b>Total Liabilities and Shareholders' Equity</b>                                     | <b>\$ 3,879,119</b>   | <b>\$ 3,840,762</b>      | <b>\$ 3,826,880</b>   |
| Standby Letters of Credit   | \$ 40,641             | \$ 38,459                | \$ 36,698             |
| <b>Per Share Information:</b>   |                       |                          |                       |
| Common Shares Outstanding   | 8,998,695             | 8,963,108                | 8,913,974             |
| Book Value Per Share  | \$ 31.08              | \$ 28.39                 | \$ 28.63              |
| Tangible Book Value Per Share   | \$ 31.08              | \$ 28.39                 | \$ 28.63              |

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

|  | For the three months ended: |                  |                 |
|--|-----------------------------|------------------|-----------------|
|  | March<br>2023               | December<br>2022 | March<br>2022   |
| <b><u>Interest Income:</u></b>   |                             |                  |                 |
| Interest and Fees on Loans   | \$ 29,743                   | \$ 28,068        | \$ 21,809       |
| Interest on Investment Securities  | 7,861                       | 7,658            | 6,658           |
| Interest on Interest Earning Deposits<br>in Other Financial Institutions | 208                         | 366              | 80              |
| Total Interest Income  | 37,812                      | 36,092           | 28,547          |
| <b><u>Interest Expense:</u></b>  |                             |                  |                 |
| Interest on Interest Bearing Transaction Accounts                        | 231                         | 120              | 26              |
| Interest on Money Market and Savings Deposits                            | 2,230                       | 1,145            | 323             |
| Interest on Certificates of Deposits                                     | 267                         | 20               | 10              |
| Interest on Federal Home Loan Bank Advances<br>and Other Borrowings      | 3,086                       | 159              | -               |
| Total Interest Expense   | 5,814                       | 1,444            | 359             |
| Net Interest Income  | 31,998                      | 34,648           | 28,188          |
| Provision for Credit Losses  | 463                         | 1,169            | 1,486           |
| Net Interest Income after Provision for Credit Losses                    | 31,535                      | 33,479           | 26,702          |
| <b><u>Non-Interest Income:</u></b>                                       |                             |                  |                 |
| Deposit Fees   | 1,023                       | 1,003            | 960             |
| International Fees   | 269                         | 328              | 337             |
| Gain (Loss) on Sale of Investment Securities, Net                        | (211)                       | (32)             | 30              |
| Gain on Sale of SBA Loans, Net   | 611                         | -                | -               |
| Bank/Corporate Owned Life Insurance Income (Expense)                     | 195                         | 181              | (229)           |
| Other  | 706                         | 629              | 293             |
| Total Non-Interest Income  | 2,593                       | 2,109            | 1,391           |
| <b><u>Non-Interest Expense:</u></b>                                      |                             |                  |                 |
| Salaries and Employee Benefits   | 11,338                      | 10,873           | 10,475          |
| Occupancy and Equipment  | 1,192                       | 1,153            | 1,165           |
| Professional Services  | 1,919                       | 2,032            | 1,681           |
| Promotion Expenses   | 441                         | 633              | 320             |
| Other  | 1,281                       | 1,698            | 1,064           |
| Total Non-Interest Expense   | 16,171                      | 16,389           | 14,705          |
| Earnings before income taxes   | 17,957                      | 19,199           | 13,388          |
| Income Tax Expense   | 4,872                       | 5,247            | 3,465           |
| <b><u>NET INCOME</u></b>   | <b>\$ 13,085</b>            | <b>\$ 13,952</b> | <b>\$ 9,923</b> |
| <b><u>Per Share Information:</u></b>                                     |                             |                  |                 |
| Earnings Per Share - Basic   | \$ 1.43                     | \$ 1.53          | \$ 1.10         |
| Earnings Per Share - Diluted   | \$ 1.42                     | \$ 1.51          | \$ 1.08         |
| Weighted Average Shares - Basic  | 9,153,915                   | 9,131,068        | 9,040,825       |
| Weighted Average Shares - Diluted  | 9,228,602                   | 9,219,807        | 9,167,184       |



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

|   | For the three months ended: |                     |                       |                     |                     |                       |
|---|-----------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
|   | March 2023                  |                     |                       | December 2022       |                     |                       |
|   | Average<br>Balance          | Interest<br>Inc/Exp | Average<br>Yield/Rate | Average<br>Balance  | Interest<br>Inc/Exp | Average<br>Yield/Rate |
| <b>Interest Earning Assets:</b>                           |                             |                     |                       |                     |                     |                       |
| Interest Earning Deposits in Other Financial Institutions | \$ 18,945                   | \$ 208              | 4.45%                 | \$ 39,054           | \$ 366              | 3.71%                 |
| <u>Investment Securities:</u>                             |                             |                     |                       |                     |                     |                       |
| US Agencies   | 118,463                     | 1,203               | 4.06%                 | 128,861             | 970                 | 3.01%                 |
| Mortgage Backed Securities                                | 719,422                     | 3,417               | 1.90%                 | 731,139             | 3,429               | 1.88%                 |
| State and Municipals                                      | 505,910                     | 2,792               | 2.21%                 | 509,687             | 2,816               | 2.21%                 |
| US Treasuries   | -                           | -                   | 0.00%                 | -                   | -                   | 0.00%                 |
| Corporate Bonds   | 16,250                      | 184                 | 4.52%                 | 16,250              | 180                 | 4.43%                 |
| Securities Available-for-Sale and Held-to-Maturity        | 1,360,045                   | 7,596               | 2.23%                 | 1,385,937           | 7,395               | 2.13%                 |
| Federal Home Loan Bank Stock                              | 15,000                      | 265                 | 7.07%                 | 15,000              | 263                 | 7.00%                 |
| Total Investment Securities                               | 1,375,045                   | 7,861               | 2.29%                 | 1,400,937           | 7,658               | 2.19%                 |
| <u>Loans Receivable:</u>                                  |                             |                     |                       |                     |                     |                       |
| Commercial Real Estate                                    | 1,757,142                   | 19,630              | 4.53%                 | 1,690,553           | 18,581              | 4.36%                 |
| Commercial and Industrial                                 | 502,116                     | 7,506               | 6.06%                 | 504,597             | 7,142               | 5.62%                 |
| SBA Payroll Protection Program                            | 7,280                       | 81                  | 4.49%                 | 9,796               | 73                  | 2.96%                 |
| Residential Real Estate                                   | 175,030                     | 2,440               | 5.65%                 | 163,068             | 2,219               | 5.40%                 |
| Installment and Other                                     | 7,475                       | 86                  | 4.65%                 | 7,352               | 53                  | 2.84%                 |
| Total Loans Receivable                                    | 2,449,043                   | 29,743              | 4.93%                 | 2,375,366           | 28,068              | 4.69%                 |
| <b>Total Interest Earning Assets</b>                      | <b>\$ 3,843,033</b>         | <b>\$ 37,812</b>    | <b>3.94%</b>          | <b>\$ 3,815,357</b> | <b>\$ 36,092</b>    | <b>3.70%</b>          |
| <b>Liabilities:</b>                                       |                             |                     |                       |                     |                     |                       |
| Non-Interest Bearing Demand Deposits                      | 1,832,495                   | -                   | 0.00%                 | 1,948,872           | -                   | 0.00%                 |
| Interest Bearing Transaction Accounts                     | 285,939                     | 231                 | 0.33%                 | 319,496             | 120                 | 0.15%                 |
| Money Market and Savings Deposits                         | 1,133,697                   | 2,230               | 0.80%                 | 1,231,241           | 1,145               | 0.37%                 |
| Certificates of Deposit                                   | 64,162                      | 267                 | 1.69%                 | 44,427              | 20                  | 0.18%                 |
| Total Deposits  | 3,316,293                   | 2,728               | 0.33%                 | 3,544,036           | 1,285               | 0.14%                 |
| Federal Home Loan Bank Advances / Other Borrowings        | 257,711                     | 3,086               | 4.86%                 | 15,989              | 159                 | 3.94%                 |
| Total Interest Bearing Deposits and Borrowings            | 1,741,509                   | 5,814               | 1.35%                 | 1,611,153           | 1,444               | 0.36%                 |
| <b>Total Deposits and Borrowings</b>                      | <b>\$ 3,574,003</b>         | <b>\$ 5,814</b>     | <b>0.66%</b>          | <b>\$ 3,560,025</b> | <b>\$ 1,444</b>     | <b>0.16%</b>          |
| Net Interest Income                                       | \$ 31,998                   |                     |                       | \$ 34,648           |                     |                       |
| Net Interest Rate Spread                                  |                             |                     | 3.28%                 |                     |                     | 3.54%                 |
| Net Interest Margin                                       |                             |                     | 3.38%                 |                     |                     | 3.60%                 |
| Net Interest Margin, excluding SBA PPP                    |                             |                     | 3.37%                 |                     |                     | 3.60%                 |

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

|   | For the three months ended: |                     |                       |                     |                     |                       |
|---|-----------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
|   | March 2023                  |                     |                       | March 2022          |                     |                       |
|   | Average<br>Balance          | Interest<br>Inc/Exp | Average<br>Yield/Rate | Average<br>Balance  | Interest<br>Inc/Exp | Average<br>Yield/Rate |
| <b>Interest Earning Assets:</b>                           |                             |                     |                       |                     |                     |                       |
| Interest Earning Deposits in Other Financial Institutions | \$ 18,945                   | \$ 208              | 4.45%                 | \$ 162,969          | \$ 80               | 0.20%                 |
| <u>Investment Securities:</u>                             |                             |                     |                       |                     |                     |                       |
| US Agencies   | 118,463                     | 1,203               | 4.06%                 | 177,077             | 91                  | 0.21%                 |
| Mortgage Backed Securities                                | 719,422                     | 3,417               | 1.90%                 | 805,321             | 3,361               | 1.67%                 |
| State and Municipals                                      | 505,910                     | 2,792               | 2.21%                 | 523,835             | 2,913               | 2.22%                 |
| US Treasuries   | -                           | -                   | 0.00%                 | -                   | -                   | 0.00%                 |
| Corporate Bonds   | 16,250                      | 184                 | 4.52%                 | 13,000              | 113                 | 3.47%                 |
| Securities Available-for-Sale and Held-to-Maturity        | 1,360,045                   | 7,596               | 2.23%                 | 1,519,233           | 6,478               | 1.71%                 |
| Federal Home Loan Bank Stock                              | 15,000                      | 265                 | 7.07%                 | 11,779              | 180                 | 6.10%                 |
| Total Investment Securities                               | 1,375,045                   | 7,861               | 2.29%                 | 1,531,012           | 6,658               | 1.74%                 |
| <u>Loans Receivable:</u>                                  |                             |                     |                       |                     |                     |                       |
| Commercial Real Estate                                    | 1,757,142                   | 19,630              | 4.53%                 | 1,418,952           | 14,183              | 4.05%                 |
| Commercial and Industrial                                 | 502,116                     | 7,506               | 6.06%                 | 465,403             | 4,691               | 4.09%                 |
| SBA Payroll Protection Program                            | 7,280                       | 81                  | 4.49%                 | 110,355             | 1,875               | 6.89%                 |
| Residential Real Estate                                   | 175,030                     | 2,440               | 5.65%                 | 109,759             | 1,011               | 3.74%                 |
| Installment and Other                                     | 7,475                       | 86                  | 4.65%                 | 6,746               | 49                  | 2.95%                 |
| Total Loans Receivable                                    | 2,449,043                   | 29,743              | 4.93%                 | 2,111,215           | 21,809              | 4.19%                 |
| <b>Total Interest Earning Assets</b>                      | <b>\$ 3,843,033</b>         | <b>\$ 37,812</b>    | <b>3.94%</b>          | <b>\$ 3,805,196</b> | <b>\$ 28,547</b>    | <b>3.00%</b>          |
| <b>Liabilities:</b>                                       |                             |                     |                       |                     |                     |                       |
| Non-Interest Bearing Demand Deposits                      | 1,832,495                   | -                   | 0.00%                 | 1,984,694           | -                   | 0.00%                 |
| Interest Bearing Transaction Accounts                     | 285,939                     | 231                 | 0.33%                 | 274,988             | 26                  | 0.04%                 |
| Money Market and Savings Deposits                         | 1,133,697                   | 2,230               | 0.80%                 | 1,303,545           | 323                 | 0.10%                 |
| Certificates of Deposit                                   | 64,162                      | 267                 | 1.69%                 | 40,270              | 10                  | 0.10%                 |
| Total Deposits  | 3,316,293                   | 2,728               | 0.33%                 | 3,603,497           | 359                 | 0.04%                 |
| Federal Home Loan Bank Advances / Other Borrowings        | 257,711                     | 3,086               | 4.86%                 | -                   | -                   | 0.00%                 |
| Total Interest Bearing Deposits and Borrowings            | 1,741,509                   | 5,814               | 1.35%                 | 1,618,803           | 359                 | 0.09%                 |
| <b>Total Deposits and Borrowings</b>                      | <b>\$ 3,574,003</b>         | <b>\$ 5,814</b>     | <b>0.66%</b>          | <b>\$ 3,603,497</b> | <b>\$ 359</b>       | <b>0.04%</b>          |
| Net Interest Income                                       | \$ 31,998                   |                     |                       | \$ 28,188           |                     |                       |
| Net Interest Rate Spread                                  |                             |                     | 3.28%                 |                     |                     | 2.96%                 |
| Net Interest Margin                                       |                             |                     | 3.38%                 |                     |                     | 3.00%                 |
| Net Interest Margin, excluding SBA PPP                    |                             |                     | 3.37%                 |                     |                     | 2.89%                 |

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

|                                 | <b>March<br/>2023</b> | <b>December<br/>2022</b> | <b>March<br/>2022</b> |
|---------------------------------|-----------------------|--------------------------|-----------------------|
| Return on Average Assets (ROAA) | 1.35%                 | 1.46%                    | 1.01%                 |
| Return on Average Equity (ROAE) | 19.54%                | 23.45%                   | 14.48%                |
| Efficiency Ratio                | 46.90%                | 44.55%                   | 49.77%                |

Year-to-Date

|                                 |        |        |        |
|---------------------------------|--------|--------|--------|
| Return on Average Assets (ROAA) | 1.35%  | 1.26%  | 1.01%  |
| Return on Average Equity (ROAE) | 19.54% | 19.27% | 14.48% |
| Efficiency Ratio                | 46.90% | 46.07% | 49.77% |

**Capital Adequacy:**

|  |        |        |        |
|--|--------|--------|--------|
| Total Risk Based Capital Ratio           | 12.56% | 12.46% | 12.82% |
| Common Equity Tier 1 Capital Ratio       | 11.65% | 11.41% | 11.72% |
| Tier 1 Risk Based Capital Ratio          | 11.65% | 11.41% | 11.72% |
| Tier 1 Leverage Ratio                    | 8.90%  | 8.56%  | 7.53%  |
| Tangible Common Equity / Tangible Assets | 7.21%  | 6.62%  | 6.67%  |

**Asset Quality Overview**

|   |          |          |         |
|---|----------|----------|---------|
| Non-Performing Loans  | \$ 6,000 | \$ 6,927 | \$ -    |
| Loans 90+ Days Past Due and Still Accruing                              | -        | -        | -       |
| Total Non-Performing Loans  | 6,000    | 6,927    | -       |
| Other Real Estate Owned   | -        | -        | -       |
| ALLL / Loans Receivable   | 1.05%    | 1.21%    | 1.22%   |
| Non-Performing Loans / Total Loans Receivable                           | 0.24%    | 0.28%    | 0.00%   |
| Non-Performing Assets / Total Assets                                    | 0.15%    | 0.18%    | 0.00%   |
| Net Charge-Offs (Recoveries) quarterly                                  | \$ (10)  | \$ (27)  | \$ (14) |
| Net Charge-Offs (Recoveries) year-to-date                               | \$ (10)  | \$ (59)  | \$ (14) |
| Net Charge-Offs (Recoveries) year-to-date / Average<br>Loans Receivable | (0.00%)  | (0.00%)  | (0.00%) |