



AMERICAN BUSINESS BANK REPORTS SECOND QUARTER EARNINGS

Non-Interest Bearing Deposits Grow \$50 million or 12% Annualized in Second Quarter

Second Quarter 2023 Highlights

- **Total deposits grew** \$178 million or 6% over prior quarter
- **Non-interest bearing demand deposits grew** \$50 million and represent 54% of total deposits
- **Total loans increased** \$22 million or 1% over prior quarter
- **Net yield on interest earning assets increased** 10 basis points over the prior quarter
- **Total borrowings decreased** \$166 million or 34% over prior quarter
- **Net income for six months increased** \$1.1 million or 5%, over prior year
- **Tangible book value per share increased** by \$0.29 to \$31.37 over prior quarter
- **Nonperforming assets to total assets of 0.15%**
- **Phil Feghali named President and Jeff Munson named Chief Credit Officer**
- **Continued status as well-capitalized**, the highest regulatory category

Los Angeles, California, July 28, 2023. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$9.3 million or \$1.01 per fully diluted share for the quarter ended June 30, 2023 compared to \$13.1 million or \$1.42 per fully diluted share for the quarter ended March 31, 2023, and \$11.4 million or \$1.24 per fully diluted share for the quarter ending June 30, 2022, representing declines of 29% and 18%, respectively. The second quarter of 2022 included net income associated with the PPP program of \$1.2 million or \$0.14 per fully diluted share.

Net income for the first half of 2023 was \$22.4 million or \$2.43 per fully diluted share, an increase of \$1 million or 5%, from the \$21.4 million net income or \$2.33 per fully diluted share for the first half of the prior year. The first half of 2022 included net income associated with the PPP program of \$2.6 million or \$0.28 per fully diluted share.

“Our deep relationships within the markets we serve yielded a significant increase in deposits this quarter. In fact, for the second quarter and first six months of 2023, we solicited and won new business that exceeded both the customer count and deposit balances opened in the previous comparable periods and we have a strong deposit pipeline of new customers for the last half of the year. Our proven business model continues to highlight that good businesses need strong banking relationships and yearn for effective relationship managers to provide exceptional service. Many of our clients routinely need lines of credit to operate and other credit vehicles which we continue to provide. Other banks may have pulled back from loan production, but we continue to meet the lending needs of clients with our strong liquidity position. Additional growth in deposits has come from existing relationships who opted to move some of their deposits into US government bonds when the gap between deposit rates and Treasury rates expanded. Some of these balances have returned to the balance sheet as deposits in the form of CD’s. These efforts have resulted in improvement and stabilization in our cost of deposits and a significant reduction in borrowings.

“In light of our enviable credit culture and history, we continually monitor our portfolio for negative market trends. Today those concerns are in commercial real estate office buildings and entertainment industry

businesses. We possess limited exposure to office loans of which the majority are owner-occupied, substantially all are three stories or under and are all located in suburban markets. It is clear that the overall Los Angeles economy will be impacted by the labor actions of the writers and actors. As the Bank has no exposure to production companies, we are keeping an eye on the limited exposure to customers that provide services to the industry. During the quarter we recognized a \$170,000 charge off of the unguaranteed portion of an SBA loan.

“Despite the headwinds experienced by the banking industry during the year, the team exceeded earnings in the first half of 2023 as compared to last year even without the benefit of PPP related earnings recorded in 2022. This further demonstrates the stability of the Bank’s business model with a diversified and loyal customer base,” commented Leon Blankstein, ABB’s CEO and Director.

For the quarter ending June 30, 2023, net interest income was \$28.7 million, a 10% decrease over the first quarter of 2023. Interest income on loans increased by \$1.5 million due to loan growth and higher interest rates which was offset by an increase in interest expense of \$4.8 million due to an increase in the cost of deposits and higher average borrowings. For the quarter ending June 30, 2023, the cost of deposits was 0.73% representing an increase of 0.40% compared to the quarter ending March 31, 2023. The provision for loan losses was \$1.5 million in the quarter based on loan growth, a loan charge off and an increase in qualitative factors; furthermore a component was \$0.2 million for the reserve for unfunded loan commitments. The allowance for loan losses as a percentage of loans was 1.09% at June 30, 2023.

For the six months ended June 30, 2023, net income was \$22.4 million or \$2.43 per fully diluted share compared to \$21.4 million or \$2.33 per fully diluted share for the six months ended June 30, 2022. This was primarily due to an increase of \$378 million in average core loans with higher yields offset by an increase in average borrowings of \$302 million with higher costs and an increase in the cost of interest-bearing deposits.

Net Interest Margin

Net interest margin for the second quarter of 2023 decreased to 2.99% from 3.38% for the first quarter of 2023 due to an increase in the cost of interest-bearing liabilities which was partially offset by higher loan yields. Net interest margin for the second quarter of 2023 decreased to 2.99% from 3.21% for the second quarter of 2022 due to a change in the mix of liabilities from low cost deposits to high cost short-term borrowings. As of June 30, 2023, 65% of the loan portfolio was fixed rate. Of the variable rate loans, approximately half are indexed to prime of which \$341 million are adjustable within 90 days of a change in prime. For the month of June 2023, the net interest margin was 2.96%.

Net Interest Income

For the quarter ended June 30, 2023, net interest income declined by \$3.3 million, or 10%, compared to the first quarter of 2023 and by \$1.2 million, or 4%, compared to the second quarter of 2022. The decrease compared to the prior quarter is due to an increase in the cost of interest-bearing deposits and higher average borrowings during the quarter. The decrease compared to prior year quarter is due to a change in the mix of liabilities from low cost deposits to high cost short-term borrowings offset by the Bank’s strong core loan growth and increases in market rates on loans. The following table reflects the effect of PPP related income in 2022 for comparison purposes. The remaining \$2 million balance of PPP loans are expected to be held to term.

	As of or For the Six Months Ended:		As of or For the Three Months Ended:		
	June 2023	June 2022	June 2023	March 2023	June 2022
(Figures in \$000s, except per share amounts)					
PPP Total Loans, net	\$ 2,039	\$ 22,931	\$ 2,039	\$ 6,659	\$ 22,931
Total PPP loan income	\$ 130	\$ 3,637	\$ 50	\$ 81	\$ 1,762
Total PPP loan income after tax	\$ 92	\$ 2,565	\$ 35	\$ 57	\$ 1,242
Total PPP loan income after tax per share - diluted	\$ 0.01	\$ 0.28	\$ 0.00	\$ 0.01	\$ 0.14

Non-Interest Income

The decrease in non-interest income from the prior quarter is due to reduced gains on sale of SBA loans offset by an increase of the valuation of COLI policies that are invested in mutual funds. The increase in non-interest income compared to the prior year quarter is primarily due to the higher valuation of COLI policies and gain on sale of SBA loans.

Non-Interest Expense

For the quarter ending June 30, 2023, total non-interest expense increased \$0.5 million compared to the prior quarter and \$2.6 million compared to the prior year quarter primarily due to increases in salaries and employee benefits. The efficiency ratio increased to 54% for the second quarter of 2023 compared to 47% for the first quarter of 2023 and 45% for the second quarter of 2022.

There were 231 full time equivalent employees at June 30, 2023 compared to 205 a year ago and 224 at March 31, 2023. The Bank has 42 relationship managers in eight offices representing an increase of one from both a year ago and the prior quarter.

For the six months ended June 30, 2023, non-interest expense increased \$4.1 million or 14% compared to the same period a year ago, mainly due to increases in salaries and employee benefits.

Income Taxes

The effective income tax rate was 27.6% for quarter ended June 30, 2023, 27.1% for the quarter ended March 31, 2023, 27.0% for the year ended December 31, 2022 and is currently estimated to be between 27%-28% for 2023.

Balance Sheet

For the quarter ended June 30, 2023, total core loans, excluding PPP loans, increased \$26 million, or 1%. The majority of this growth was in owner-occupied commercial real estate (CRE) loans. The largest origination was in an Industrial Manufacturing single tenant building. Commercial and industrial (C&I) loans increased by \$7 million despite a reduction in line utilization. At June 30, 2023, the utilization rate for the Bank's commercial lines of credit decreased to 26% from 29% at March 31, 2023.

	June 30, 2023	March 31, 2023
(Figures in \$000s)		
RE - Owner Occupied	\$ 1,076,604	\$ 1,051,637
RE - Non Owner Occupied	697,764	692,437
Construction & Land	51,226	57,823
Total CRE Loans	\$ 1,825,594	\$ 1,801,897

Investment securities decreased during the second quarter of 2023 to \$1.23 billion consisting of 47% in held-to-maturity (HTM) securities. As of June 30, 2023, the duration of the available-for-sale (AFS) securities portfolio increased to 5.6 years from 5.5 years as of March 31, 2023. Accumulated other comprehensive loss on AFS securities increased to \$78.7 million as of June 30, 2023 from \$72.0 million as of March 31, 2023 as market rates relevant to securities pricing increased. The duration on the held-to-maturity portfolio which holds a significant amount of municipal securities is 7.4 years. As of June 30, 2023, the unrealized after tax loss on HTM securities was \$74 million.

During the second quarter of 2023, deposits grew steadily throughout the quarter increasing by \$178 million to \$3.3 billion. The Bank obtained new customer relationships as measured by the \$50 million increase in non-interest-bearing deposits. Certificates of deposits increased by \$100 million partially due to an increase in CDARSTM reciprocal which was previously one-way sell. The Bank has no brokered deposits. The Bank has not lost any relationships due to the recent turbulence in the banking industry. The Bank's off balance sheet products of treasury securities held for clients declined by \$52 million during the second quarter of 2023 to \$226 million.

During the second quarter of 2023, total assets increased \$23.5 million, or 0.6%, total loans grew \$21.7 million, or 0.9%, total deposits increased by \$178 million, or 24% annualized, and borrowings declined by \$166 million. Borrowings have continued to decline in July.

The Bank has increased its borrowing capability since March 31, 2023 by 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 \$1.8 billion in borrowing capacity as of June 30, 2023.

At June 30, 2023, the tangible common equity ratio was 7.25%, benefitting from year to date net income, adoption of CECL (\$2.7 million) and a lower accumulated other comprehensive loss, as compared to year end.

Asset Quality

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

	June 30, 2023	March 31, 2023
(Figures in \$000s)		
Non-performing assets (NPA)	\$ 5,788	\$ 6,000
Loans 90+ Days Past Due and Still Accruing	-	-
Total NPA	\$ 5,788	\$ 6,000
NPA as a % of total assets	0.15%	0.15%
Past Due as a % of total Loans	0.00%	0.03%
Criticized as a % of total Loans	4.56%	2.60%
Classified as a % of total Loans	0.25%	0.26%

During the second quarter, non-performing assets (NPAs) decreased by \$0.2 million to \$5.8 million mainly due to a partial charge off of one C&I loan relationship. As of June 30, 2023, NPAs have a \$544 thousand allowance on individually evaluated loans related to six C&I non-performing loan relationships of which

the majority have a partial guarantee by the state of California or the SBA. Criticized loans increased primarily due to three different unrelated onetime events.

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2023	June 30, 2022
(Figures in \$000s)				
Balance, beginning of period	\$ 26,073	\$ 29,635	\$ 29,635	\$ 25,062
Cumulative effect of change in accounting principle - CECL	-	(3,885)	(3,885)	-
Charge-offs	(179)	-	(179)	-
Recoveries	10	10	20	36
Net (charge-offs) / recoveries	\$ (169)	\$ 10	\$ (159)	\$ 36
Provision	1,268	313	1,581	2,510
Balance, end of period	\$ 27,172	\$ 26,073	\$ 27,172	\$ 27,608
Allowance as a % of loans	1.09%	1.05%	1.09%	1.24%

The allowance for credit losses increased to \$27 million during the second quarter of 2023 primarily as a result of an increase in qualitative factors. There were \$179,000 in charge offs in the second quarter of 2023 compared to \$23,000 during the prior year. The Bank has one \$239 thousand restructured loan involving a borrower experiencing financial difficulty. The Bank adopted CECL as of January 1, 2023, thus 2022 was under a different accounting method.

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.

Contact: Karen Schoenbaum
EVP/CFO
(213) 430-4000
www.americanbb.bank

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

	June 2023	March 2023	December 2022	June 2022
Assets:				
Cash and Due from Banks	\$ 74,634	\$ 43,642	\$ 34,644	\$ 68,512
Interest Earning Deposits in Other Financial Institutions	13,558	9,732	1,931	22,277
Investment Securities:				
US Agencies	104,916	114,081	123,164	145,380
Mortgage Backed Securities	424,316	442,375	439,376	479,027
State and Municipals	97,005	100,791	101,788	110,586
Corporate Bonds	13,443	14,347	15,021	13,758
Securities Available-for-Sale, at Fair Value	639,680	671,594	679,349	748,751
Mortgage Backed Securities	184,796	187,850	190,525	198,021
State and Municipals	391,381	393,459	394,219	395,679
Allowance for Credit Losses, Held-To-Maturity	(55)	(55)	-	-
Securities Held-to-Maturity, at Amortized Cost, Net of Allowance for Credit Losses	576,122	581,254	584,744	593,700
Federal Home Loan Bank Stock, at Cost	15,000	15,000	15,000	15,000
Total Investment Securities	1,230,802	1,267,848	1,279,093	1,357,451
Loans Receivable:				
Commercial Real Estate	1,825,594	1,801,897	1,721,911	1,600,494
Commercial and Industrial	491,576	484,405	514,787	510,020
SBA Payroll Protection Program	2,039	6,659	9,505	22,931
Residential Real Estate	171,593	175,099	179,452	109,853
Installment and Other	8,590	9,665	14,547	6,103
Total Loans Receivable	2,499,392	2,477,725	2,440,202	2,249,401
Allowance for Credit Losses	(27,172)	(26,073)	(29,635)	(27,608)
Loans Receivable, Net	2,472,220	2,451,652	2,410,567	2,221,793
Furniture, Equipment and Leasehold Improvements, Net	5,099	5,334	5,605	6,025
Bank/Corporate Owned Life Insurance	28,302	27,863	27,668	28,013
Other Assets	78,021	73,048	81,254	73,301
Total Assets	\$ 3,902,636	\$ 3,879,119	\$ 3,840,762	\$ 3,777,372
Liabilities:				
Non-Interest Bearing Demand Deposits	\$ 1,758,435	\$ 1,708,750	\$ 1,808,570	\$ 1,850,325
Interest Bearing Transaction Accounts	292,443	276,059	314,747	287,444
Money Market and Savings Deposits	1,010,012	997,720	1,225,619	1,284,994
Certificates of Deposit	193,141	93,624	41,858	41,446
Total Deposits	3,254,031	3,076,153	3,390,794	3,464,209
Federal Home Loan Bank Advances / Other Borrowings	320,000	486,000	161,500	40,000
Other Liabilities	45,555	37,285	34,018	33,785
Total Liabilities	\$ 3,619,586	\$ 3,599,438	\$ 3,586,312	\$ 3,537,994
Shareholders' Equity:				
Common Stock	\$ 206,597	\$ 205,791	\$ 205,558	\$ 204,057
Retained Earnings	155,190	145,865	130,080	102,878
Accumulated Other Comprehensive Income / (Loss)	(78,737)	(71,975)	(81,188)	(67,557)
Total Shareholders' Equity	\$ 283,050	\$ 279,681	\$ 254,450	\$ 239,378
Total Liabilities and Shareholders' Equity	\$ 3,902,636	\$ 3,879,119	\$ 3,840,762	\$ 3,777,372
Standby Letters of Credit	\$ 41,083	\$ 40,641	\$ 38,459	\$ 36,793
Per Share Information:				
Common Shares Outstanding	9,021,739	8,998,695	8,963,108	8,929,796
Book Value Per Share	\$ 31.37	\$ 31.08	\$ 28.39	\$ 26.81
Tangible Book Value Per Share	\$ 31.37	\$ 31.08	\$ 28.39	\$ 26.81

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

	For the three months ended:		
	June 2023	March 2023	June 2022
<u>Interest Income:</u>			
Interest and Fees on Loans	\$ 31,280	\$ 29,743	\$ 23,985
Interest on Investment Securities	7,788	7,861	6,282
Interest on Interest Earning Deposits in Other Financial Institutions	252	208	63
Total Interest Income	39,320	37,812	30,330
<u>Interest Expense:</u>			
Interest on Interest Bearing Transaction Accounts	407	231	31
Interest on Money Market and Savings Deposits	4,323	2,230	308
Interest on Certificates of Deposits	1,024	267	10
Interest on Federal Home Loan Bank Advances and Other Borrowings	4,875	3,086	93
Total Interest Expense	10,629	5,814	442
Net Interest Income	28,691	31,998	29,888
Provision for Credit Losses	1,528	463	1,024
Net Interest Income after Provision for Credit Losses	27,163	31,535	28,864
<u>Non-Interest Income:</u>			
Deposit Fees	994	1,023	1,018
International Fees	441	269	378
Gain (Loss) on Sale of Investment Securities, Net	(378)	(211)	(97)
Gain on Sale of SBA Loans, Net	235	611	-
Bank/Corporate Owned Life Insurance Income (Expense)	439	195	(609)
Other	634	706	404
Total Non-Interest Income	2,365	2,593	1,094
<u>Non-Interest Expense:</u>			
Salaries and Employee Benefits	11,624	11,338	9,487
Occupancy and Equipment	1,200	1,192	1,113
Professional Services	1,812	1,919	1,744
Promotion Expenses	606	441	403
Other	1,406	1,281	1,273
Total Non-Interest Expense	16,648	16,171	14,020
Earnings before income taxes	12,880	17,957	15,938
Income Tax Expense	3,554	4,872	4,504
NET INCOME	\$ 9,326	\$ 13,085	\$ 11,434
<u>Per Share Information:</u>			
Earnings Per Share - Basic	\$ 1.02	\$ 1.43	\$ 1.26
Earnings Per Share - Diluted	\$ 1.01	\$ 1.42	\$ 1.24
Weighted Average Shares - Basic	9,179,590	9,153,915	9,098,568
Weighted Average Shares - Diluted	9,218,320	9,228,602	9,189,551

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

	For the six months ended:	
	June 2023	June 2022
<u>Interest Income:</u>		
Interest and Fees on Loans	\$ 61,023	\$ 45,794
Interest on Investment Securities	15,649	12,939
Interest on Interest Earning Deposits in Other Financial Institutions	460	143
Total Interest Income	77,132	58,876
<u>Interest Expense:</u>		
Interest on Interest Bearing Transaction Accounts	638	57
Interest on Money Market and Savings Deposits	6,553	630
Interest on Certificates of Deposits	1,291	20
Interest on Federal Home Loan Bank Advances and Other Borrowings	7,961	93
Total Interest Expense	16,443	800
Net Interest Income	60,689	58,076
Provision for Credit Losses	1,991	2,510
Net Interest Income after Provision for Credit Losses	58,698	55,566
<u>Non-Interest Income:</u>		
Deposit Fees	2,018	1,978
International Fees	710	715
Gain (Loss) on Sale of Investment Securities, Net	(589)	(67)
Gain on Sale of SBA Loans, Net	846	-
Bank/Corporate Owned Life Insurance Income (Expense)	633	(838)
Other	1,340	697
Total Non-Interest Income	4,958	2,485
<u>Non-Interest Expense:</u>		
Salaries and Employee Benefits	22,962	19,963
Occupancy and Equipment	2,393	2,278
Professional Services	3,731	3,424
Promotion Expenses	1,047	724
Other	2,687	2,336
Total Non-Interest Expense	32,820	28,725
Earnings before income taxes	30,836	29,326
Income Tax Expense	8,427	7,969
<u>NET INCOME</u>	\$ 22,409	\$ 21,357
<u>Per Share Information:</u>		
Earnings Per Share - Basic	\$ 2.44	\$ 2.35
Earnings Per Share - Diluted	\$ 2.43	\$ 2.33
Weighted Average Shares - Basic	9,166,752	9,069,697
Weighted Average Shares - Diluted	9,223,461	9,178,368

American Business Bank
Figures in \$000
QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	June 2023			March 2023		
	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	\$ 20,808	\$ 252	4.86%	\$ 18,945	\$ 208	4.45%
<u>Investment Securities:</u>						
US Agencies	109,816	1,255	4.57%	118,463	1,203	4.06%
Mortgage Backed Securities	708,368	3,325	1.88%	719,422	3,417	1.90%
State and Municipals	500,033	2,759	2.21%	505,910	2,792	2.21%
Corporate Bonds	16,250	186	4.58%	16,250	184	4.52%
Securities Available-for-Sale and Held-to-Maturity	1,334,467	7,525	2.26%	1,360,045	7,596	2.23%
Federal Home Loan Bank Stock	15,000	263	7.00%	15,000	265	7.07%
Total Investment Securities	1,349,467	7,788	2.31%	1,375,045	7,861	2.29%
<u>Loans Receivable:</u>						
Commercial Real Estate	1,815,531	21,136	4.67%	1,757,142	19,630	4.53%
Commercial and Industrial	479,833	7,484	6.26%	502,116	7,506	6.06%
SBA Payroll Protection Program	2,674	49	7.39%	7,280	81	4.49%
Residential Real Estate	173,644	2,552	5.89%	175,030	2,440	5.65%
Installment and Other	7,711	59	3.05%	7,475	86	4.65%
Total Loans Receivable	2,479,393	31,280	5.06%	2,449,043	29,743	4.93%
Total Interest Earning Assets	\$ 3,849,668	\$ 39,320	4.04%	\$ 3,843,033	\$ 37,812	3.94%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,726,401	-	0.00%	1,832,495	-	0.00%
Interest Bearing Transaction Accounts	295,110	407	0.55%	285,939	231	0.33%
Money Market and Savings Deposits	1,003,941	4,323	1.73%	1,133,697	2,230	0.80%
Certificates of Deposit	140,114	1,024	2.93%	64,162	267	1.69%
Total Deposits	3,165,566	5,754	0.73%	3,316,293	2,728	0.33%
Federal Home Loan Bank Advances / Other Borrowings	392,968	4,875	4.98%	257,711	3,086	4.86%
Total Interest Bearing Deposits and Borrowings	1,832,133	10,629	2.33%	1,741,509	5,814	1.35%
Total Deposits and Borrowings	\$ 3,558,534	\$ 10,629	1.20%	\$ 3,574,003	\$ 5,814	0.66%
Net Interest Income	\$ 28,691			\$ 31,998		
Net Interest Rate Spread			2.84%			3.28%
Net Interest Margin			2.99%			3.38%
Net Interest Margin, excluding SBA PPP			2.99%			3.37%

American Business Bank
Figures in \$000
QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	June 2023			June 2022		
	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	\$ 20,808	\$ 252	4.86%	\$ 41,523	\$ 63	0.61%
<u>Investment Securities:</u>						
US Agencies	109,816	1,255	4.57%	157,180	1	0.00%
Mortgage Backed Securities	708,368	3,325	1.88%	775,309	3,054	1.58%
State and Municipals	500,033	2,759	2.21%	519,137	2,870	2.21%
Corporate Bonds	16,250	186	4.58%	14,250	132	3.71%
Securities Available-for-Sale and Held-to-Maturity	1,334,467	7,525	2.26%	1,465,876	6,057	1.65%
Federal Home Loan Bank Stock	15,000	263	7.00%	14,363	225	6.27%
Total Investment Securities	1,349,467	7,788	2.31%	1,480,239	6,282	1.70%
<u>Loans Receivable:</u>						
Commercial Real Estate	1,815,531	21,136	4.67%	1,540,228	15,686	4.08%
Commercial and Industrial	479,833	7,484	6.26%	506,220	5,371	4.26%
SBA Payroll Protection Program	2,674	49	7.39%	57,428	1,762	12.31%
Residential Real Estate	173,644	2,552	5.89%	106,847	1,092	4.10%
Installment and Other	7,711	59	3.05%	7,024	74	4.23%
Total Loans Receivable	2,479,393	31,280	5.06%	2,217,747	23,985	4.34%
Total Interest Earning Assets	\$ 3,849,668	\$ 39,320	4.04%	\$ 3,739,509	\$ 30,330	3.21%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,726,401	-	0.00%	1,902,386	-	0.00%
Interest Bearing Transaction Accounts	295,110	407	0.55%	278,539	31	0.04%
Money Market and Savings Deposits	1,003,941	4,323	1.73%	1,254,257	308	0.10%
Certificates of Deposit	140,114	1,024	2.93%	41,303	10	0.10%
Total Deposits	3,165,566	5,754	0.73%	3,476,485	349	0.04%
Federal Home Loan Bank Advances / Other Borrowings	392,968	4,875	4.98%	46,473	93	0.80%
Total Interest Bearing Deposits and Borrowings	1,832,133	10,629	2.33%	1,620,572	442	0.11%
Total Deposits and Borrowings	\$ 3,558,534	\$ 10,629	1.20%	\$ 3,522,958	\$ 442	0.05%
Net Interest Income	\$ 28,691			\$ 29,888		
Net Interest Rate Spread			2.84%			3.16%
Net Interest Margin			2.99%			3.21%
Net Interest Margin, excluding SBA PPP			2.99%			3.06%

American Business Bank
Figures in \$000
QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the six months ended:					
	June 2023			June 2022		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
<u>Interest Earning Assets:</u>						
Interest Earning Deposits in Other Financial Institutions	\$ 19,882	\$ 460	4.67%	\$ 101,911	\$ 143	0.28%
<u>Investment Securities:</u>						
US Agencies	114,116	2,458	4.31%	167,073	92	0.11%
Mortgage Backed Securities	713,865	6,742	1.89%	790,232	6,415	1.62%
State and Municipals	502,955	5,551	2.21%	521,473	5,782	2.22%
Corporate Bonds	16,250	370	4.55%	13,628	245	3.59%
Securities Available-for-Sale and Held-to-Maturity	1,347,186	15,121	2.24%	1,492,406	12,534	1.68%
Federal Home Loan Bank Stock	15,000	528	7.03%	13,078	405	6.19%
Total Investment Securities	1,362,186	15,649	2.30%	1,505,484	12,939	1.72%
<u>Loans Receivable:</u>						
Commercial Real Estate	1,786,498	40,767	4.60%	1,479,925	29,866	4.07%
Commercial and Industrial	490,913	14,990	6.16%	485,924	10,062	4.18%
SBA Payroll Protection Program	4,964	130	5.28%	83,746	3,637	8.76%
Residential Real Estate	174,333	4,992	5.77%	108,295	2,103	3.92%
Installment and Other	7,594	144	3.83%	6,886	126	3.68%
Total Loans Receivable	2,464,302	61,023	4.99%	2,164,776	45,794	4.27%
Total Interest Earning Assets	\$ 3,846,370	\$ 77,132	3.99%	\$ 3,772,171	\$ 58,876	3.10%
<u>Liabilities:</u>						
Non-Interest Bearing Demand Deposits	1,779,155	-	0.00%	1,943,313	-	0.00%
Interest Bearing Transaction Accounts	290,550	638	0.44%	276,773	57	0.04%
Money Market and Savings Deposits	1,068,460	6,553	1.24%	1,278,765	630	0.10%
Certificates of Deposit	102,348	1,291	2.54%	40,789	20	0.10%
Total Deposits	3,240,513	8,482	0.53%	3,539,640	707	0.04%
Federal Home Loan Bank Advances / Other Borrowings	325,713	7,961	4.93%	23,365	93	0.80%
Total Interest Bearing Deposits and Borrowings	1,787,071	16,443	1.86%	1,619,692	800	0.10%
Total Deposits and Borrowings	\$ 3,566,226	\$ 16,443	0.93%	\$ 3,563,005	\$ 800	0.05%
Net Interest Income	\$ 60,689			\$ 58,076		
Net Interest Rate Spread			3.06%			3.05%
Net Interest Margin			3.18%			3.10%
Net Interest Margin, excluding SBA PPP			3.18%			2.98%

American Business Bank*Figures in \$000***SUPPLEMENTAL DATA (unaudited)**

	June 2023	March 2023	December 2022	June 2022
<u>Performance Ratios:</u>				
<u>Quarterly:</u>				
Return on Average Assets (ROAA)	0.96%	1.35%	1.46%	1.20%
Return on Average Equity (ROAE)	13.23%	19.54%	23.45%	18.56%
Efficiency Ratio	53.79%	46.90%	44.55%	45.11%
<u>Year-to-Date</u>				
Return on Average Assets (ROAA)	1.16%	1.35%	1.26%	1.11%
Return on Average Equity (ROAE)	16.30%	19.54%	19.27%	16.42%
Efficiency Ratio	50.17%	46.90%	46.07%	47.38%
<u>Capital Adequacy:</u>				
Total Risk Based Capital Ratio	12.54%	12.56%	12.46%	12.66%
Common Equity Tier 1 Capital Ratio	11.61%	11.65%	11.41%	11.58%
Tier 1 Risk Based Capital Ratio	11.61%	11.65%	11.41%	11.58%
Tier 1 Leverage Ratio	9.15%	8.90%	8.56%	8.07%
Tangible Common Equity / Tangible Assets	7.25%	7.21%	6.62%	6.34%
<u>Asset Quality Overview</u>				
Non-Performing Loans	\$ 5,788	\$ 6,000	\$ 6,927	\$ 1,208
Loans 90+ Days Past Due and Still Accruing	-	-	-	-
Total Non-Performing Loans	5,788	6,000	6,927	1,208
Loans Modified with Financial Difficulty	\$ 239	\$ -	\$ -	\$ -
Other Real Estate Owned	-	-	-	-
ALLL / Loans Receivable	1.09%	1.05%	1.21%	1.23%
Non-Performing Loans / Total Loans Receivable	0.23%	0.24%	0.28%	0.05%
Non-Performing Assets / Total Assets	0.15%	0.15%	0.18%	0.03%
Net Charge-Offs (Recoveries) quarterly	\$ 170	\$ (10)	\$ (27)	\$ (23)
Net Charge-Offs (Recoveries) year-to-date	\$ 159	\$ (10)	\$ (59)	\$ (37)
Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable	0.01%	(0.00%)	(0.00%)	(0.00%)