



RECORD ANNUAL AND QUARTERLY NET INCOME FROM ROBUST SBA PPP PROGRAM

Fourth Quarter Diluted Earnings Per Share Increases 55% Over Prior Year Quarter

Full Year 2020 Highlights

- **Total SBA Paycheck Protection Program (“PPP”) loans originated of \$701 million** with \$12.3 million of related income
- **Total loans, excluding PPP loans, increased** \$22 million or 1.5% from a year ago
- **Total deposits, excluding estimated deposits related to PPP loans, increased** \$456 million or 21% from a year ago
- **Non-interest bearing demand deposits** were 53% of total deposits
- **Nonperforming assets to total assets, excluding PPP loans, at 0.09%**
- **No delinquencies** in 30-89 day loan category
- **Net interest income increased** by \$12 million or 15% over the prior year
- **Tangible book value per share increased** by \$4.88 to \$31.20 from a year ago
- **Continued status as well-capitalized, the highest regulatory category**

Fourth Quarter 2020 Highlights

- **Total PPP loans outstanding of \$551 million** with \$9.3 million of net deferred processing fees
- **Total loans, excluding PPP loans, increased** \$22 million or 1.5% over prior quarter
- **Total deposits increased** \$124 million or 4.1% from prior quarter
- **Decrease in classified loans** to \$14 million or less than 1% of loans
- **Net interest income includes accelerated** PPP fees of \$3.2 million on loan forgiveness
- **Diluted earnings per share increased** 18% over prior quarter

Los Angeles, California, January 28, 2021. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$9.3 million or \$1.14 per fully diluted share for the fourth quarter of 2020 compared to \$6.0 million or \$0.74 per fully diluted share for the fourth quarter of 2019 primarily due to increased net interest income as a result of PPP loans outstanding and forgiven during the quarter. For the quarter ended December 31, 2020 net income associated with the PPP program was \$3.8 million or \$0.47 per fully diluted share. For the year ending December 31, 2020, net income was \$28.8 million or \$3.54 per fully diluted share, compared to \$22.1 million or \$2.73 per fully diluted share for the year ended December 31, 2019. For the year ended December 31, 2020 net income associated with the PPP program was \$8.7 million or \$1.07 per fully diluted share.

“Our record earnings for the fourth quarter and year were realized despite the pandemic and a challenging economic environment. Our commitment, year in and year out, is to continue disciplined loan underwriting while serving our clients. The success of this strategy is represented by solid credit results at year end as reflected in no past dues, low classified loans and only 0.02% of net loan charge-offs for the year. Net non-PPP loan volumes increased in the fourth quarter at an annualized rate of 6% after being sluggish for most of the year. Deposits continued to exhibit very strong growth finishing the year up \$1 billion or 46%. In

the fourth quarter deposits increased at an annualized rate of 16%, while PPP was the primary driver, a significant number of new client relationships in 2020 also contributed to this robust growth. Our pipeline of new business is strong as we enter 2021.”

“Participation in PPP was significant in 2020 to not only the Bank but also for our customer base who were able to retain an estimated 50,000 employees. Our expectation is to have 80% of current PPP loans forgiven in the first half of 2021, additionally we are already accepting applications for PPP2 loans. Income related to PPP will help bridge net income from the pressure on the net interest margin until higher interest rates are realized. Nonetheless, growth in quality loans will contribute to solid and sustainable core earnings increasing over the long term no matter the interest rate environment,” said Leon Blankstein, ABB’s President, CEO and Director.

For the quarter ending December 31, 2020, net income was \$9.3 million or \$1.14 per fully diluted share, compared to net income of \$7.9 million or \$0.97 per fully diluted share for the third quarter of 2020. Net interest income for the fourth quarter was \$25.3 million, an 8% increase over the third quarter of 2020 as interest and realized deferred fees on PPP loans increased by \$1.6 million driven by PPP loan forgiveness. This was partially offset by lower rates on non-PPP loans. For the quarter ending December 31, 2020, the cost of deposits was 0.06%, representing a 0.01% decline from the third quarter of 2020. Additionally, interest income on the securities portfolio increased by \$310,000 in the fourth quarter of 2020 compared to the third quarter of 2020 as excess liquidity was deployed into investment securities. For the quarter ending December 31, 2020, there was no provision for loan losses compared with \$450,000 in the prior quarter. The allowance for loan losses as a percentage of loans, excluding PPP loans, was 1.52% at December 31, 2020, representing a 0.02% decline from September 30, 2020.

Net Interest Margin

Net interest margin for the fourth quarter of 2020 was 3.00% compared to 2.89% for the third quarter of 2020 and 3.44% for the fourth quarter of 2019. Excluding the impact of PPP loans, the net interest margin was 2.90% for the fourth quarter of 2020 and 3.06% for the third quarter of 2020. Early in the fourth quarter, the PPP loan portfolio was converted to a five year contractual life with the remaining deferred fees amortized over the adjusted remaining life. Without the acceleration of fees on forgiveness, the yield on PPP loans was 1.42% for the fourth quarter. 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 December 31, 2020, approximately 43% of the Bank’s variable-rate loans are indexed to prime and 76% of these loans are at or above interest rate floors.

Net Interest Income

Net interest income increased for the fourth quarter of 2020 compared to the fourth quarter of 2019 by \$5.1 million, or 25.4%, and compared to the third quarter of 2020 by \$1.9 million, or 8.3%. This was primarily due to the accelerated realization of net deferred PPP processing fees in the fourth quarter as 20% of PPP loans were forgiven compared to the third quarter of 2020 where the fee was being amortized over the shorter two year contractual life. The Bank’s core funding continues to be a strength with the cost of deposits at 0.06% for the fourth quarter of 2020 compared to 0.24% for same period a year ago.

On a year-to-date basis, net interest income was \$90.4 million for the year ended December 31, 2020, compared to \$78.3 million for the same period a year ago. The increase was primarily due to participation in PPP which generated pre-tax income of \$12.3 million in 2020.

(Figures in \$000s, except per share amounts)	<u>As of or For the year ended:</u>	<u>As of or For the three months ended:</u>	
	<u>December 2020</u>	<u>December 2020</u>	<u>September 2020</u>
PPP Loans, net	\$ 551,190	\$ 551,190	\$ 688,336
1% Coupon Interest	\$ 4,744	\$ 1,604	\$ 1,759
Amortized fees	4,332	640	2,078
Accelerated fees	3,198	3,198	-
Total PPP loan income	<u>\$ 12,274</u>	<u>\$ 5,442</u>	<u>\$ 3,837</u>
Total PPP loan income after tax	\$ 8,677	\$ 3,847	\$ 2,712
Total PPP loan income after tax per share - diluted	\$ 1.07	\$ 0.47	\$ 0.33

As of January 23, 2021, approximately 22% of PPP loan balances originated in 2020 have been forgiven, approximately 21% of balances are in the forgiveness review or submission process and approximately 56% of balances have yet to apply for forgiveness.

Non Interest Income

Non-interest income in the fourth quarter of 2020 was \$1.9 million, representing an increase of \$428,000 or 30% compared to the third quarter of 2020 and an increase of \$288,000 or 18% from the quarter a year ago. This was primarily due to the fluctuation in Bank/Corporate owned life insurance income as a result of the increase/decrease in the value of the policies that are invested in mutual funds.

For the year, deposit fees increased \$491,000 from a year ago due to growth in commercial business customers and lower earnings credit. For the year ended December 31, 2020, 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.

Non Interest Expense

Non-interest expense increased \$1.8 million for the quarter ended December 31, 2020 compared to the same quarter a year ago. This was primarily due to increases in salaries and employee benefits of \$1.2 million for the year as a result of increased bonus payments reflecting PPP forgiveness, expenses related to the deferred compensation plan (DCP) as a result of the market performance of DCP investment balances, and higher base salaries. The efficiency ratio declined to 54% for the fourth quarter of 2020 compared to 59% for the fourth quarter of 2019.

For the fourth quarter of 2020, total non-interest expense increased \$948,000 compared to the third quarter of 2020. For the quarter, non-interest expense increased primarily due to an increase in salaries and employee benefits of \$721,000 and an increase in professional services of \$355,000. This was offset by a decrease in the FDIC assessment of \$138,000. The efficiency ratio declined to 54% for the fourth quarter of 2020 compared to 55% for the third quarter of 2020.

For the year ending December 31, 2020, total non-interest expense increased \$3.4 million or 7% compared to the same period a year ago, primarily due to increased salaries and employee benefits and professional

services which includes the services of an accounting firm to assist clients with PPP forgiveness. The efficiency ratio declined to 56% for 2020 compared to 60% for 2019.

Full time equivalent employees at December 31, 2020 were 194 compared to 195 a year ago. Full time equivalent employees were 193 at September 30, 2020. For 2020, the average number of full time equivalent employees has increased by three over the prior year. The Bank has 33 relationship managers in seven offices, an increase over year end of two and the prior quarter of one. The higher mix of relationship managers to back office personnel is from the benefit of technology implementations that continue in 2021.

Balance Sheet

From December 31, 2019 to December 31, 2020, total assets increased \$1.1 billion, or 44%, to \$3.5 billion, with the majority of the increase attributable to PPP. Total loans, excluding PPP loans, increased \$22 million, to \$1.5 billion from prior year-end as CRE loans increased by \$114 million which was offset by a \$103 million decline in C&I line utilization. At December 31, 2020, the utilization rate for the Bank's commercial lines of credit was 25% compared to 27% at September 30, 2020 and 35% at December 31, 2019.

The Bank purchased \$184 million of securities consisting mainly of municipal and U.S. Agency mortgage-backed securities during the fourth quarter with an estimated weighted average yield of 1.64%. The duration of the securities portfolio increased from 2.4 to 3.3 years from December 31, 2019 to December 31, 2020.

During 2020, total deposits grew by \$1 billion with a majority of the increase attributable to the proceeds of PPP loans and new deposit relationships of approximately \$266 million. At December 31, 2020, the tangible common equity ratio was 7.17%; excluding PPP loans, the tangible common equity ratio was 8.54%.

Asset Quality

Non-performing assets declined from \$2.6 million at September 30, 2020 to \$2.4 million at December 31, 2020, representing 0.08% of total assets (excluding PPP loans). The Bank continues to have no Other Real Estate Owned. Loans that were past due, criticized and classifieds represented 0.00%, 6.74%, and 0.92%, respectively of total loans at December 31, 2020 compared to 0.07%, 8.56%, and 1.32%, respectively of total loans at September 30, 2020 (excluding PPP loans in all periods). As of December 31, 2020 the Bank had one \$2.4 million commercial loan on non-accrual status with a specific allowance and one impaired loan relationship with a \$217,000 specific reserve. As of December 31, 2020, the allowance for loan losses totaled \$22.9 million, or 1.52% 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. During 2020, the Bank recorded \$548,000 of loan charge-offs on two commercial loans and recoveries of \$91,000, representing 0.02% of net loan charge offs as a percentage of average loans. During the fourth quarter of 2020, the Bank realized no loan charge-offs.

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 December 31, 2020, there were four loans with a total principal balance of \$5.6 million (0.3% of total loans) on a loan payment deferment program of which there is one loan that received a second deferral modification. 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; the peak was June 30, 2020 with \$94 million (4% of total loans) on the loan payment deferral program. At the time of origination, the loans currently granted deferrals were underwritten with a 53% average loan-to-value ratio. Two loans are backed by commercial real estate of which one is owner occupied. All payment deferrals granted to-date meet applicable requirements to continue accruing interest. As of December 31, 2020, all clients whose 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)

	December 2020	September 2020	December 2019
Assets:			
Cash and Due from Banks	\$ 44,334	\$ 69,786	\$ 31,673
Interest Earning Deposits in Other Financial Institutions	201,719	64,660	45,202
Investment Securities:			
US Agencies	228,102	230,637	284,032
Mortgage Backed Securities	419,393	359,974	292,126
State and Municipals	279,045	243,933	78,520
US Treasuries	-	10,044	10,009
Corporate Bonds	12,725	12,480	19,805
Securities Available-for-Sale, at Fair Value	939,265	857,068	684,492
State and Municipals Securities Held-to-Maturity, at Amortized Cost	143,229	91,717	86,707
Federal Home Loan Bank Stock, at Cost	10,864	10,864	10,356
Total Investment Securities	1,093,358	959,649	781,555
Loans Receivable:			
Commercial Real Estate	1,095,811	1,047,100	982,070
Commercial and Industrial	333,021	362,258	423,868
SBA Payroll Protection Program	551,190	688,336	-
Residential Real Estate	76,483	74,170	76,481
Installment and Other	4,405	4,131	4,959
Total Loans Receivable	2,060,910	2,175,995	1,487,378
Allowance for Loan Losses	(22,931)	(22,910)	(20,824)
Loans Receivable, Net	2,037,979	2,153,085	1,466,554
Furniture, Equipment and Leasehold Improvements, Net	7,857	8,145	9,023
Bank/Corporate Owned Life Insurance	27,738	27,013	26,448
Other Assets	41,277	39,041	41,456
Total Assets	\$3,454,262	\$3,321,379	\$2,401,911
Liabilities:			
Non-Interest Bearing Demand Deposits	\$ 1,686,091	\$ 1,658,673	\$ 1,083,705
Interest Bearing Transaction Accounts	258,950	228,585	215,730
Money Market and Savings Deposits	1,191,591	1,124,329	827,713
Certificates of Deposit	35,778	36,981	37,712
Total Deposits	3,172,410	3,048,568	2,164,860
Federal Home Loan Bank Advances / Other Borrowings	-	-	-
Other Liabilities	34,014	36,822	30,386
Total Liabilities	\$3,206,424	\$3,085,390	\$2,195,246
Shareholders' Equity:			
Common Stock	\$ 166,263	\$ 165,789	\$ 163,872
Retained Earnings	75,557	66,233	46,784
Accumulated Other Comprehensive Income / (Loss)	6,018	3,967	(3,991)
Total Shareholders' Equity	\$ 247,838	\$ 235,989	\$ 206,665
Total Liabilities and Shareholders' Equity	\$3,454,262	\$3,321,379	\$2,401,911
Standby Letters of Credit	\$ 33,469	\$ 35,131	\$ 39,513
Per Share Information:			
Common Shares Outstanding	7,942,368	7,926,833	7,850,171
Book Value Per Share	\$ 31.20	\$ 29.77	\$ 26.33
Tangible Book Value Per Share	\$ 31.20	\$ 29.77	\$ 26.33

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

INCOME STATEMENTS (unaudited)

	For the three months ended:		
	December 2020	September 2020	December 2019
<u>Interest Income:</u>			
Interest and Fees on Loans	\$ 21,339	\$ 19,793	\$ 17,021
Interest on Investment Securities	4,358	4,048	3,942
Interest on Interest Earning Deposits in Other Financial Institutions	77	71	530
Total Interest Income	25,774	23,912	21,493
<u>Interest Expense:</u>			
Interest on Interest Bearing Transaction Accounts	45	41	154
Interest on Money Market and Savings Deposits	414	499	1,114
Interest on Certificates of Deposits	16	21	45
Interest on Federal Home Loan Bank Advances and Other Borrowings	-	-	-
Total Interest Expense	475	561	1,313
Net Interest Income	25,299	23,351	20,180
Provision for Loan Losses	-	450	801
Net Interest Income after Provision for Loan Losses	25,299	22,901	19,379
<u>Non-Interest Income:</u>			
Deposit Fees	719	677	562
International Fees	275	237	319
Gain (Loss) on Sale of Investment Securities, Net	-	(32)	-
Gain on Sale of SBA Loans, Net	-	-	65
Bank/Corporate Owned Life Insurance Income (Expense)	725	361	338
Other	143	191	290
Total Non-Interest Income	1,862	1,434	1,574
<u>Non-Interest Expense:</u>			
Salaries and Employee Benefits	10,215	9,494	9,005
Occupancy and Equipment	959	966	982
Professional Services	2,018	1,663	1,426
Promotion Expenses	390	197	425
Other	1,003	1,317	946
Total Non-Interest Expense	14,585	13,637	12,784
Earnings before income taxes	12,576	10,698	8,169
Income Tax Expense	3,252	2,824	2,179
NET INCOME	\$ 9,324	\$ 7,874	\$ 5,990
<i>Add back:</i>			
After-Tax Gain (Loss) on Sale of Investment Securities, Net	\$ -	\$ 23	\$ -
After-Tax DCP ABB Stock Expense (Benefit)	\$ -	\$ -	\$ -
Core Net Income	\$ 9,324	\$ 7,897	\$ 5,990
<u>Per Share Information:</u>			
Earnings Per Share - Basic	\$ 1.15	\$ 0.98	\$ 0.75
Earnings Per Share - Diluted	\$ 1.14	\$ 0.97	\$ 0.74
<i>Core Earnings Per Share - Diluted</i>	\$ 1.14	\$ 0.97	\$ 0.74
Weighted Average Shares - Basic	8,091,367	8,070,598	8,019,772
Weighted Average Shares - Diluted	8,152,979	8,109,487	8,117,068

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

INCOME STATEMENTS (unaudited)

	For the twelve months ended:	
	December 2020	December 2019
<u>Interest Income:</u>		
Interest and Fees on Loans	\$ 77,596	\$ 64,835
Interest on Investment Securities	15,403	16,620
Interest on Interest Earning Deposits in Other Financial Institutions	295	1,628
Total Interest Income	93,294	83,083
<u>Interest Expense:</u>		
Interest on Interest Bearing Transaction Accounts	227	516
Interest on Money Market and Savings Deposits	2,418	3,918
Interest on Certificates of Deposits	106	339
Interest on Federal Home Loan Bank Advances and Other Borrowings	131	15
Total Interest Expense	2,882	4,788
Net Interest Income	90,412	78,295
Provision for Loan Losses	2,564	3,279
Net Interest Income after Provision for Loan Losses	87,848	75,016
<u>Non-Interest Income:</u>		
Deposit Fees	2,651	2,160
International Fees	1,038	1,159
Gain (Loss) on Sale of Investment Securities, Net	(168)	(267)
Gain on Sale of SBA Loans, Net	19	391
Bank/Corporate Owned Life Insurance Income (Expense)	1,290	1,120
Other	675	1,156
Total Non-Interest Income	5,505	5,719
<u>Non-Interest Expense:</u>		
Salaries and Employee Benefits	37,312	35,466
Occupancy and Equipment	3,798	3,938
Professional Services	6,790	5,766
Promotion Expenses	1,220	1,371
Other	5,073	4,270
Total Non-Interest Expense	54,193	50,811
Earnings before income taxes	39,160	29,924
Income Tax Expense	10,387	7,847
NET INCOME	\$ 28,773	\$ 22,077
<i>Add back:</i>		
After-Tax Gain (Loss) on Sale of Investment Securities, Net	\$ 124	\$ 197
After-Tax DCP ABB Stock Expense (Benefit)	\$ -	\$ 448
Core Net Income	\$ 28,897	\$ 22,722
<u>Per Share Information:</u>		
Earnings Per Share - Basic	\$ 3.57	\$ 2.77
Earnings Per Share - Diluted	\$ 3.54	\$ 2.73
Core Earnings Per Share - Diluted	\$ 3.56	\$ 2.81
Weighted Average Shares - Basic	8,061,086	7,966,417
Weighted Average Shares - Diluted	8,120,544	8,088,164

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Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	December 2020			September 2020		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits in Other Financial Institutions	\$ 224,487	\$ 77	0.14%	\$ 191,948	\$ 71	0.15%
Investment Securities:						
US Agencies	227,960	338	0.59%	237,419	429	0.72%
Mortgage Backed Securities	372,987	1,544	1.66%	325,904	1,541	1.89%
State and Municipals	381,965	2,201	2.31%	271,133	1,700	2.51%
US Treasuries	9,896	37	1.47%	10,011	37	1.46%
Corporate Bonds	13,106	101	3.08%	16,479	126	3.07%
Securities Available-for-Sale and Held-to-Maturity	1,005,914	4,221	1.68%	860,946	3,833	1.78%
Federal Home Loan Bank Stock	10,864	137	5.04%	10,864	215	7.90%
Total Investment Securities	1,016,778	4,358	1.71%	871,810	4,048	1.86%
Loans Receivable:						
Commercial Real Estate	1,070,812	11,482	4.27%	1,026,594	11,179	4.33%
Commercial and Industrial	337,596	3,624	4.27%	364,750	3,987	4.35%
SBA Payroll Protection Program	627,003	5,442	3.45%	683,495	3,837	2.23%
Residential Real Estate	73,470	737	3.99%	73,291	734	3.98%
Installment and Other	5,270	54	4.10%	4,817	56	4.65%
Total Loans Receivable	2,114,151	21,339	4.02%	2,152,947	19,793	3.66%
Total Interest Earning Assets	\$ 3,355,416	\$ 25,774	3.01%	\$ 3,216,705	\$ 23,912	2.91%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,724,816	-	0.00%	1,675,885	-	0.00%
Interest Bearing Transaction Accounts	247,980	45	0.07%	215,041	41	0.08%
Money Market and Savings Deposits	1,181,043	414	0.14%	1,132,664	499	0.18%
Certificates of Deposit	36,223	16	0.18%	36,848	21	0.23%
Total Deposits	3,190,062	475	0.06%	3,060,438	561	0.07%
Federal Home Loan Bank Advances / Other Borrowings	-	-	0.00%	-	-	0.00%
Total Interest Bearing Deposits and Borrowings	1,465,246	475	0.13%	1,384,553	561	0.16%
Total Deposits and Borrowings	\$ 3,190,062	\$ 475	0.06%	\$ 3,060,438	\$ 561	0.07%
Net Interest Income		<u>\$ 25,299</u>			<u>\$ 23,351</u>	
Net Interest Rate Spread			<u>2.95%</u>			<u>2.84%</u>
Net Interest Margin			<u>3.00%</u>			<u>2.89%</u>
Net Interest Margin, excluding SBA PPP			<u>2.90%</u>			<u>3.06%</u>

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Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	December 2020			December 2019		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits in Other Financial Institutions	\$ 224,487	\$ 77	0.14%	\$ 123,977	\$ 530	1.73%
Investment Securities:						
US Agencies	227,960	338	0.59%	297,971	774	1.04%
Mortgage Backed Securities	372,987	1,544	1.66%	258,469	1,700	2.63%
State and Municipals	381,965	2,201	2.31%	159,712	1,094	2.74%
US Treasuries	9,896	37	1.47%	10,032	37	1.46%
Corporate Bonds	13,106	101	3.08%	19,942	151	3.02%
Securities Available-for-Sale and Held-to-Maturity	1,005,914	4,221	1.68%	746,126	3,756	2.01%
Federal Home Loan Bank Stock	10,864	137	5.04%	10,356	186	7.18%
Total Investment Securities	1,016,778	4,358	1.71%	756,482	3,942	2.08%
Loans Receivable:						
Commercial Real Estate	1,070,812	11,482	4.27%	969,700	11,232	4.60%
Commercial and Industrial	337,596	3,624	4.27%	399,926	4,839	4.80%
SBA Payroll Protection Program	627,003	5,442	3.45%	-	-	0.00%
Residential Real Estate	73,470	737	3.99%	72,137	894	4.92%
Installment and Other	5,270	54	4.10%	5,413	56	4.11%
Total Loans Receivable	2,114,151	21,339	4.02%	1,447,176	17,021	4.67%
Total Interest Earning Assets	\$ 3,355,416	\$ 25,774	3.01%	\$ 2,327,635	\$ 21,493	3.61%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,724,816	-	0.00%	1,118,736	-	0.00%
Interest Bearing Transaction Accounts	247,980	45	0.07%	216,134	154	0.28%
Money Market and Savings Deposits	1,181,043	414	0.14%	823,561	1,114	0.54%
Certificates of Deposit	36,223	16	0.18%	38,339	45	0.47%
Total Deposits	3,190,062	475	0.06%	2,196,770	1,313	0.24%
Federal Home Loan Bank Advances / Other Borrowings	-	-	0.00%	-	-	0.00%
Total Interest Bearing Deposits and Borrowings	1,465,246	475	0.13%	1,078,034	1,313	0.48%
Total Deposits and Borrowings	\$ 3,190,062	\$ 475	0.06%	\$ 2,196,770	\$ 1,313	0.24%
Net Interest Income		\$ 25,299			\$ 20,180	
Net Interest Rate Spread			2.95%			3.37%
Net Interest Margin			3.00%			3.44%
Net Interest Margin, excluding SBA PPP			2.90%			3.44%

American Business Bank
Figures in \$000

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

	For the twelve months ended:					
	December 2020			December 2019		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits with Other Financial Institutions	\$ 177,348	\$ 295	0.17%	\$ 77,077	\$ 1,628	2.14%
Investment Securities:						
US Agencies	250,717	1,715	0.68%	370,925	5,386	1.45%
Mortgage Backed Securities	314,532	6,262	1.99%	202,087	5,603	2.77%
State and Municipals	248,230	6,218	2.50%	161,801	4,445	2.75%
US Treasuries	9,987	147	1.47%	10,042	148	1.47%
Corporate Bonds	17,346	524	3.02%	10,061	310	3.08%
Securities Available-for-Sale and Held-to-Maturity	840,812	14,866	1.77%	754,916	15,892	2.11%
Federal Home Loan Bank Stock	10,710	537	5.02%	10,356	728	7.03%
Total Investment Securities	851,522	15,403	1.81%	765,272	16,620	2.17%
Loans Receivable:						
Commercial Real Estate	1,026,656	45,035	4.39%	897,530	42,135	4.69%
Commercial and Industrial	384,991	17,015	4.42%	374,634	19,146	5.11%
SBA Payroll Protection Program	463,562	12,273	2.65%	-	-	0.00%
Residential Real Estate	73,511	3,063	4.17%	64,769	3,381	5.22%
Installment and Other	5,192	210	4.05%	5,065	173	3.42%
Total Loans Receivable	1,953,912	77,596	3.97%	1,341,998	64,835	4.83%
Total Interest Earning Assets	\$ 2,982,782	\$ 93,294	3.08%	\$ 2,184,347	\$ 83,083	3.75%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,533,304	-	0.00%	1,045,715	-	0.00%
Interest Bearing Transaction Accounts	216,759	227	0.10%	205,551	516	0.25%
Money Market and Savings Deposits	1,037,688	2,418	0.23%	757,833	3,918	0.52%
Certificates of Deposit	36,279	106	0.29%	55,673	339	0.61%
Total Deposits	2,824,030	2,751	0.10%	2,064,772	4,773	0.23%
Federal Home Loan Bank Advances / Other Borrowings	7,885	131	1.66%	552	15	2.63%
Total Interest Bearing Deposits and Borrowings	1,298,611	2,882	0.22%	1,019,609	4,788	0.47%
Total Deposits and Borrowings	\$ 2,831,915	\$ 2,882	0.10%	\$ 2,065,324	\$ 4,788	0.23%
Net Interest Income		\$ 90,412			\$ 78,295	
Net Interest Rate Spread			2.98%			3.52%
Net Interest Margin			3.03%			3.58%
Net Interest Margin, excluding SBA PPP			3.10%			3.58%

American Business Bank

Figures in \$000

SUPPLEMENTAL DATA (unaudited)

	December 2020	September 2020	December 2019
<u>Performance Ratios:</u>			
<u>Quarterly:</u>			
Return on Average Assets (ROAA)	1.08%	0.95%	0.99%
<i>Core Return on Average Assets (ROAA)</i>	1.08%	0.95%	0.99%
Return on Average Equity (ROAE)	15.57%	13.53%	11.74%
<i>Core Return on Average Equity (ROAE)</i>	15.57%	13.57%	11.74%
Efficiency Ratio	53.70%	54.95%	58.77%
<u>Year-to-Date</u>			
Return on Average Assets (ROAA)	0.93%	0.87%	0.97%
<i>Core Return on Average Assets (ROAA)</i>	0.93%	0.88%	1.00%
Return on Average Equity (ROAE)	12.70%	11.67%	11.80%
<i>Core Return on Average Equity (ROAE)</i>	12.76%	11.75%	12.15%
Efficiency Ratio	56.40%	57.47%	60.29%
<i>Core Efficiency Ratio</i>	56.40%	57.47%	59.57%
<u>Capital Adequacy:</u>			
Total Risk Based Capital Ratio	14.65%	14.54%	13.82%
Common Equity Tier 1 Capital Ratio	13.40%	13.29%	12.57%
Tier 1 Risk Based Capital Ratio	13.40%	13.29%	12.57%
Tier 1 Leverage Ratio	6.98%	6.97%	8.66%
Tangible Common Equity / Tangible Assets	7.17%	7.11%	8.60%
<u>Asset Quality Overview</u>			
Non-Performing Loans	\$ 2,405	\$ 2,563	\$ 1,855
Loans 90+ Days Past Due and Still Accruing	-	-	-
Total Non-Performing Loans	2,405	2,563	1,855
Restructured Loans	218	221	227
Other Real Estate Owned	-	-	-
ALLL / Loans Receivable	1.11%	1.05%	1.40%
Non-Performing Loans / Total Loans Receivable *	0.13%	0.13%	0.14%
Non-Performing Loans / Total Loans Receivable *, excluding PPP **	0.17%	0.19%	0.14%
Non-Performing Assets / Total Assets *	0.08%	0.08%	0.09%
Non-Performing Assets / Total Assets *, excluding PPP **	0.09%	0.11%	0.09%
Net Charge-Offs (Recoveries) quarterly	\$ (21)	\$ (60)	\$ (8)
Net Charge-Offs (Recoveries) year-to-date	\$ 457	\$ 478	\$ (41)
Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable	0.02%	0.03%	0.00%

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

** SBA Paycheck Protection Program (PPP)