

Investor Presentation



June 30, 2023

OTCQX: AMBZ

Forward-Looking Statement

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.

Corporate Overview

- American Business Bank (“AMBZ”) was founded in September 1998 to provide “high touch” banking services to small to medium size businesses in Southern California
- AMBZ offers its banking services to closely-held businesses with \$10-\$200 million in revenue
- In twenty-four years, the bank has grown organically to approximately \$3.8 billion in total assets. AMBZ serves its customer base through its headquarters in Los Angeles and eight regional offices
- Currently 42 relationship officers serve the needs of over 2,000 clients

ABB Ranking By Assets

- ABB ranks 13th of the 50 banking institutions headquartered in the five-county area of Los Angeles, Orange, Ventura, San Bernardino and Riverside counties
- ABB ranks 26th of the 114 banking institutions headquartered in California
- ABB ranks 292nd of the 4,043 United States commercial banking institutions

Leadership Team

Founders:

Leon Blankstein, CEO, Director

Don Johnson, Former CEO, Director

Bob Schack, Chairman Emeritus, Director

Key Executives:

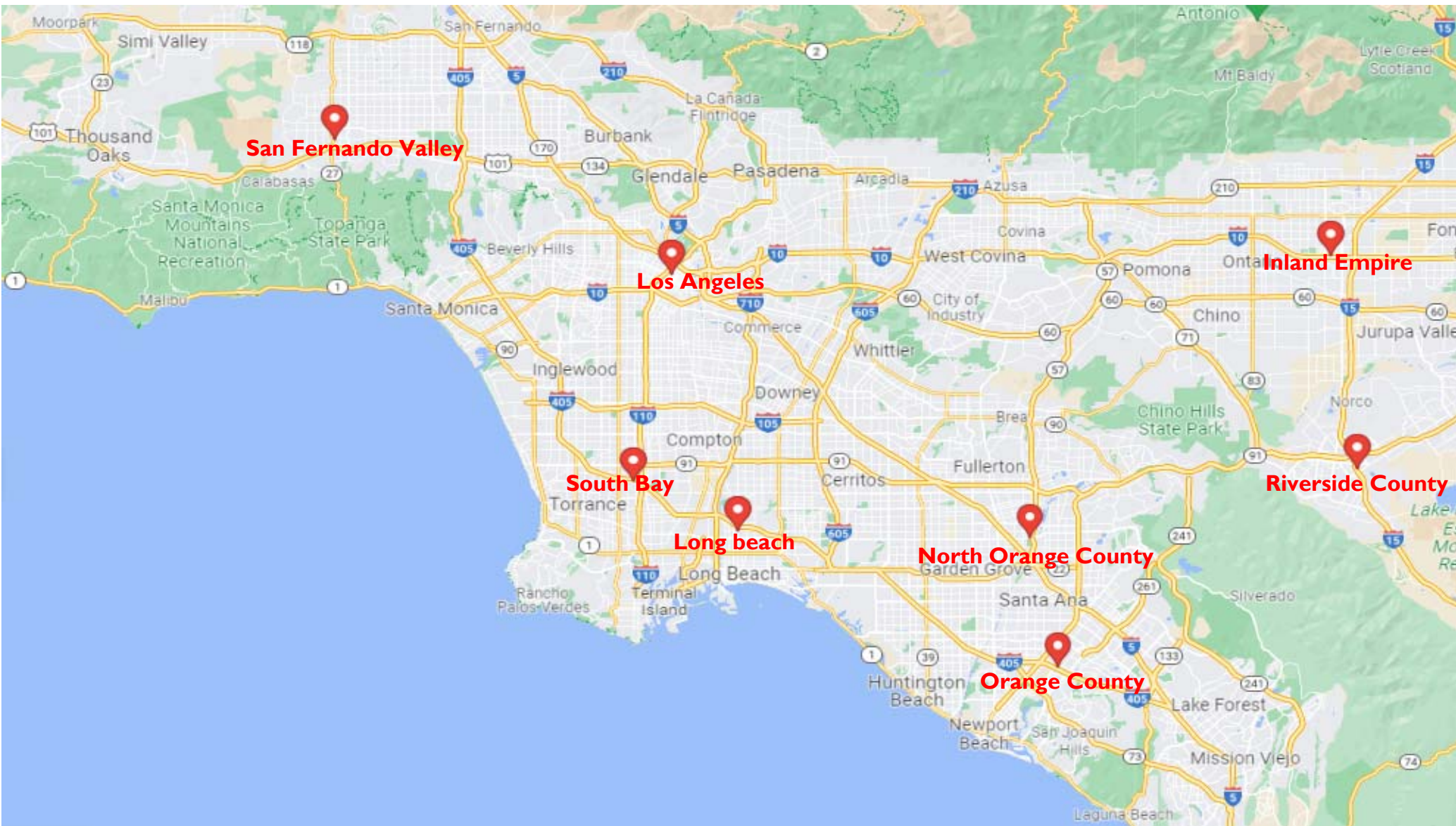
Karen Schoenbaum, CFO, 6+ years ABB Tenure

Phil Feghali, President, 20+ years ABB Tenure

David Wolf, EVP CB, 20+ years ABB Tenure

Jeffrey Munson, CCO, 5+ years ABB Tenure

HQ and LPO Locations



AMBZ's Client Focus & Target Market

Client Focus ⁽¹⁾

- Private companies with revenues \$10 million to \$200 million and their key executives
- Currently 42 relationship officers serve the needs of over 2,000 clients

Marketplace – Top Nationwide

Market	Businesses with <500 employees
United States	6,264,958
California	840,167
New York	618,471
Florida	495,082
Texas	471,216
AMBZ Service Area	433,501
Illinois	322,982

Marketplace – Top 5 MSAs

MSA	Businesses with <500 employees
New York-Newark-Jersey City, NY-NJ-PA	510,012
Los Angeles-Long Beach-Anaheim, CA	348,343
Chicago-Naperville-Elgin, IL-IN-WI	208,307
Miami-Fort Lauderdale-West Palm Beach, FL	183,403
Dallas-Fort Worth-Arlington, TX	139,094

Marketplace – Top 10 CA MSAs

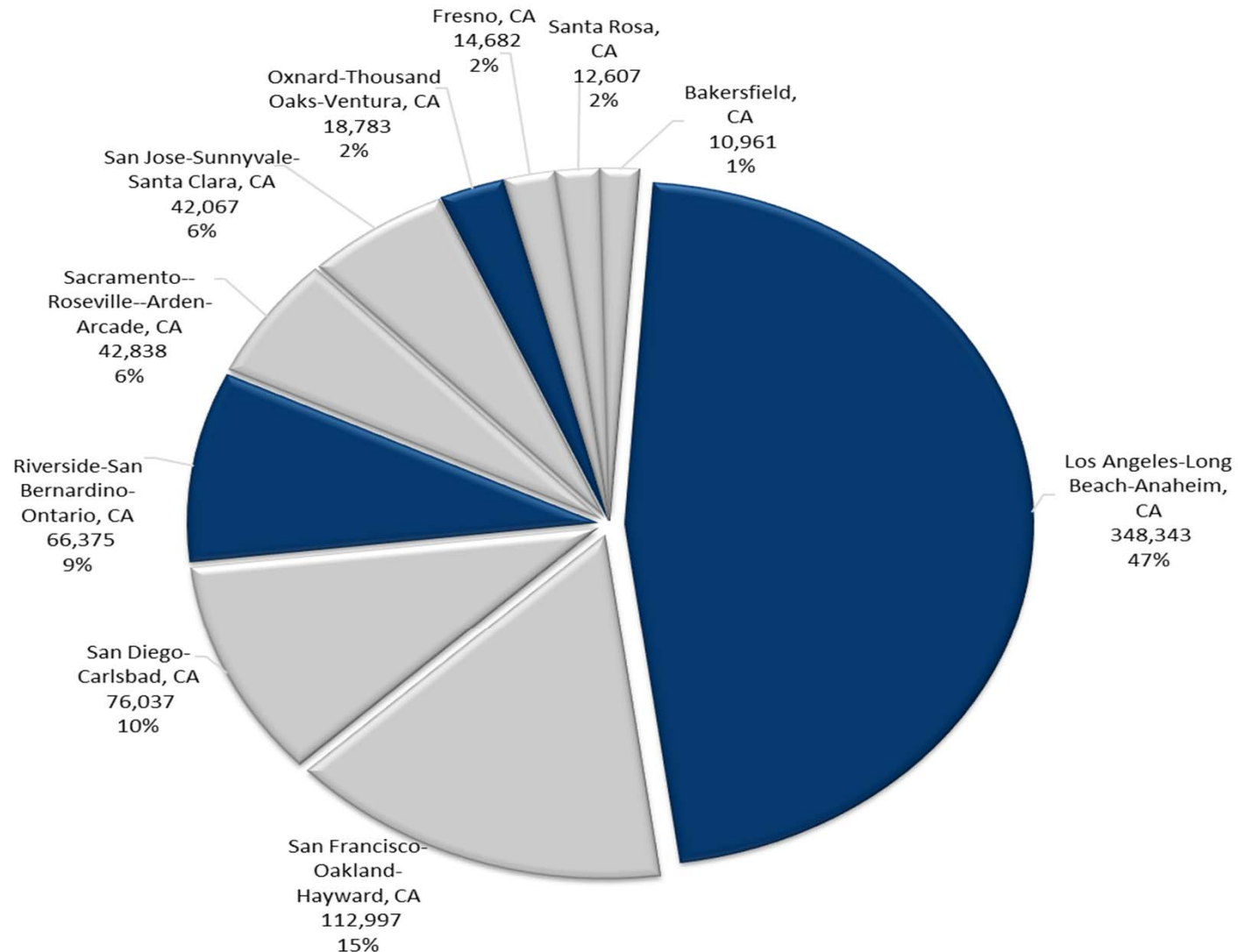
California MSA	Businesses with <500 employees
Los Angeles-Long Beach-Anaheim, CA	348,343
San Francisco-Oakland-Hayward, CA	112,997
San Diego-Carlsbad, CA	76,037
Riverside-San Bernardino-Ontario, CA	66,375
Sacramento--Roseville--Arden-Arcade, CA	42,838
San Jose-Sunnyvale-Santa Clara, CA	42,067
Oxnard-Thousand Oaks-Ventura, CA	18,783
Fresno, CA	14,682
Santa Rosa, CA	12,607
Bakersfield, CA	10,961

Source: Statistics of U.S. Businesses, United States Census Bureau

⁽¹⁾ Data as of 06/30/23

AMBZ's Target Market – California Top 10 MSAs

Sorted by businesses with 500 or fewer employees



*Note: AMBZ service areas highlighted in **blue**, along with respective number of businesses in these markets*

Target Industries

Who We Serve

- Wholesalers
- Manufacturers
- Service businesses
- Contractors
- Professionals
- Non-profits
- Real estate investors

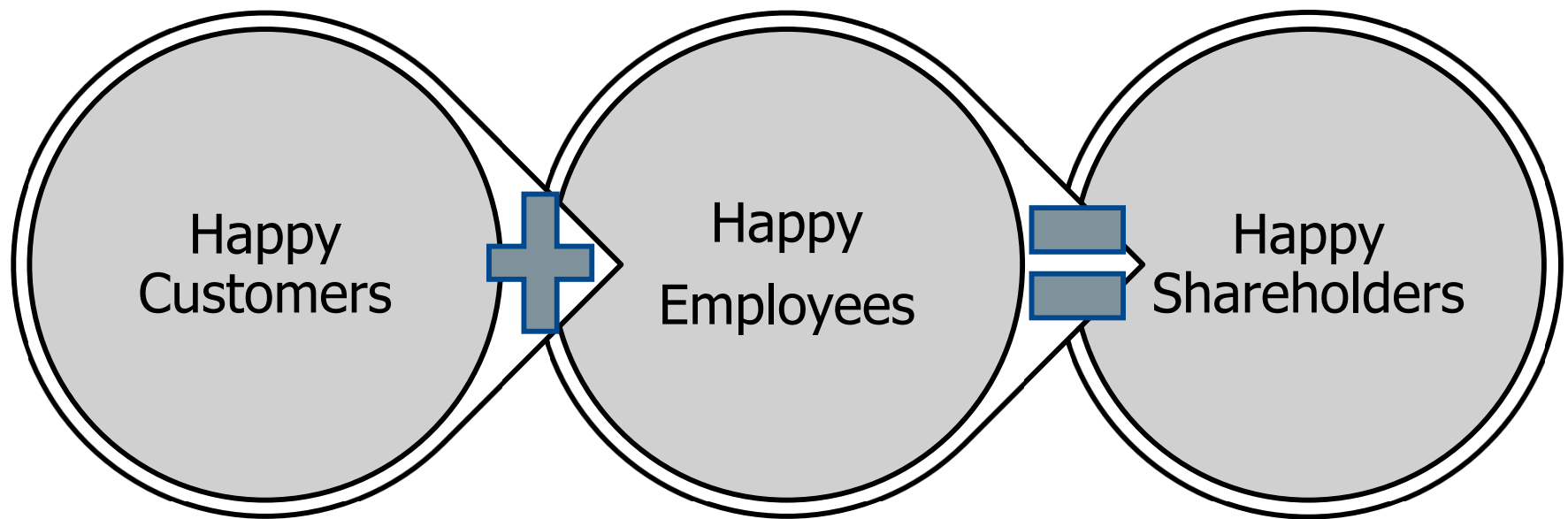
Who We Don't Serve

- Hi-tech
- Movie finance
- Heavy retail
- Venture capital
- Spec real estate developers
- MRB's and MSB's

How We Do It

- Emphasize acquisition of new relationships as the key growth driver for our business
- Leverage relationship-based banking approach and superior service
- Personalized and responsive service – no “800” number, customer service delivered by dedicated relationship managers
- Grow low-cost core deposits to fund loan growth with excess funds invested in high-quality investments
- Exceptional credit quality
- Strong capital management

Our Operating Principle



- **Active Community Involvement**
- **Identify, attract, develop and retain high performing talented Relationship Managers**

Q2 2023 Financial Highlights

Profitability

- ROAE = 13.23%
- ROAA = 0.96%
- NIM = 2.99%
- Efficiency Ratio = 54%

Income Statement

- Q2 Net Income = \$9.3 million; Diluted EPS = \$1.01
- \$1.5 million provision for credit losses for qualitative factors
- Cost of average deposits = 0.73%

Balance Sheet Growth QTR/QTR

- Core Loan Growth \$22 million or 1%
- Total Non-Interest Bearing growth \$50 million or 3%
- Borrowings decreased \$166 million or 34%
- Average Deposits decrease sequentially by \$150 million or -4.5%
- Loans-to-Deposits = 77%

Asset Quality

- Q2 Net Charge-offs = \$170K
- NPA/TA = 0.15% (NPA = \$5.8 million)
- Classified Loans = \$6 million or 0.25% of total loans
- Allowance for Credit Losses = \$27 million or 1.09% of total loans

Capital

- CET1 Ratio = 11.61%
- Total Risk-Based Ratio = 12.54%
- Tangible Common Equity Ratio = 7.25%; w/out AOCI = 9.09%

YTD 2023 Financial Highlights

Profitability

- ROAE = 16.30%
- ROAA = 1.16%
- NIM = 3.18%
- Efficiency Ratio = 50%

Income Statement

- Six Months 2023 Net Income = \$22.4 million; Diluted EPS = \$2.43
- \$1.9 million provision for credit losses for qualitative factors
- Cost of average deposits = 0.53%

Balance Sheet Growth YR/YR

- Core Loan Growth = \$250 million or 11%
- Non interest bearing declined \$50 million or -3%
- Loans-to-Deposits = 77%
- No Deposit Customers lost due to Banking Turmoil

Asset Quality

- 2023 Net Charge-offs = \$159K
- NPA/TA = 0.15% (NPA = \$5.8 million)
- Classified Loans = \$6 million or 0.25% of total loans
- Non-performing Loans / Total loans = 0.23%

Capital

- CET1 Ratio = 11.61%
- Total Risk-Based Ratio = 12.54%
- Tangible Common Equity Ratio = 7.25% w/out AOCI = 9.09%
- Assume HTM Unrealized Loss, TCE = 5.46%; Assume HTM Sold, TCE = 5.51%

PPP Loans

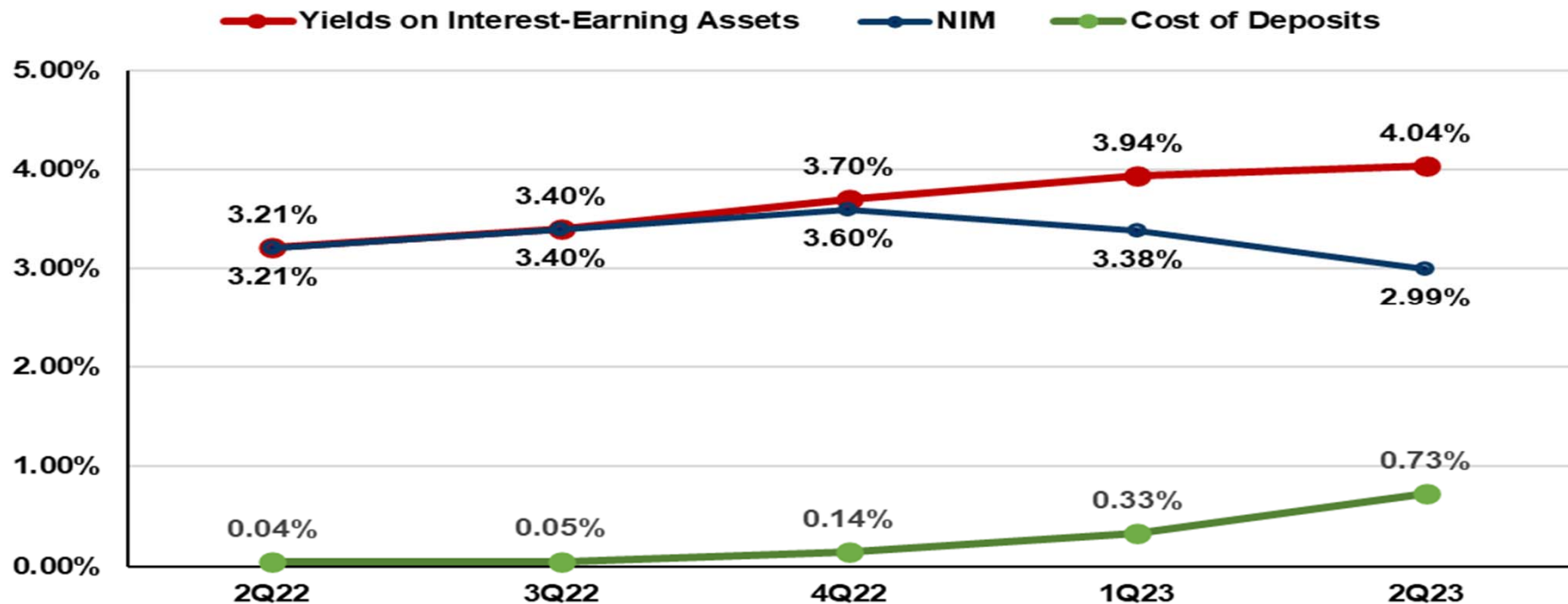
	As of or For the Six Months Ended:		As of or For the Three Months Ended:		
	June 2023	June 2022	June 2023	March 2023	June 2022
(Figures in \$000s, except per share amounts)					
PPP Total Loans, net	\$ 2,039	\$ 22,931	\$ 2,039	\$ 6,659	\$ 22,931
Total PPP loan income	\$ 130	\$ 3,637	\$ 50	\$ 81	\$ 1,762
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

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.

Earnings

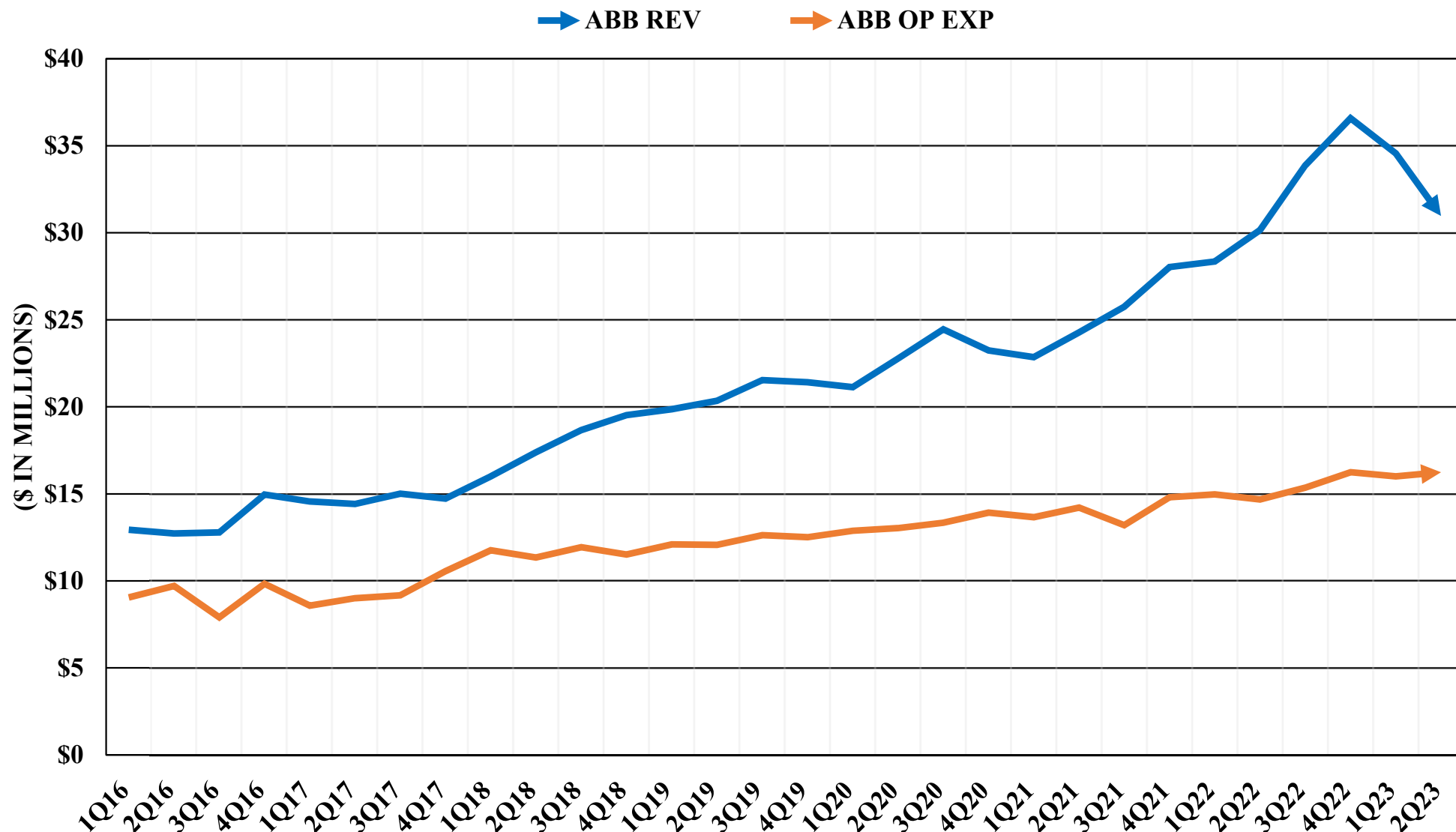
	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023
Interest Income	\$ 30,330	\$ 32,782	\$ 36,092	\$ 37,812	\$ 39,320
Interest Expense	442	449	1,444	5,814	10,629
Net Interest Income	29,888	32,333	34,648	31,998	28,691
Provision for Credit Losses	1,024	836	1,169	463	1,528
Net Interest Income After Provision for Credit Losses	28,864	31,497	33,479	31,535	27,163
Non-Interest Income	1,094	2,129	2,109	2,593	2,365
Non-Interest Expense	14,020	15,629	16,389	16,171	16,648
Earnings before Income Taxes	15,938	17,997	19,199	17,957	12,880
Income Tax Expense	4,504	4,747	5,247	4,872	3,554
Net Income	\$ 11,434	\$ 13,250	\$ 13,952	\$ 13,085	\$ 9,326
Diluted EPS	\$ 1.24	\$ 1.44	\$ 1.51	\$ 1.43	\$ 1.02
ROAA	1.20%	1.39%	1.46%	1.35%	0.96%
ROAE	18.56%	21.22%	23.45%	19.54%	13.23%

Net Interest Margin Analysis



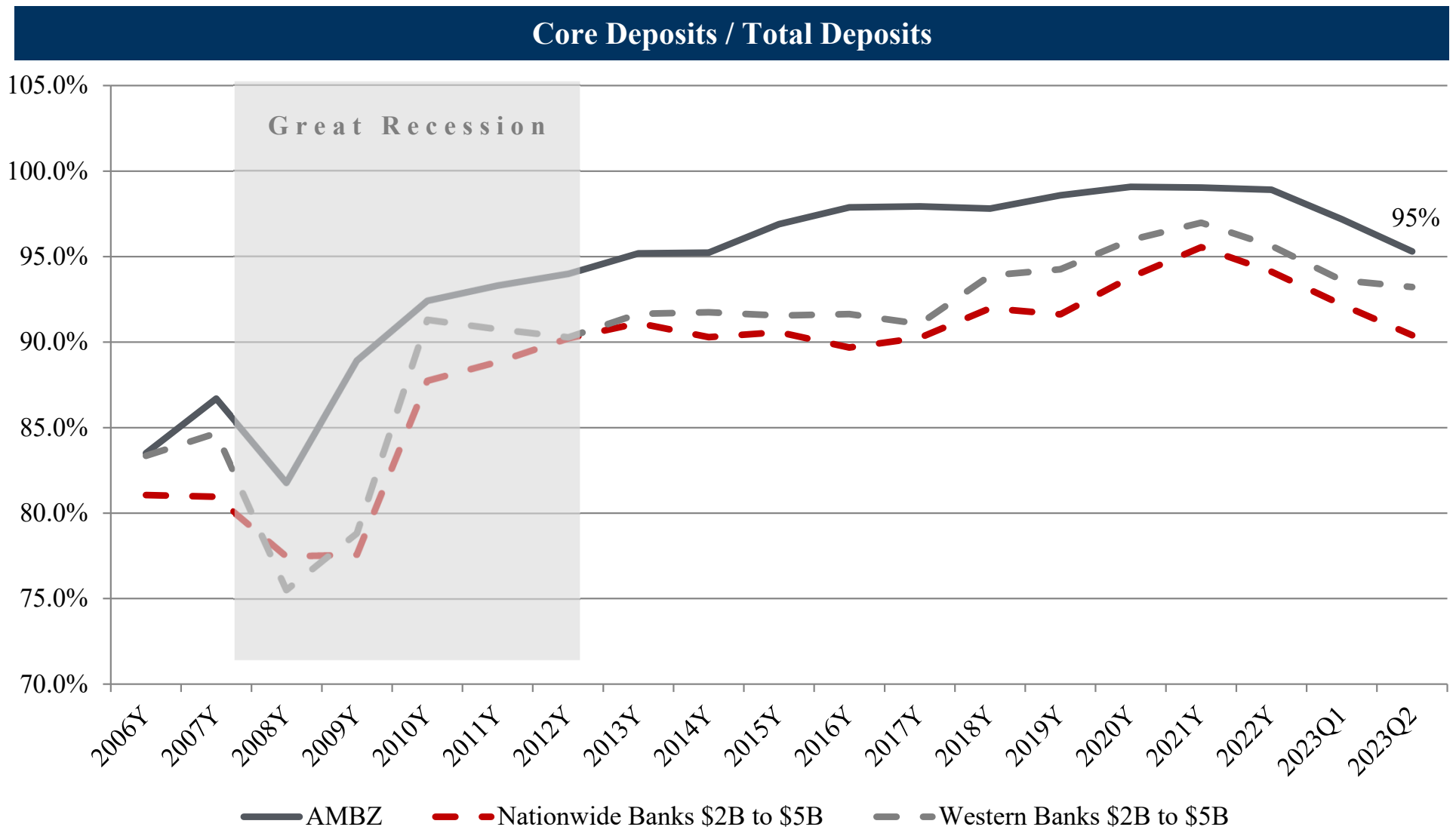
Yield/Rate	2Q22	3Q22	4Q22	1Q23	2Q23
Investments	1.70%	2.01%	2.19%	2.29%	2.31%
Gross Loans	4.34%	4.41%	4.69%	4.93%	5.06%
Yields on Interest-Earning Assets	3.21%	3.40%	3.70%	3.94%	4.04%
Cost of Deposits	0.04%	0.05%	0.14%	0.33%	0.73%
Total Deposits & Borrowings	0.05%	0.05%	0.16%	1.35%	2.33%
Net Interest Rate Spread	3.16%	3.35%	3.54%	3.28%	2.84%
Net Interest Margin	3.21%	3.40%	3.60%	3.38%	2.99%

Operating Leverage Trend



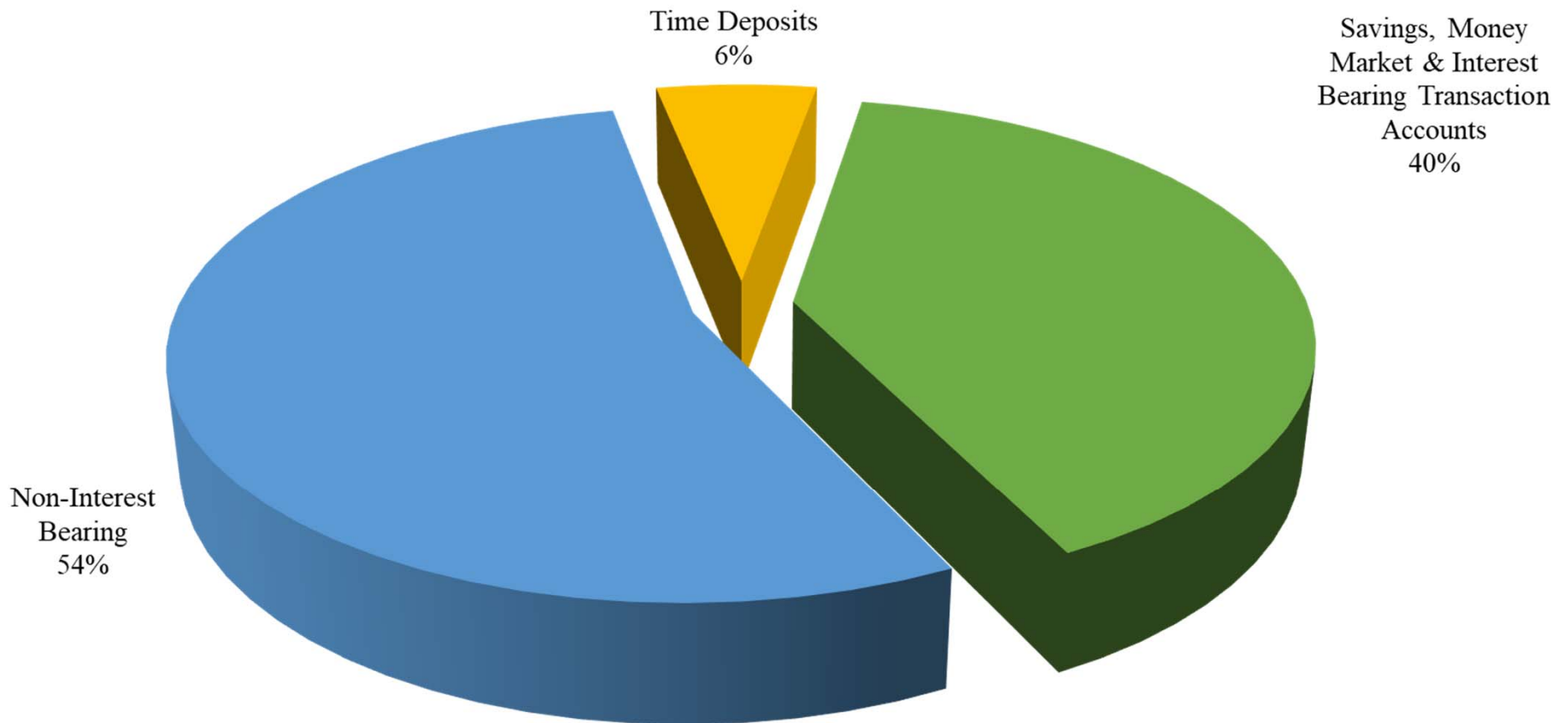
1. Revenue = Net Interest Income + Non Interest Income. Excluding gains/losses on sale of securities and PPP accelerated loan fees
2. Operating Expense excludes DCP ABB stocks investment results, DCP other funds investment results & legal settlement
3. Q4 2018 operating expense includes \$717K reduction from prior quarter due to year-end accrual evaluation

Peer Comparison – Fortress Balance Sheet



Business Model – Deposits

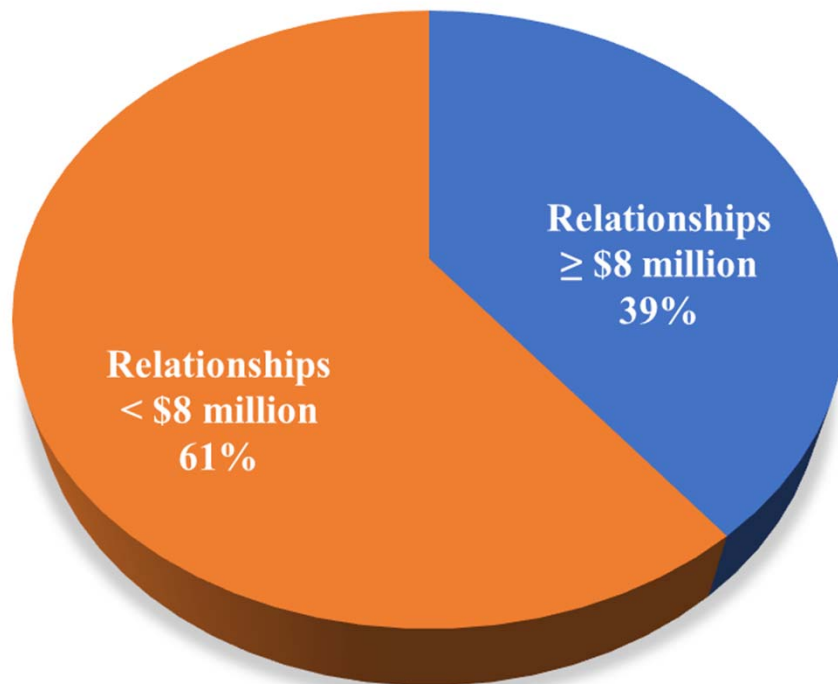
- For the quarter ended June 30, 2023, total cost of deposits was 0.73%; PQ 0.33%
- AMBZ provides a “high touch” strategy that focuses on capturing the deposit relationship first and foremost



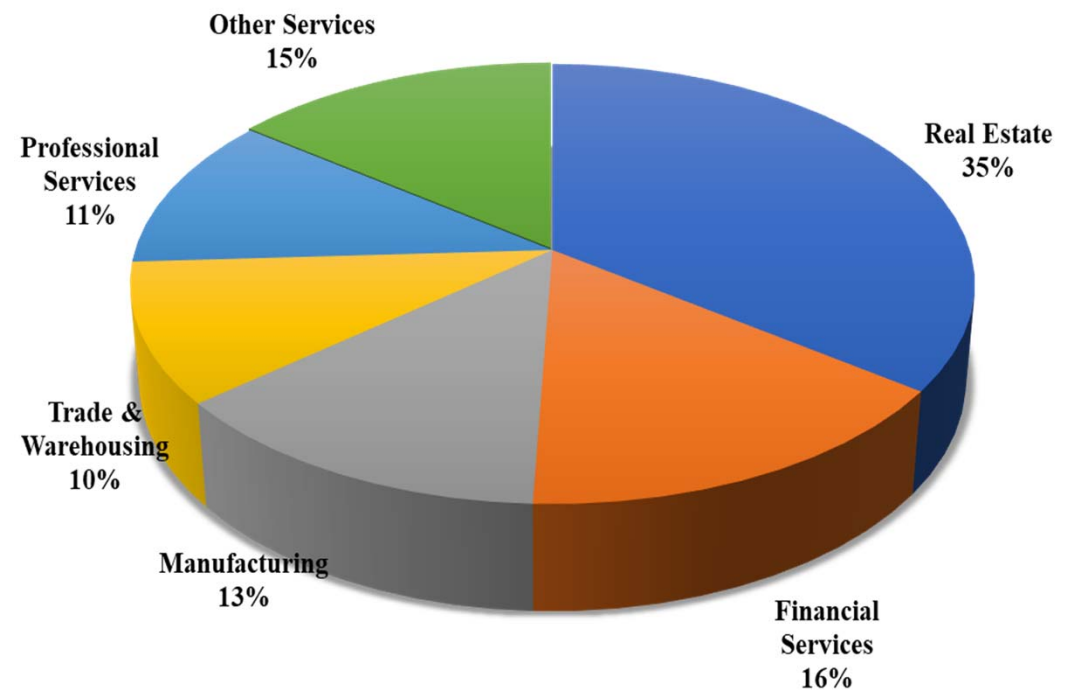
Deposit Mix as of June 30, 2023 (Total Deposits \$3.2B)

Deposits Composition

Deposits by Relationship Size



Deposits by Industry

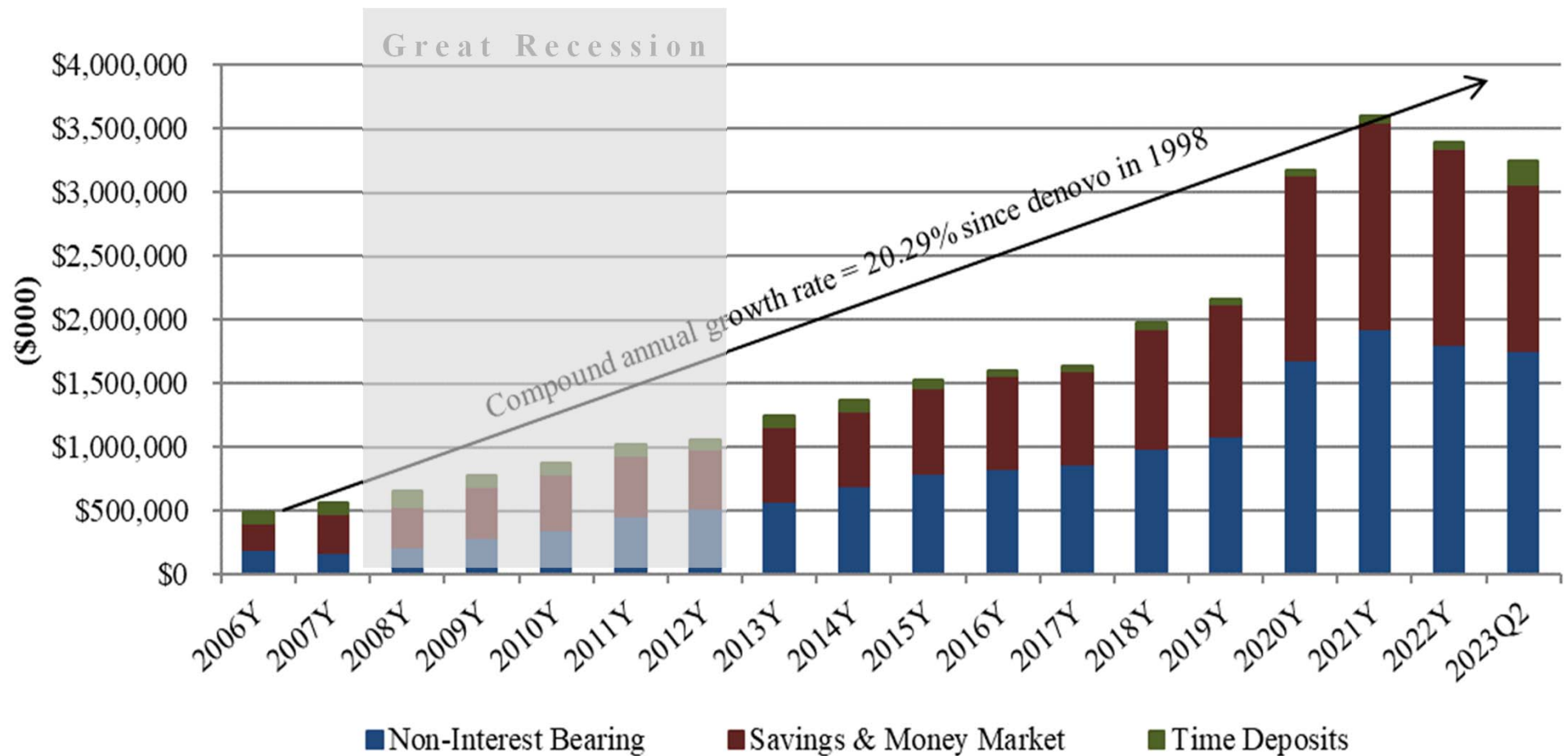


9.8 years

Average Age of Relationships > \$ 8 million

**New Deposit relationships Q2 exceed PYQ in
Count & Balances**

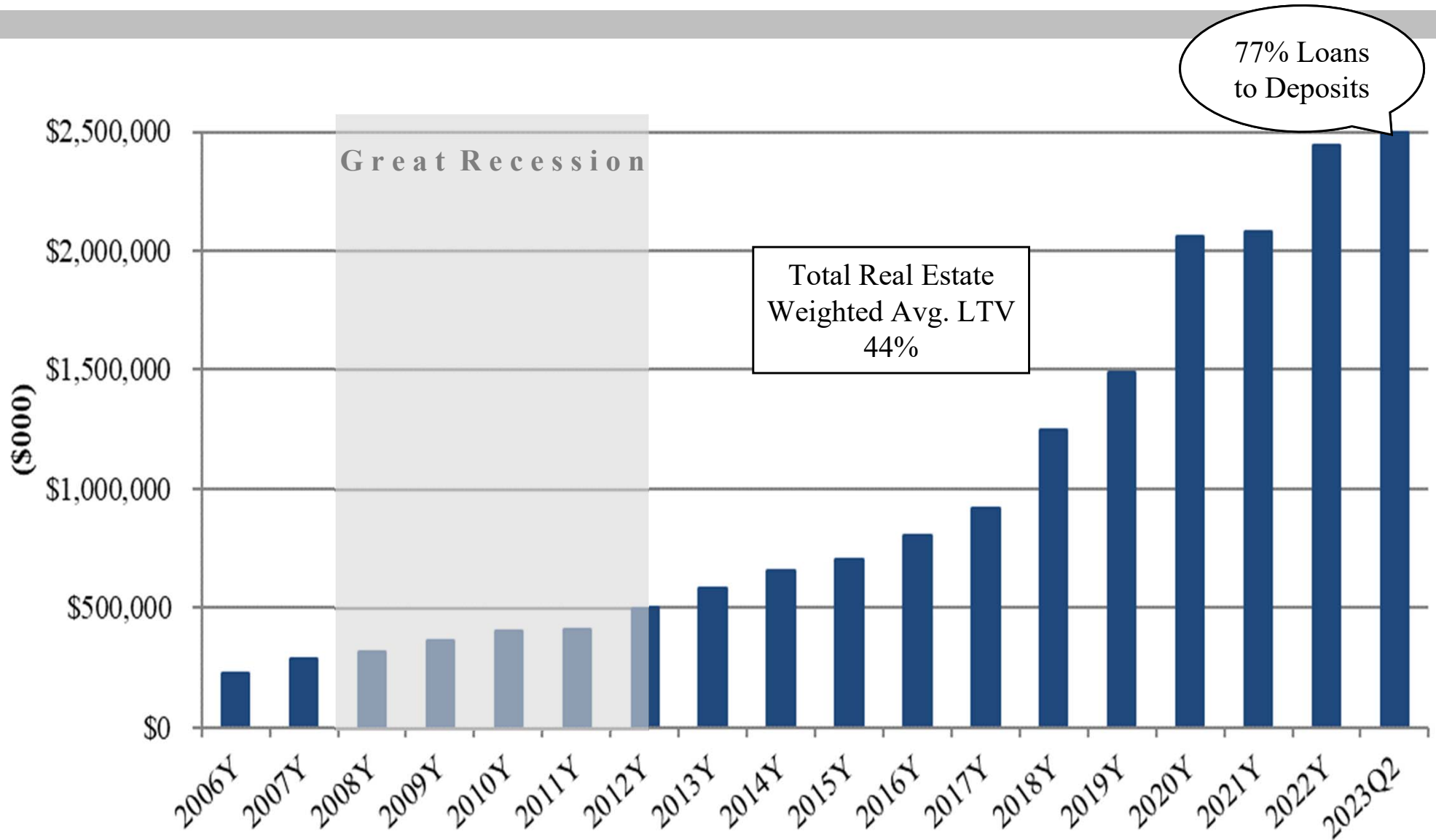
Balance Sheet History – Deposits



Business Model - Assets

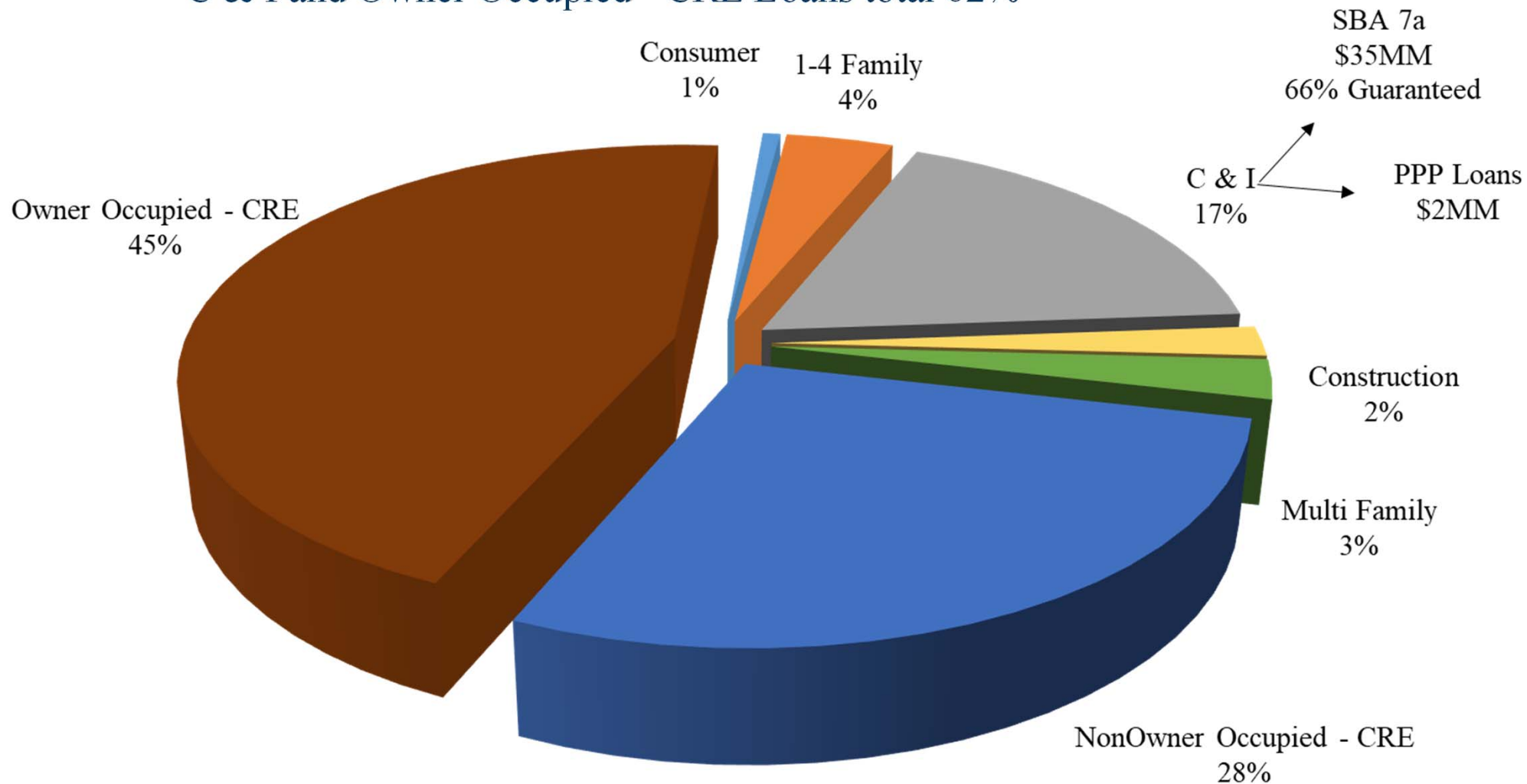
- Grow low-cost core deposit base to fund loan growth with excess funds invested in high-quality investments
- AMBZ underwrites its loan portfolio based upon the cash flow of the underlying business. Asset values are primarily viewed as a secondary source of repayment
- AMBZ's target market of closely-held businesses with strong operating histories has allowed the company to record nominal non-performing loans over its history
- Due to the cash-rich nature of AMBZ's customers and growth in core, the loan-to-deposit ratio is at 77%

Recent Balance Sheet History – Loans



Business Model – Loans

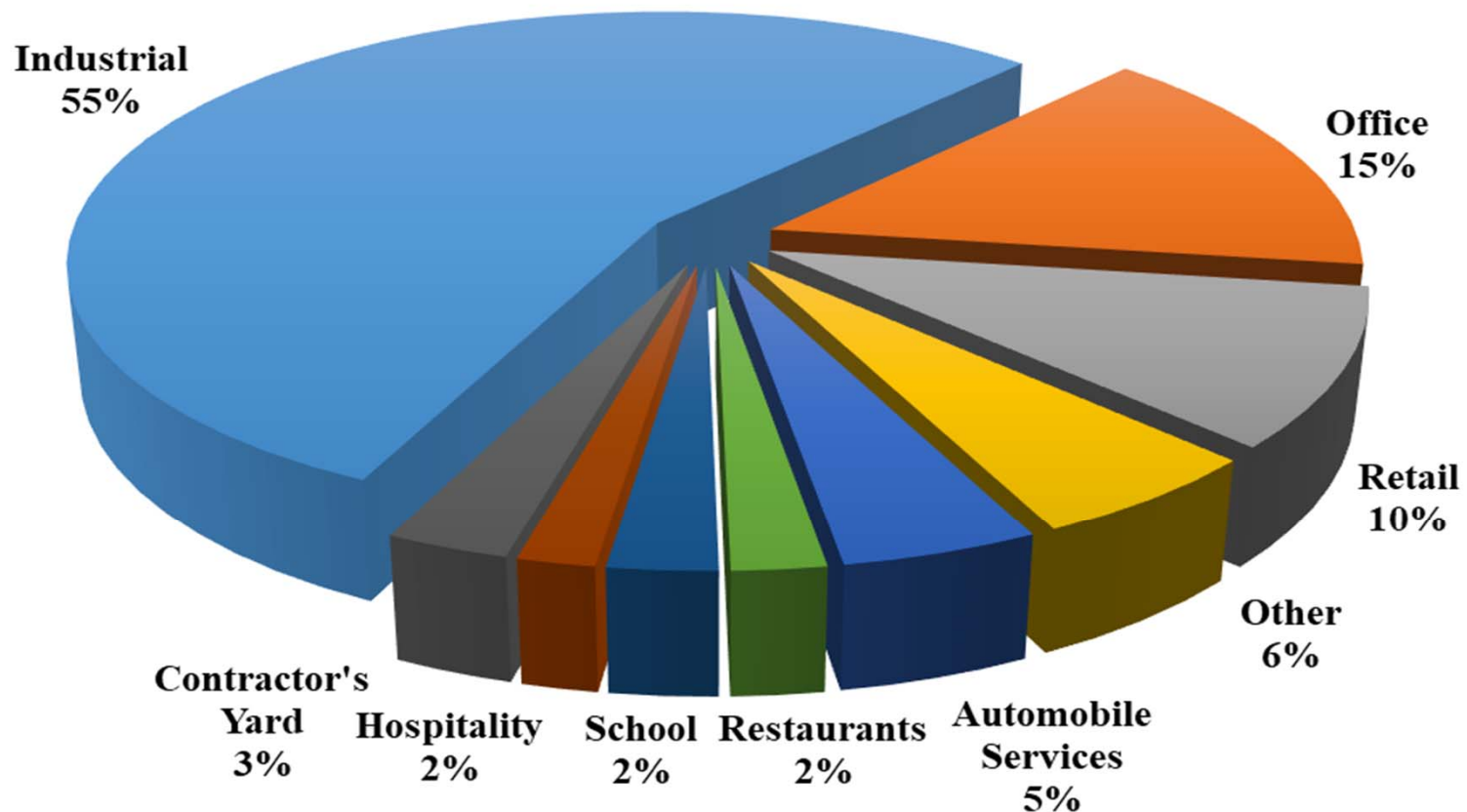
- C & I and Owner Occupied - CRE Loans total 62%



*Loan Portfolio Composition as of June 30, 2023. (Total Loans \$2.5B)
Other Loans are less than 1%*

CRE Loans by Collateral

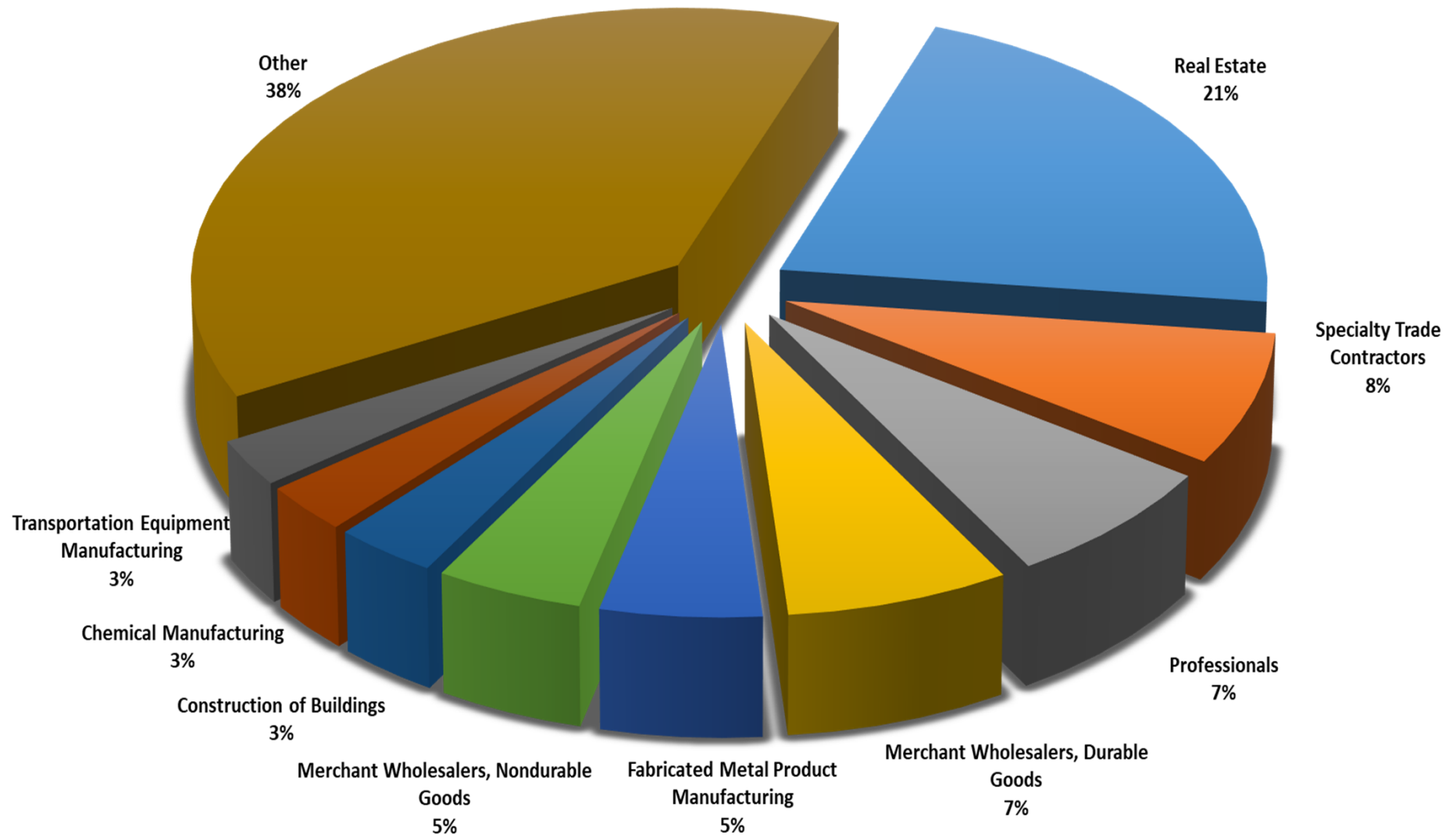
- Total CRE Loans \$1.8B
- CRE Loans to Total Loans 73% (Non-Owner Occupied 28%, Owner Occupied 45%)
- 93% in CA



- Restaurant is combined with club/lodge & theatre

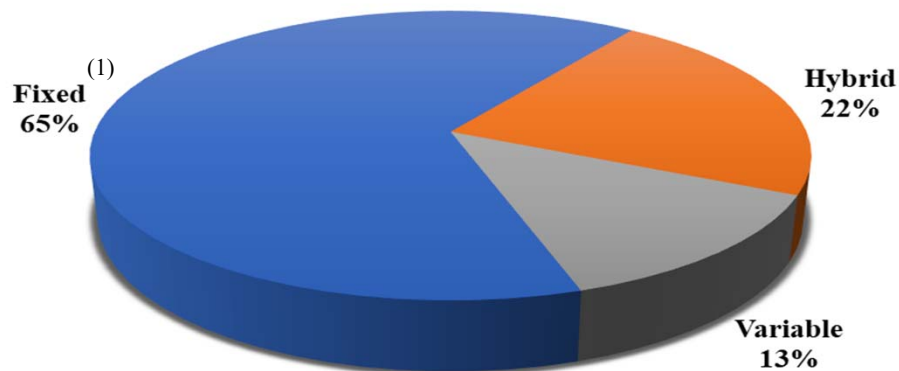
C&I and Owner Occupied CRE Industries

- Similar to our Greater LA Economy excluding entertainment and tech



Interest Rate Components of the Loan Portfolio

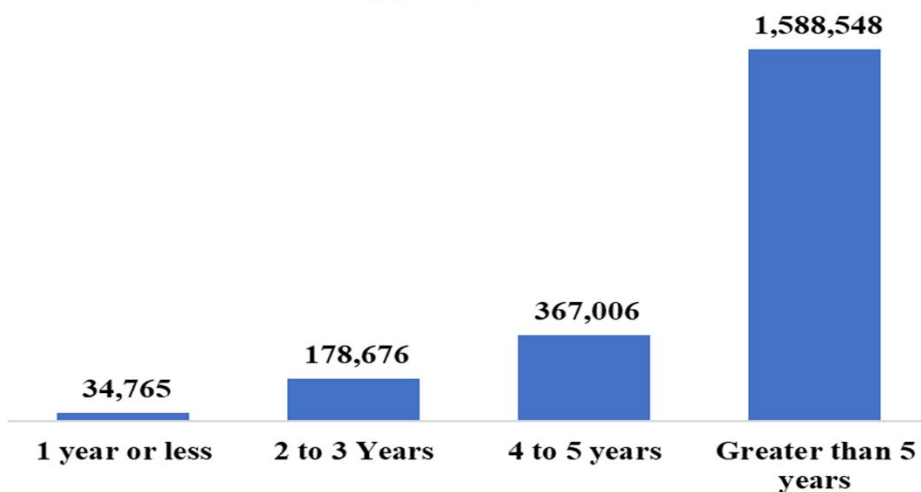
Loan Portfolio by Repricing type



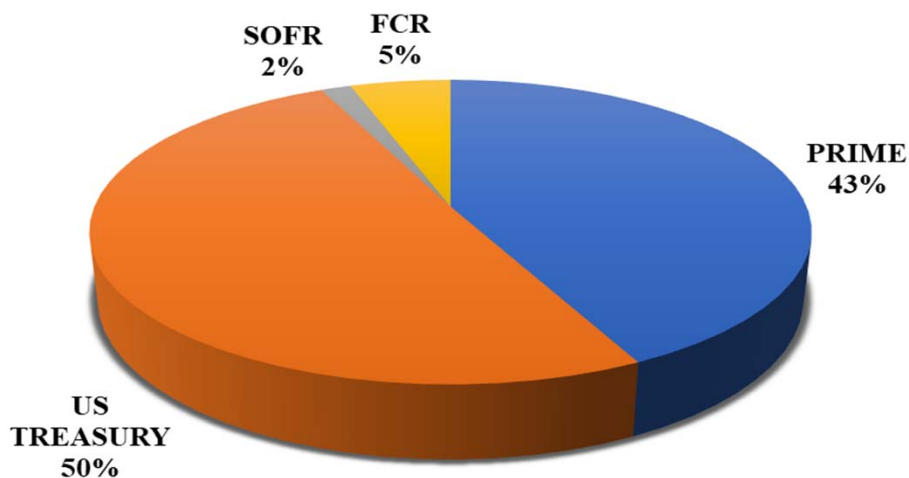
(1) Wtd Avg Life 81 Months

Fixed/Hybrid Years to Maturity/Repricing

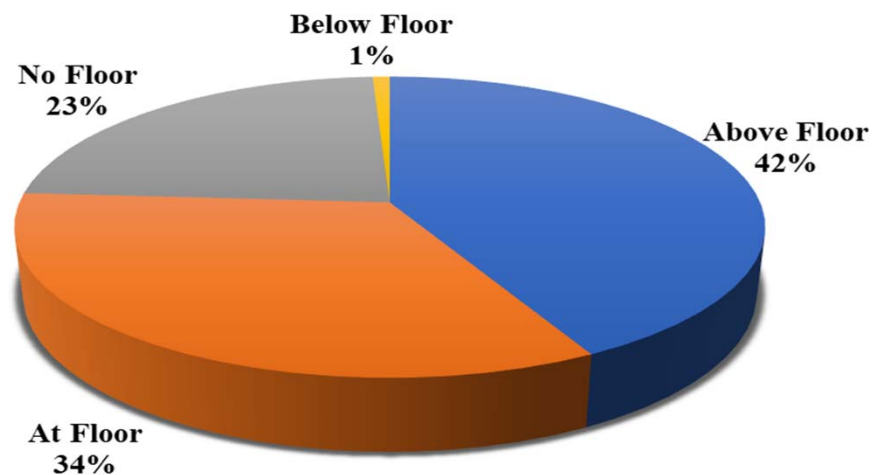
figures in (000s)



Variable Rate - Index Type Mix

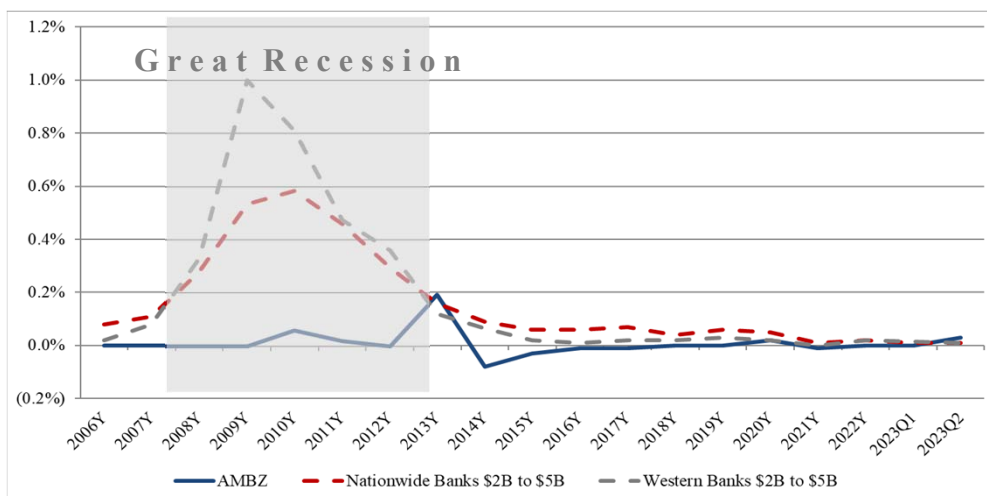


Floor Analysis - Variable Rate Loans

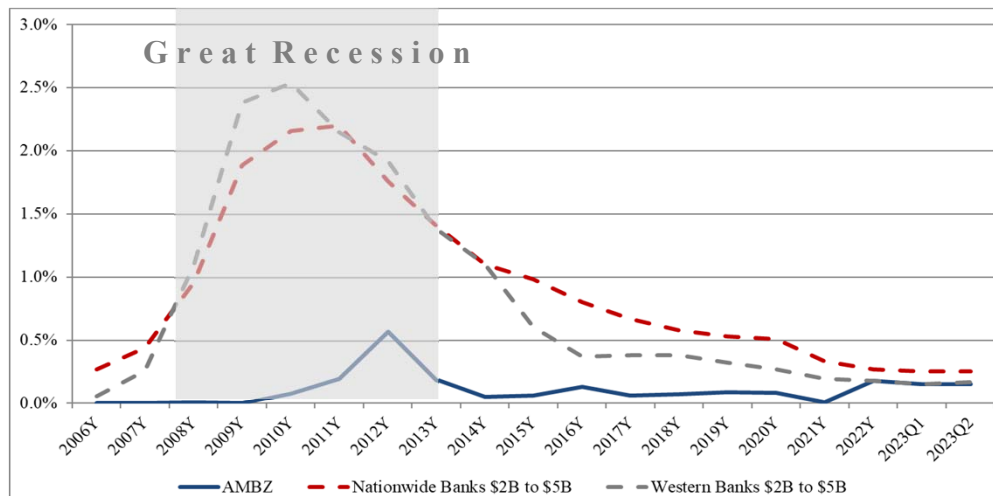


Asset Quality Trends

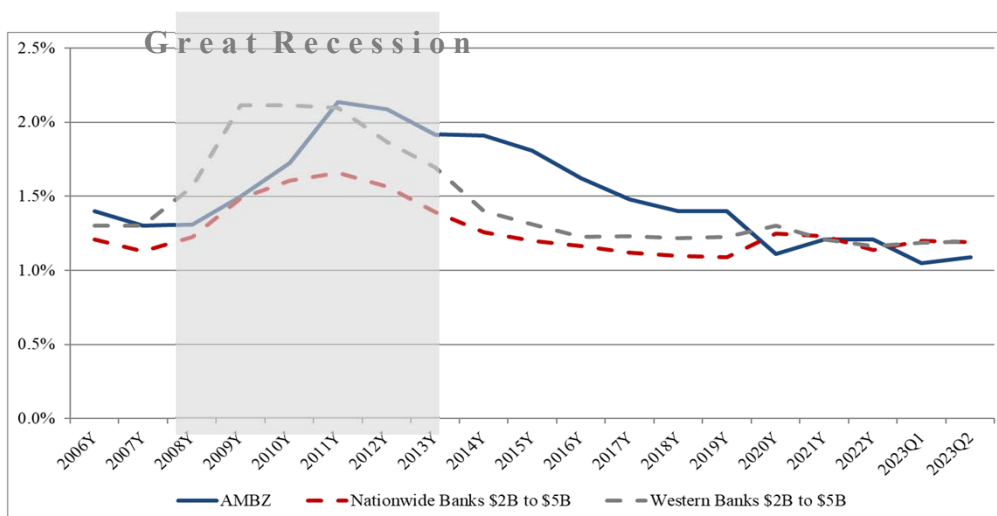
Net Charge-Offs / Average Loans



Non-Performing Assets (NPA) / Total Assets



Reserves / Gross Loans



Highlights

- Average loan size of \$1 MM
- Six nonaccrual loans with an impaired specific reserve of \$544K; majority partially guaranteed
- 23-year net charge-off history \$614K
- Largest Loan relationship is \$42 MM multiple real estate properties
- Total Allowance for Loan Losses \$27 MM
- ACL Ratio 1.09%

Industries of Concern

Loan Type	Owner Occupied (OORE)	Non-Owner Occupied (NOORE)	Avg Loan Size	% of Total Loan Portfolio	% of CRE Portfolio	Wtd Avg Current LTV	Wtd Avg DSCR
Offices	\$172 MM	\$104 MM	\$1.5 MM	11%	15%	44%	1.62
Retail	\$ 23 MM	\$160 MM	\$2.8 MM	7%	10%	46%	1.86

Offices

- Three Stories or Under; Located in Suburban markets

Two Largest Offices

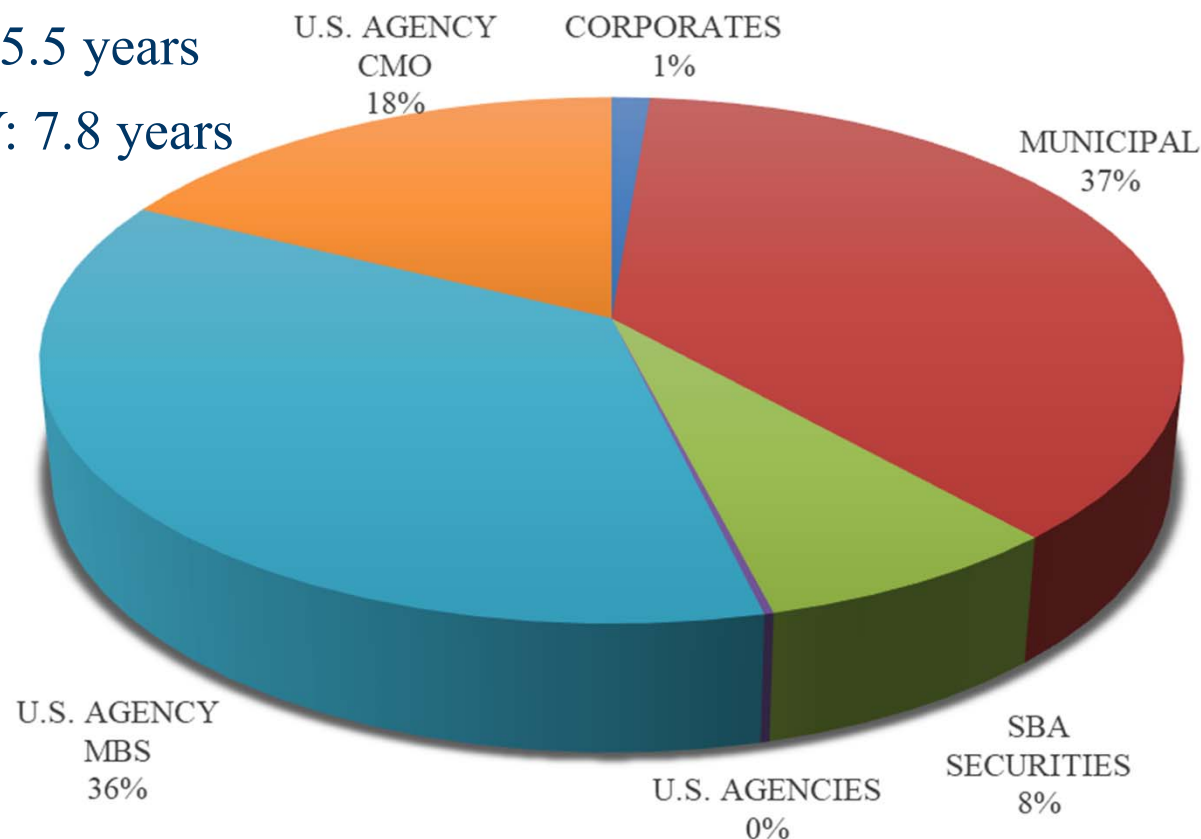
- \$10 MM loan, LTV 39%, DSCR 2.22, OORE, creative one-story office in South Bay
- \$9 MM loan, LTV 54%, DSCR 1.78, NOORE, two-story retail 1st floor, offices 2nd floor in Long Beach

Two Largest Retail

- \$13 MM loan, LTV 65%, DSCR 1.43, NOORE, department store in South Bay
- \$12 MM loan, LTV 50%, DSCR 2.00, NOORE, six-building community shopping center in Imperial County

Business Model – High Quality Investments

- All Munis rated A or better. Only 9 Corporate Notes totaling \$16.2MM
- Municipal securities is comprised of 44 states with largest located in CA (18%), TX (15%), and NY (5%)
- Investments are 34% of Total Assets
- AFS Duration 5.5 years ; PY 5.5 years
- HTM Duration 7.3 years ; PY: 7.8 years
- 89% fixed rate



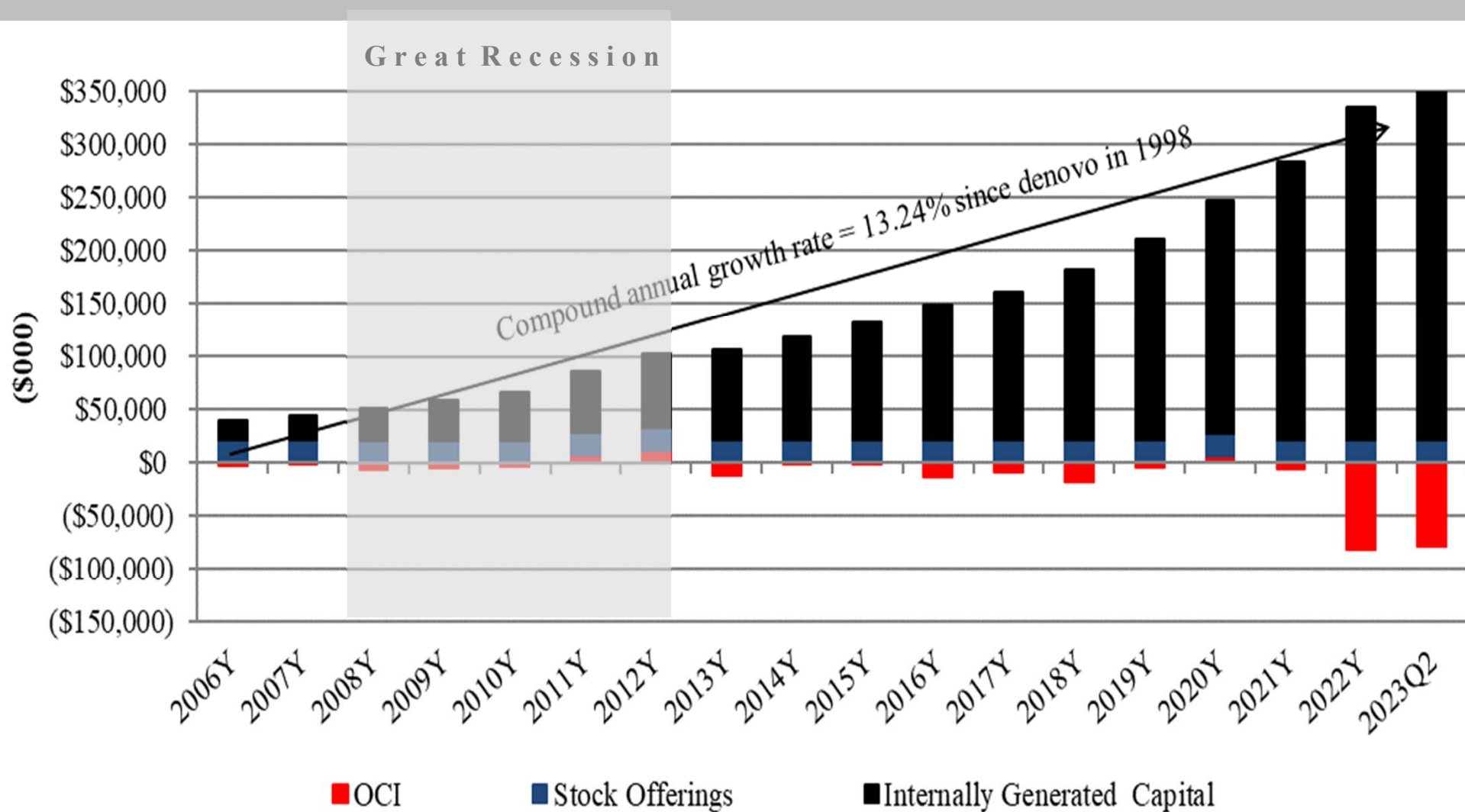
Investment Portfolio Composition as June 30, 2023

Capitalization

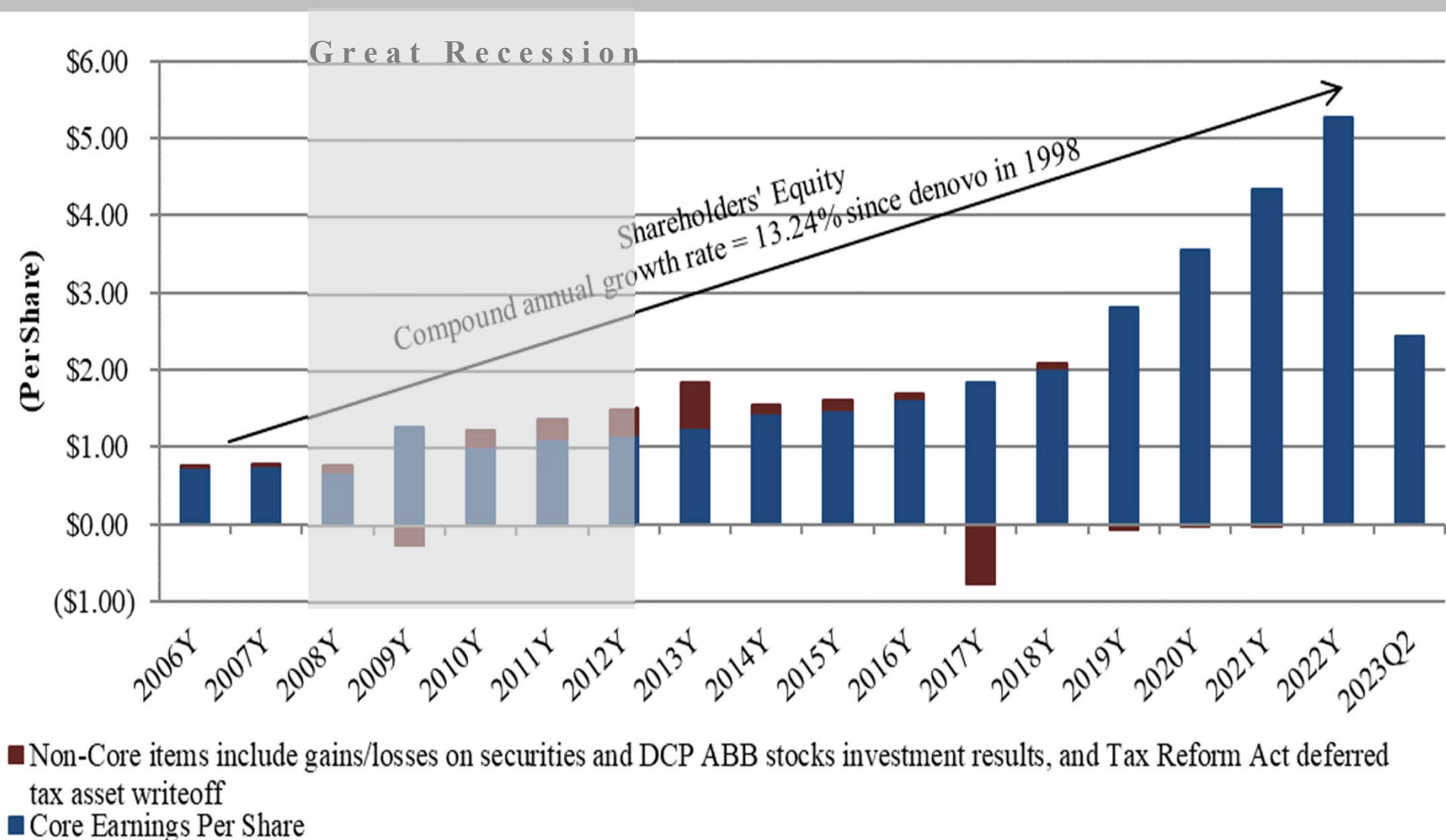
- The initial capital raise of \$14.3 million was completed in 1998 by selling shares primarily to our founders, our core customer base
- A follow-on offering of \$7 million was completed in 2002 by selling shares to existing shareholders
- Since inception, AMBZ has internally generated approximately \$341 million of additional capital
- Tangible book value per share has grown from \$3.27¹ at inception to \$31.37¹ at June 30, 2023 recording a 9.56% compound annual growth rate

¹ Adjusted for stock splits and stock dividends

Balance Sheet History – Shareholders' Equity



Profitability History – Core Earnings



* Adjusted for 10% stock dividend