



## RECORD NET INCOME FROM ROBUST SBA PPP PROGRAM

*Diluted Earnings per Share increases 45% over prior year quarter*

### Third Quarter 2020 Highlights

- **Total SBA Paycheck Protection Program (“PPP”) loans outstanding of \$688 million** with \$13.1 million of net deferred processing fees
- **Total loans, excluding PPP loans, increased \$58 million** or 4% from a year ago
- **Total deposits, excluding estimated deposits related to PPP loans, increased \$261 million** or 12% from a year ago
- **Non-interest bearing demand deposits** were 54% of total deposits
- **Nonperforming assets to total assets, excluding PPP loans,** at 0.11%
- **Net interest income increased** by \$1.6 million or 7% over the prior quarter
- **Tangible book value per share increased** by \$4.11 to \$29.77 from a year ago
- **Continued status as well-capitalized,** the highest regulatory category

Los Angeles, California, October 29, 2020. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$7.9 million or \$0.97 per fully diluted share for the third quarter of 2020 compared to \$5.4 million or \$0.67 per fully diluted share for the third quarter of 2019 primarily due to increased net interest income as a result of PPP loans outstanding during the quarter.

“While the pandemic creates near-term uncertainty, we are more confident for the future based upon the general return to profitability of our outstanding customer base during the quarter. Our business development efforts have also been successful as prospects heard of our significant participation in the PPP program resulting in loan and deposit growth this quarter and a solid pipeline of new relationships. While we are watching credit quality closely, the vast majority of our portfolio is well managed by our competent business owners who are taking the necessary steps as needed to generate positive returns in this challenging time. Thus, we anticipate continued strong credit metrics reflective of our prudent approach in the evaluation of clients and prospects.”

“We remain committed to supporting the needs of our business community, as well as providing for the safety of our employees who continue to provide the same excellent responsiveness to customers despite the changed environment. Additionally, we are assisting our clients with a highly regarded accounting firm to ensure they meet the SBA requirements to maximize PPP loan forgiveness. As PPP loans payoff, the Bank stands to earn a noteworthy amount of fees to offset the effects of the unprecedented low interest rate environment,” said Leon Blankstein, ABB’s President, CEO and Director.

For the quarter ending September 30, 2020, net income was \$7.9 million or \$0.97 per fully diluted share, compared to net income of \$6.7 million or \$0.83 per fully diluted share for the second quarter of 2020. Net interest income for the third quarter was \$23.4 million, a 7% increase over the second quarter of 2020 as interest and net deferred fee amortization on PPP loans increased by \$843,000. This was partially offset by lower rates on non-PPP loans. For the quarter ending September 30, 2020, the cost of deposits was 0.07%,

representing a 0.01% decline from the second quarter of 2020. Additionally, interest income on the securities portfolio increased by \$1 million in the third quarter of 2020 compared to the second quarter of 2020 as excess liquidity was deployed into investment securities during the quarter. For the quarter ending September 30, 2020, the provision for loan losses was \$450,000. The allowance for loan losses as a percentage of loans, excluding PPP loans, was 1.54% at September 30, 2020 and June 30, 2020.

Net income was \$19.4 million or \$2.40 per fully diluted share for the nine months ended September 30, 2020, compared to \$16.1 million or \$1.99 per fully diluted share for the nine months ended September 30, 2019. The increase was primarily due to loan growth of 52% between periods, partially offset by a lower interest earning asset yield resulting in increased net interest income.

### Net Interest Margin

Net interest margin for the third quarter of 2020 was 2.89% compared to 2.88% for the second quarter of 2020 and 3.66% for the third quarter of 2019. Excluding the impact of PPP loans, the net interest margin was 3.06% for the third quarter of 2020 and 3.02% for the second quarter of 2020. The reduction in the net interest margin compared to the prior year is due to lower market interest rates and the impact of PPP loans. As of September 30, 2020, approximately 42% of the Bank's variable-rate loans are indexed to prime and 71% of these loans are at or above interest rate floors.

### Net Interest Income

Net interest income increased for the third quarter of 2020 compared to the third quarter of 2019 by \$3.1 million, or 15.5%, and compared to the second quarter of 2020 by \$1.6 million, or 7.4%. This was primarily due to an increase in average outstanding loans offset by lower yields on loans for the periods compared. Included in interest income for the third quarter of 2020 is the accretion of net deferred processing PPP loan fees of \$2.1 million compared to \$1.5 million in the second quarter of 2020. The Bank's core funding continues to be a strength with the cost of deposits at 0.07% for the third quarter of 2020 compared to 0.24% for same period a year ago.

On a year-to-date basis, net interest income was \$65.1 million for the nine months ended September 30, 2020, compared to \$58.1 million for the same period a year ago. The 12% increase was primarily due to significant loan growth between periods, partially offset by a lower net interest margin.

### Non Interest Income

Non-interest income in the third quarter of 2020 was \$1.4 million, representing a decrease of \$362,000 or 20% compared to the second quarter of 2020 and an increase of \$101,000, or 8% from the quarter a year ago. This was primarily due to a change in Bank/Corporate owned life insurance income, which is driven by the increase/decrease in the value of the policies that are invested in mutual funds.

On a year-to-date basis, Deposit Fees increased \$334,000 from the period a year ago due to growth in commercial business customers and lower earnings credit. Non-interest income decreased as a result of a decline in gains on sale of SBA loans. Since mid-2019, the Bank has added most SBA loan originations to its loan portfolio. For the second and third quarter of 2020, International Fees declined due to the impact of the pandemic.

### Non Interest Expense

Non-interest expense increased \$929,000 for the quarter ended September 30, 2020 compared to the same quarter a year ago. The increase was primarily due to a \$1 million increase in salaries and employee benefits. This is due to higher expenses related to the deferred compensation plan (DCP) as a result of the market performance of DCP investment balances, higher base salaries, and \$117,000 of severance costs associated with a reduction in work force near the end of the third quarter. The efficiency ratio declined to 55% for the third quarter of 2020 compared to 59% for the third quarter of 2019.

For the third quarter of 2020, total non-interest expense decreased \$287,000 compared to the second quarter of 2020. For the quarter, other non-interest expense declined \$376,000 primarily due to a reduction in the reserve for off balance sheet commitments of \$705,000. This was offset by an increase in the FDIC assessment of \$291,000 associated with increased assets. The efficiency ratio declined to 55% for the third quarter of 2020 compared to 59% for the second quarter of 2020.

For the nine months ending September 30, 2020, total non-interest expense increased \$1.6 million or 4% compared to the same period a year ago, primarily due to increased salaries and employee benefits, and other expense. The efficiency ratio was 57% and 61% for the nine months ended September 30, 2020 and 2019, respectively.

Full time equivalent employees at September 30, 2020 were 193 compared to 195 a year ago, and the same as June 30, 2020. For 2020, the average number of fulltime equivalent employees has increased by four. The Bank has 32 relationship managers in seven offices, an increase over year end and the prior quarter.

### Balance Sheet

From December 31, 2019 to September 30, 2020, total assets increased \$919 million, or 38%, to \$3.3 billion, with 75% of the increase attributable to PPP loan originations. Total loans, excluding PPP loans, increased \$281,000, to \$1.49 billion from year-end as C&I line utilization declined significantly. At September 30, 2020 and June 30, 2020 the utilization rate for the Bank's commercial lines of credit was 27% compared to 35% at December 31, 2019.

The Bank purchased \$186 million of municipal and U.S. Agency mortgage-backed securities during the third quarter with an estimated weighted average yield of 1.74%. The duration of the securities portfolio increased from 2.3 to 2.8 years from September 30, 2019 to September 30, 2020.

During the first nine months of 2020, total deposits grew by \$884 million with a majority of the increase attributable to the proceeds of PPP loans. This increase was also due to new deposit relationships of approximately \$200 million and existing customers maintaining higher liquidity as the economy slowed. At September 30, 2020, the tangible common equity ratio was 7.11%; excluding PPP loans, the tangible common equity ratio was 8.95%.

### Asset Quality

At June 30, 2020 and September 30, 2020 non-performing assets totaled \$2.8 million, representing 0.11% of total assets (excluding PPP loans) at September 30, 2020. The Bank continues to have no Other Real Estate Owned. Excluding PPP loans, loans that were past due, criticized and classifieds represented 0.07%, 8.56%, and 1.32%, respectively of total loans at September 30, 2020 compared to 0.26%, 6.55% and 1.22%, respectively of total loans at June 30, 2020. As of September 30, 2020, the allowance for loan losses stood at \$22.9 million, or 1.54% of total loans (excluding PPP loans); compared to 1.4% at December 31, 2019. All PPP loans are 100% guaranteed by the SBA and as such, no allowance for loan losses is allocated to

these loans. The Bank is required to adopt CECL, or Current Expected Credit Loss, on January 1, 2023. For the first nine months of 2020, the Bank recorded a total of \$478,000 in net charge-offs on two commercial loans, representing annualized net charge offs of 0.03%. The Bank had no charge-offs in the third quarter of 2020.

In response to the COVID-19 pandemic, the Bank established a loan payment deferment program to assist its customers who are experiencing short-term financial or operational problems. As of September 30, 2020, there were six loans with a total principal balance of \$19.8 million (0.9% of total loans) on a loan payment deferment program of which \$7.8 million of loans previously granted a deferral received a second modification. At the time of origination, the loans currently granted deferrals were underwritten with a 56% average loan-to-value ratio. These loans are all backed by commercial real estate of which 79% are owner occupied. All payment deferrals granted to-date meet applicable requirements to continue accruing interest. As of September 30, 2020, 79% of clients whose first deferral concluded during the quarter resumed their scheduled payments.

#### ABOUT AMERICAN BUSINESS BANK

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

#### FORWARD LOOKING STATEMENTS

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

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

**BALANCE SHEETS (unaudited)**

|   | September<br>2020   | June<br>2020        | December<br>2019    | September<br>2019   |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Assets:</b>  |                     |                     |                     |                     |
| Cash and Due from Banks   | \$ 69,786           | \$ 68,072           | \$ 31,673           | \$ 88,211           |
| Interest Earning Deposits in Other Financial Institutions           | 64,660              | 232,770             | 45,202              | 26,077              |
| <b>Investment Securities:</b>                                       |                     |                     |                     |                     |
| US Agencies   | 230,637             | 240,012             | 284,032             | 305,572             |
| Mortgage Backed Securities  | 359,974             | 313,119             | 292,126             | 226,338             |
| State and Municipals  | 243,933             | 133,128             | 78,520              | 74,824              |
| US Treasuries   | 10,044              | 10,081              | 10,009              | 9,992               |
| Corporate Bonds   | 12,480              | 19,502              | 19,805              | 19,861              |
| Securities Available-for-Sale, at Fair Value                        | 857,068             | 715,842             | 684,492             | 636,587             |
| State and Municipals Securities Held-to-Maturity, at Amortized Cost | 91,717              | 86,289              | 86,707              | 86,915              |
| Federal Home Loan Bank Stock, at Cost                               | 10,864              | 10,864              | 10,356              | 10,356              |
| Total Investment Securities   | 959,649             | 812,995             | 781,555             | 733,858             |
| <b>Loans Receivable:</b>  |                     |                     |                     |                     |
| Commercial Real Estate  | 1,047,100           | 1,007,655           | 982,070             | 954,424             |
| Commercial and Industrial   | 362,258             | 370,786             | 423,868             | 402,167             |
| SBA Payroll Protection Program                                      | 688,336             | 675,666             | -                   | -                   |
| Residential Real Estate   | 74,170              | 71,112              | 76,481              | 68,259              |
| Installment and Other   | 4,131               | 6,039               | 4,959               | 4,765               |
| Total Loans Receivable  | 2,175,995           | 2,131,258           | 1,487,378           | 1,429,615           |
| Allowance for Loan Losses   | (22,910)            | (22,399)            | (20,824)            | (20,014)            |
| Loans Receivable, Net   | 2,153,085           | 2,108,859           | 1,466,554           | 1,409,601           |
| Furniture, Equipment and Leasehold Improvements, Net                | 8,145               | 8,520               | 9,023               | 8,700               |
| Bank/Corporate Owned Life Insurance                                 | 27,013              | 26,651              | 26,448              | 26,110              |
| Other Assets  | 39,041              | 37,396              | 41,456              | 39,087              |
| <b>Total Assets</b>   | <b>\$ 3,321,379</b> | <b>\$ 3,295,263</b> | <b>\$ 2,401,911</b> | <b>\$ 2,331,644</b> |
| <b>Liabilities:</b>   |                     |                     |                     |                     |
| Non-Interest Bearing Demand Deposits                                | \$ 1,658,673        | \$ 1,684,662        | \$ 1,083,705        | \$ 1,084,152        |
| Interest Bearing Transaction Accounts                               | 228,585             | 204,133             | 215,730             | 221,196             |
| Money Market and Savings Deposits                                   | 1,124,329           | 1,100,191           | 827,713             | 751,415             |
| Certificates of Deposit   | 36,981              | 35,713              | 37,712              | 42,555              |
| Total Deposits  | 3,048,568           | 3,024,699           | 2,164,860           | 2,099,318           |
| Federal Home Loan Bank Advances / Other Borrowings                  | -                   | -                   | -                   | -                   |
| Other Liabilities   | 36,822              | 43,206              | 30,386              | 31,258              |
| <b>Total Liabilities</b>  | <b>\$ 3,085,390</b> | <b>\$ 3,067,905</b> | <b>\$ 2,195,246</b> | <b>\$ 2,130,576</b> |
| <b>Shareholders' Equity:</b>  |                     |                     |                     |                     |
| Common Stock  | \$ 165,789          | \$ 165,032          | \$ 163,872          | \$ 163,464          |
| Retained Earnings   | 66,233              | 58,359              | 46,784              | 40,795              |
| Accumulated Other Comprehensive Income / (Loss)                     | 3,967               | 3,967               | (3,991)             | (3,191)             |
| <b>Total Shareholders' Equity</b>                                   | <b>\$ 235,989</b>   | <b>\$ 227,358</b>   | <b>\$ 206,665</b>   | <b>\$ 201,068</b>   |
| <b>Total Liabilities and Shareholders' Equity</b>                   | <b>\$ 3,321,379</b> | <b>\$ 3,295,263</b> | <b>\$ 2,401,911</b> | <b>\$ 2,331,644</b> |
| Standby Letters of Credit   | \$ 35,131           | \$ 37,259           | \$ 39,513           | \$ 39,722           |
| <b>Per Share Information:</b>                                       |                     |                     |                     |                     |
| Common Shares Outstanding   | 7,926,833           | 7,904,105           | 7,850,171           | 7,834,279           |
| Book Value Per Share  | \$ 29.77            | \$ 28.76            | \$ 26.33            | \$ 25.67            |
| Tangible Book Value Per Share                                       | \$ 29.77            | \$ 28.76            | \$ 26.33            | \$ 25.67            |

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

**INCOME STATEMENTS (unaudited)**

|  | <b>For the three months ended:</b> |                      |                           |
|--|------------------------------------|----------------------|---------------------------|
|  | <b>September<br/>2020</b>          | <b>June<br/>2020</b> | <b>September<br/>2019</b> |
| <b><u>Interest Income:</u></b>   |                                    |                      |                           |
| Interest and Fees on Loans   | \$ 19,793                          | \$ 19,169            | \$ 16,890                 |
| Interest on Investment Securities  | 4,048                              | 3,084                | 4,260                     |
| Interest on Interest Earning Deposits<br>in Other Financial Institutions | 71                                 | 93                   | 332                       |
| <b>Total Interest Income</b>   | <b>23,912</b>                      | <b>22,346</b>        | <b>21,482</b>             |
| <b><u>Interest Expense:</u></b>  |                                    |                      |                           |
| Interest on Interest Bearing Transaction Accounts                        | 41                                 | 37                   | 152                       |
| Interest on Money Market and Savings Deposits                            | 499                                | 538                  | 1,041                     |
| Interest on Certificates of Deposits                                     | 21                                 | 28                   | 73                        |
| Interest on Federal Home Loan Bank Advances<br>and Other Borrowings      | -                                  | -                    | 1                         |
| <b>Total Interest Expense</b>  | <b>561</b>                         | <b>603</b>           | <b>1,267</b>              |
| Net Interest Income  | 23,351                             | 21,743               | 20,215                    |
| Provision for Loan Losses  | 450                                | 680                  | 1,460                     |
| <b>Net Interest Income after Provision for Loan Losses</b>               | <b>22,901</b>                      | <b>21,063</b>        | <b>18,755</b>             |
| <b><u>Non-Interest Income:</u></b>                                       |                                    |                      |                           |
| Deposit Fees   | 677                                | 640                  | 553                       |
| International Fees   | 237                                | 244                  | 328                       |
| Gain (Loss) on Sale of Investment Securities, Net                        | (32)                               | (184)                | (122)                     |
| Gain on Sale of SBA Loans, Net   | -                                  | -                    | 87                        |
| Bank/Corporate Owned Life Insurance Income (Expense)                     | 361                                | 953                  | 135                       |
| Other  | 191                                | 143                  | 352                       |
| <b>Total Non-Interest Income</b>   | <b>1,434</b>                       | <b>1,796</b>         | <b>1,333</b>              |
| <b><u>Non-Interest Expense:</u></b>                                      |                                    |                      |                           |
| Salaries and Employee Benefits   | 9,494                              | 9,384                | 8,444                     |
| Occupancy and Equipment  | 966                                | 953                  | 888                       |
| Professional Services  | 1,663                              | 1,627                | 1,946                     |
| Promotion Expenses   | 197                                | 267                  | 361                       |
| Other  | 1,317                              | 1,693                | 1,069                     |
| <b>Total Non-Interest Expense</b>  | <b>13,637</b>                      | <b>13,924</b>        | <b>12,708</b>             |
| Earnings before income taxes   | 10,698                             | 8,935                | 7,380                     |
| Income Tax Expense   | 2,824                              | 2,200                | 1,963                     |
| <b>NET INCOME</b>  | <b>\$ 7,874</b>                    | <b>\$ 6,735</b>      | <b>\$ 5,417</b>           |
| <i>Add back:</i>   |                                    |                      |                           |
| After-Tax Gain (Loss) on Sale of Investment Securities, Net              | \$ 23                              | \$ 139               | \$ 90                     |
| After-Tax DCP ABB Stock Expense (Benefit)                                | \$ -                               | \$ -                 | \$ -                      |
| <b>Core Net Income</b>   | <b>\$ 7,897</b>                    | <b>\$ 6,874</b>      | <b>\$ 5,507</b>           |
| <b><u>Per Share Information:</u></b>                                     |                                    |                      |                           |
| Earnings Per Share - Basic   | \$ 0.98                            | \$ 0.84              | \$ 0.68                   |
| Earnings Per Share - Diluted   | \$ 0.97                            | \$ 0.83              | \$ 0.67                   |
| <i>Core Earnings Per Share - Diluted</i>                                 | \$ 0.97                            | \$ 0.85              | \$ 0.68                   |
| Weighted Average Shares - Basic  | 8,070,598                          | 8,046,122            | 7,999,146                 |
| Weighted Average Shares - Diluted  | 8,109,487                          | 8,097,354            | 8,100,992                 |

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

**INCOME STATEMENTS (unaudited)**

|  | <b>For the nine months ended:</b> |                           |
|--|-----------------------------------|---------------------------|
|  | <b>September<br/>2020</b>         | <b>September<br/>2019</b> |
| <b><u>Interest Income:</u></b>   |                                   |                           |
| Interest and Fees on Loans   | \$ 56,257                         | \$ 47,813                 |
| Interest on Investment Securities  | 11,045                            | 12,678                    |
| Interest on Interest Earning Deposits<br>in Other Financial Institutions | 217                               | 1,098                     |
| <b>Total Interest Income</b>   | <b>67,519</b>                     | <b>61,589</b>             |
| <b><u>Interest Expense:</u></b>  |                                   |                           |
| Interest on Interest Bearing Transaction Accounts                        | 182                               | 363                       |
| Interest on Money Market and Savings Deposits                            | 2,004                             | 2,804                     |
| Interest on Certificates of Deposits                                     | 90                                | 293                       |
| Interest on Federal Home Loan Bank Advances<br>and Other Borrowings      | 131                               | 15                        |
| <b>Total Interest Expense</b>  | <b>2,407</b>                      | <b>3,475</b>              |
| Net Interest Income  | 65,112                            | 58,114                    |
| Provision for Loan Losses  | 2,564                             | 2,478                     |
| <b>Net Interest Income after Provision for Loan Losses</b>               | <b>62,548</b>                     | <b>55,636</b>             |
| <b><u>Non-Interest Income:</u></b>                                       |                                   |                           |
| Deposit Fees   | 1,932                             | 1,598                     |
| International Fees   | 763                               | 841                       |
| Gain (Loss) on Sale of Investment Securities, Net                        | (168)                             | (267)                     |
| Gain on Sale of SBA Loans, Net   | 19                                | 327                       |
| Bank/Corporate Owned Life Insurance Income (Expense)                     | 564                               | 782                       |
| Other  | 532                               | 866                       |
| <b>Total Non-Interest Income</b>   | <b>3,642</b>                      | <b>4,147</b>              |
| <b><u>Non-Interest Expense:</u></b>                                      |                                   |                           |
| Salaries and Employee Benefits   | 27,097                            | 26,461                    |
| Occupancy and Equipment  | 2,839                             | 2,956                     |
| Professional Services  | 4,772                             | 4,340                     |
| Promotion Expenses   | 830                               | 946                       |
| Other  | 4,070                             | 3,324                     |
| <b>Total Non-Interest Expense</b>  | <b>39,608</b>                     | <b>38,027</b>             |
| Earnings before income taxes   | 26,582                            | 21,756                    |
| Income Tax Expense   | 7,134                             | 5,668                     |
| <b>NET INCOME</b>  | <b>\$ 19,448</b>                  | <b>\$ 16,088</b>          |
| <i>Add back:</i>   |                                   |                           |
| After-Tax Gain (Loss) on Sale of Investment Securities, Net              | \$ 123                            | \$ 198                    |
| After-Tax DCP ABB Stock Expense (Benefit)                                | \$ -                              | \$ 449                    |
| <b>Core Net Income</b>   | <b>\$ 19,571</b>                  | <b>\$ 16,735</b>          |
| <b><u>Per Share Information:</u></b>                                     |                                   |                           |
| Earnings Per Share - Basic   | \$ 2.42                           | \$ 2.02                   |
| Earnings Per Share - Diluted   | \$ 2.40                           | \$ 1.99                   |
| <i>Core Earnings Per Share - Diluted</i>                                 | <i>\$ 2.41</i>                    | <i>\$ 2.07</i>            |
| Weighted Average Shares - Basic  | 8,050,992                         | 7,948,632                 |
| Weighted Average Shares - Diluted  | 8,109,732                         | 8,078,529                 |

**American Business Bank**

Figures in \$000

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

|   | For the three months ended: |                  |                    |                     |                  |                    |
|---|-----------------------------|------------------|--------------------|---------------------|------------------|--------------------|
|   | September 2020              |                  |                    | June 2020           |                  |                    |
|   | 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 | \$ 191,948                  | \$ 71            | 0.15%              | \$ 264,722          | \$ 93            | 0.14%              |
| <b>Investment Securities:</b>                             |                             |                  |                    |                     |                  |                    |
| US Agencies   | 237,419                     | 429              | 0.72%              | 260,033             | 270              | 0.41%              |
| Mortgage Backed Securities                                | 325,904                     | 1,541            | 1.89%              | 271,173             | 1,434            | 2.12%              |
| State and Municipals                                      | 271,133                     | 1,700            | 2.51%              | 174,950             | 1,196            | 2.73%              |
| US Treasuries   | 10,011                      | 37               | 1.46%              | 10,018              | 37               | 1.48%              |
| Corporate Bonds   | 16,479                      | 126              | 3.07%              | 19,908              | 147              | 2.95%              |
| Securities Available-for-Sale and Held-to-Maturity        | 860,946                     | 3,833            | 1.78%              | 736,082             | 3,084            | 1.68%              |
| Federal Home Loan Bank Stock                              | 10,864                      | 215              | 7.90%              | 10,753              | -                | 0.00%              |
| Total Investment Securities                               | 871,810                     | 4,048            | 1.86%              | 746,835             | 3,084            | 1.65%              |
| <b>Loans Receivable:</b>                                  |                             |                  |                    |                     |                  |                    |
| Commercial Real Estate                                    | 1,026,594                   | 11,179           | 4.33%              | 1,003,318           | 11,031           | 4.42%              |
| Commercial and Industrial                                 | 364,750                     | 3,987            | 4.35%              | 402,179             | 4,380            | 4.38%              |
| SBA Payroll Protection Program                            | 683,495                     | 3,837            | 2.23%              | 539,535             | 2,994            | 2.23%              |
| Residential Real Estate                                   | 73,291                      | 734              | 3.98%              | 70,984              | 705              | 4.00%              |
| Installment and Other                                     | 4,817                       | 56               | 4.65%              | 5,037               | 59               | 4.75%              |
| Total Loans Receivable                                    | 2,152,947                   | 19,793           | 3.66%              | 2,021,053           | 19,169           | 3.81%              |
| <b>Total Interest Earning Assets</b>                      | <b>\$ 3,216,705</b>         | <b>\$ 23,912</b> | <b>2.91%</b>       | <b>\$ 3,032,610</b> | <b>\$ 22,346</b> | <b>2.91%</b>       |
| <b>Liabilities:</b>                                       |                             |                  |                    |                     |                  |                    |
| Non-Interest Bearing Demand Deposits                      | 1,675,885                   | -                | 0.00%              | 1,624,250           | -                | 0.00%              |
| Interest Bearing Transaction Accounts                     | 215,041                     | 41               | 0.08%              | 201,439             | 37               | 0.07%              |
| Money Market and Savings Deposits                         | 1,132,664                   | 499              | 0.18%              | 1,027,292           | 538              | 0.21%              |
| Certificates of Deposit                                   | 36,848                      | 21               | 0.23%              | 35,614              | 28               | 0.31%              |
| Total Deposits  | 3,060,438                   | 561              | 0.07%              | 2,888,595           | 603              | 0.08%              |
| Federal Home Loan Bank Advances / Other Borrowings        | -                           | -                | 0.00%              | -                   | -                | 0.00%              |
| Total Interest Bearing Deposits and Borrowings            | 1,384,553                   | 561              | 0.16%              | 1,264,345           | 603              | 0.19%              |
| <b>Total Deposits and Borrowings</b>                      | <b>\$ 3,060,438</b>         | <b>\$ 561</b>    | <b>0.07%</b>       | <b>\$ 2,888,595</b> | <b>\$ 603</b>    | <b>0.08%</b>       |
| Net Interest Income                                       |                             | \$ 23,351        |                    |                     | \$ 21,743        |                    |
| Net Interest Rate Spread                                  |                             |                  | 2.84%              |                     |                  | 2.83%              |
| Net Interest Margin                                       |                             |                  | 2.89%              |                     |                  | 2.88%              |
| Net Interest Margin, excluding SBA PPP                    |                             |                  | 3.06%              |                     |                  | 3.02%              |



**American Business Bank**

Figures in \$000

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

|   | For the three months ended: |                  |                    |                     |                  |                    |
|---|-----------------------------|------------------|--------------------|---------------------|------------------|--------------------|
|   | September 2020              |                  |                    | September 2019      |                  |                    |
|   | 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 | \$ 191,948                  | \$ 71            | 0.15%              | \$ 58,676           | \$ 332           | 2.30%              |
| <b>Investment Securities:</b>                             |                             |                  |                    |                     |                  |                    |
| US Agencies   | 237,419                     | 429              | 0.72%              | 351,204             | 1,406            | 1.60%              |
| Mortgage Backed Securities                                | 325,904                     | 1,541            | 1.89%              | 208,820             | 1,422            | 2.72%              |
| State and Municipals                                      | 271,133                     | 1,700            | 2.51%              | 159,861             | 1,094            | 2.74%              |
| US Treasuries   | 10,011                      | 37               | 1.46%              | 10,039              | 37               | 1.46%              |
| Corporate Bonds   | 16,479                      | 126              | 3.07%              | 15,328              | 118              | 3.07%              |
| Securities Available-for-Sale and Held-to-Maturity        | 860,946                     | 3,833            | 1.78%              | 745,252             | 4,077            | 2.19%              |
| Federal Home Loan Bank Stock                              | 10,864                      | 215              | 7.90%              | 10,356              | 183              | 7.05%              |
| Total Investment Securities                               | 871,810                     | 4,048            | 1.86%              | 755,608             | 4,260            | 2.25%              |
| <b>Loans Receivable:</b>                                  |                             |                  |                    |                     |                  |                    |
| Commercial Real Estate                                    | 1,026,594                   | 11,179           | 4.33%              | 917,398             | 10,957           | 4.74%              |
| Commercial and Industrial                                 | 364,750                     | 3,987            | 4.35%              | 385,315             | 4,996            | 5.14%              |
| SBA Payroll Protection Program                            | 683,495                     | 3,837            | 2.23%              | -                   | -                | 0.00%              |
| Residential Real Estate                                   | 73,291                      | 734              | 3.98%              | 66,512              | 891              | 5.32%              |
| Installment and Other                                     | 4,817                       | 56               | 4.65%              | 5,159               | 46               | 3.58%              |
| Total Loans Receivable                                    | 2,152,947                   | 19,793           | 3.66%              | 1,374,384           | 16,890           | 4.88%              |
| <b>Total Interest Earning Assets</b>                      | <b>\$ 3,216,705</b>         | <b>\$ 23,912</b> | <b>2.91%</b>       | <b>\$ 2,188,668</b> | <b>\$ 21,482</b> | <b>3.84%</b>       |
| <b>Liabilities:</b>                                       |                             |                  |                    |                     |                  |                    |
| Non-Interest Bearing Demand Deposits                      | 1,675,885                   | -                | 0.00%              | 1,059,710           | -                | 0.00%              |
| Interest Bearing Transaction Accounts                     | 215,041                     | 41               | 0.08%              | 208,403             | 152              | 0.29%              |
| Money Market and Savings Deposits                         | 1,132,664                   | 499              | 0.18%              | 746,947             | 1,041            | 0.55%              |
| Certificates of Deposit                                   | 36,848                      | 21               | 0.23%              | 50,425              | 73               | 0.57%              |
| Total Deposits  | 3,060,438                   | 561              | 0.07%              | 2,065,485           | 1,266            | 0.24%              |
| Federal Home Loan Bank Advances / Other Borrowings        | -                           | -                | 0.00%              | 163                 | 1                | 2.27%              |
| Total Interest Bearing Deposits and Borrowings            | 1,384,553                   | 561              | 0.16%              | 1,005,938           | 1,267            | 0.50%              |
| <b>Total Deposits and Borrowings</b>                      | <b>\$ 3,060,438</b>         | <b>\$ 561</b>    | <b>0.07%</b>       | <b>\$ 2,065,647</b> | <b>\$ 1,267</b>  | <b>0.24%</b>       |
| Net Interest Income                                       |                             | \$ 23,351        |                    |                     | \$ 20,215        |                    |
| Net Interest Rate Spread                                  |                             |                  | 2.84%              |                     |                  | 3.60%              |
| Net Interest Margin                                       |                             |                  | 2.89%              |                     |                  | 3.66%              |
| Net Interest Margin, excluding SBA PPP                    |                             |                  | 3.06%              |                     |                  | 3.66%              |

**American Business Bank**  
*Figures in \$000*

**YEAR-TO-DATE AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)**

|   | For the nine months ended: |                  |                    |                     |                  |                    |
|---|----------------------------|------------------|--------------------|---------------------|------------------|--------------------|
|   | September 2020             |                  |                    | September 2019      |                  |                    |
|   | Average Balance            | Interest Inc/Exp | Average Yield/Rate | Average Balance     | Interest Inc/Exp | Average Yield/Rate |
| <b>Interest Earning Assets:</b>                             |                            |                  |                    |                     |                  |                    |
| Interest Earning Deposits with Other Financial Institutions | \$ 161,520                 | \$ 217           | 0.18%              | \$ 61,271           | \$ 1,098         | 2.42%              |
| <b>Investment Securities:</b>                               |                            |                  |                    |                     |                  |                    |
| US Agencies   | 258,359                    | 1,376            | 0.71%              | 395,511             | 4,612            | 1.55%              |
| Mortgage Backed Securities                                  | 294,904                    | 4,718            | 2.13%              | 183,086             | 3,903            | 2.84%              |
| State and Municipals  | 203,326                    | 4,018            | 2.63%              | 162,505             | 3,351            | 2.75%              |
| US Treasuries   | 10,018                     | 110              | 1.47%              | 10,046              | 111              | 1.47%              |
| Corporate Bonds   | 18,770                     | 423              | 3.00%              | 6,732               | 159              | 3.15%              |
| Securities Available-for-Sale and Held-to-Maturity          | 785,377                    | 10,645           | 1.81%              | 757,880             | 12,136           | 2.14%              |
| Federal Home Loan Bank Stock                                | 10,658                     | 400              | 5.01%              | 10,356              | 542              | 6.97%              |
| <b>Total Investment Securities</b>                          | <b>796,035</b>             | <b>11,045</b>    | <b>1.85%</b>       | <b>768,236</b>      | <b>12,678</b>    | <b>2.20%</b>       |
| <b>Loans Receivable:</b>                                    |                            |                  |                    |                     |                  |                    |
| Commercial Real Estate                                      | 1,011,829                  | 33,553           | 4.43%              | 873,209             | 30,901           | 4.73%              |
| Commercial and Industrial                                   | 400,905                    | 13,391           | 4.46%              | 366,111             | 14,308           | 5.23%              |
| SBA Payroll Protection Program                              | 408,683                    | 6,832            | 2.23%              | -                   | -                | 0.00%              |
| Residential Real Estate                                     | 73,525                     | 2,325            | 4.22%              | 62,286              | 2,487            | 5.34%              |
| Installment and Other                                       | 5,166                      | 156              | 4.04%              | 4,949               | 117              | 3.17%              |
| <b>Total Loans Receivable</b>                               | <b>1,900,108</b>           | <b>56,257</b>    | <b>3.95%</b>       | <b>1,306,555</b>    | <b>47,813</b>    | <b>4.89%</b>       |
| <b>Total Interest Earning Assets</b>                        | <b>\$ 2,857,663</b>        | <b>\$ 67,519</b> | <b>3.10%</b>       | <b>\$ 2,136,062</b> | <b>\$ 61,589</b> | <b>3.80%</b>       |
| <b>Liabilities:</b>   |                            |                  |                    |                     |                  |                    |
| Non-Interest Bearing Demand Deposits                        | 1,469,001                  | -                | 0.00%              | 1,021,107           | -                | 0.00%              |
| Interest Bearing Transaction Accounts                       | 206,276                    | 182              | 0.12%              | 201,985             | 363              | 0.24%              |
| Money Market and Savings Deposits                           | 989,554                    | 2,004            | 0.27%              | 735,682             | 2,804            | 0.51%              |
| Certificates of Deposit                                     | 36,298                     | 90               | 0.33%              | 61,515              | 293              | 0.64%              |
| Total Deposits  | 2,701,129                  | 2,276            | 0.11%              | 2,020,289           | 3,460            | 0.23%              |
| Federal Home Loan Bank Advances / Other Borrowings          | 10,533                     | 131              | 1.66%              | 738                 | 15               | 2.63%              |
| <b>Total Interest Bearing Deposits and Borrowings</b>       | <b>1,242,661</b>           | <b>2,407</b>     | <b>0.26%</b>       | <b>999,920</b>      | <b>3,475</b>     | <b>0.46%</b>       |
| <b>Total Deposits and Borrowings</b>                        | <b>\$ 2,711,662</b>        | <b>\$ 2,407</b>  | <b>0.12%</b>       | <b>\$ 2,021,027</b> | <b>\$ 3,475</b>  | <b>0.23%</b>       |
| Net Interest Income   | \$ 65,112                  |                  |                    | \$ 58,114           |                  |                    |
| Net Interest Rate Spread                                    |                            |                  | 2.98%              |                     |                  | 3.57%              |
| Net Interest Margin   |                            |                  | 3.04%              |                     |                  | 3.64%              |
| Net Interest Margin, excluding SBA PPP                      |                            |                  | 3.18%              |                     |                  | 3.64%              |

**American Business Bank**

Figures in \$000

**SUPPLEMENTAL DATA (unaudited)**

|   | September<br>2020 | June<br>2020 | December<br>2019 | September<br>2019 |
|---|-------------------|--------------|------------------|-------------------|
| <b><u>Performance Ratios:</u></b>                                       |                   |              |                  |                   |
| <b><u>Quarterly:</u></b>  |                   |              |                  |                   |
| Return on Average Assets (ROAA)   | 0.95%             | 0.86%        | 0.99%            | 0.95%             |
| <i>Core Return on Average Assets (ROAA)</i>                             | 0.95%             | 0.87%        | 0.99%            | 0.96%             |
| Return on Average Equity (ROAE)   | 13.53%            | 12.14%       | 11.74%           | 11.03%            |
| <i>Core Return on Average Equity (ROAE)</i>                             | 13.57%            | 12.39%       | 11.74%           | 11.22%            |
| Efficiency Ratio  | 54.95%            | 58.70%       | 58.77%           | 58.64%            |
| <b><u>Year-to-Date</u></b>  |                   |              |                  |                   |
| Return on Average Assets (ROAA)   | 0.87%             | 0.83%        | 0.97%            | 0.96%             |
| <i>Core Return on Average Assets (ROAA)</i>                             | 0.88%             | 0.84%        | 1.00%            | 1.00%             |
| Return on Average Equity (ROAE)   | 11.67%            | 10.68%       | 11.80%           | 11.83%            |
| <i>Core Return on Average Equity (ROAE)</i>                             | 11.75%            | 10.77%       | 12.15%           | 12.30%            |
| Efficiency Ratio  | 57.47%            | 58.88%       | 60.29%           | 60.82%            |
| <i>Core Efficiency Ratio</i>  | 57.47%            | 58.88%       | 59.57%           | 59.84%            |
| <b><u>Capital Adequacy:</u></b>   |                   |              |                  |                   |
| Total Risk Based Capital Ratio  | 14.54%            | 14.64%       | 13.82%           | 13.81%            |
| Common Equity Tier 1 Capital Ratio                                      | 13.29%            | 13.38%       | 12.57%           | 12.56%            |
| Tier 1 Risk Based Capital Ratio   | 13.29%            | 13.38%       | 12.57%           | 12.56%            |
| Tier 1 Leverage Ratio   | 6.97%             | 7.10%        | 8.66%            | 8.91%             |
| Tangible Common Equity / Tangible Assets                                | 7.11%             | 6.90%        | 8.60%            | 8.62%             |
| <b><u>Asset Quality Overview</u></b>                                    |                   |              |                  |                   |
| Non-Performing Loans  | \$ 2,563          | \$ 2,601     | \$ 1,855         | \$ 1,481          |
| Loans 90+ Days Past Due and Still Accruing                              | -                 | -            | -                | -                 |
| Total Non-Performing Loans  | 2,563             | 2,601        | 1,855            | 1,481             |
| Restructured Loans  | 221               | 223          | 227              | 229               |
| Other Real Estate Owned   | -                 | -            | -                | -                 |
| ALLL / Loans Receivable   | 1.05%             | 1.05%        | 1.40%            | 1.40%             |
| Non-Performing Loans / Total Loans Receivable *                         | 0.13%             | 0.13%        | 0.14%            | 0.12%             |
| Non-Performing Loans / Total Loans Receivable *, excluding PPP **       | 0.19%             | 0.19%        | 0.14%            | 0.12%             |
| Non-Performing Assets / Total Assets *                                  | 0.08%             | 0.09%        | 0.09%            | 0.07%             |
| Non-Performing Assets / Total Assets *, excluding PPP **                | 0.11%             | 0.11%        | 0.09%            | 0.07%             |
| Net Charge-Offs (Recoveries) quarterly                                  | \$ (60)           | \$ 168       | \$ (8)           | \$ (6)            |
| Net Charge-Offs (Recoveries) year-to-date                               | \$ 478            | \$ 538       | \$ (41)          | \$ (33)           |
| Net Charge-Offs (Recoveries) year-to-date / Average<br>Loans Receivable | 0.03%             | 0.03%        | 0.00%            | 0.00%             |

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

\*\* SBA Paycheck Protection Program (PPP)