



AMERICAN BUSINESS BANK REPORTS THIRD QUARTER EARNINGS

Non-Interest Bearing Deposits Grow \$38 million or 8% Annualized in Third Quarter

Third Quarter 2023 Highlights

- **Net income for the quarter increased** over the prior quarter by 9% to \$10.2 million
- **Net interest margin expanded** to 3.12% over prior quarter of 2.99%
- **Total deposits grew** \$249 million or 8% over prior quarter
- **Non-interest bearing demand deposits grew** \$38 million and represent 51% of total deposits
- **Total borrowings decreased** \$280 million or 88% over prior quarter
- **Total loans increased** \$12 million or 0.5% over prior quarter
- **Net yield on interest earning assets increased** 13 basis points over the prior quarter
- **Tangible book value per share** of \$30.90
- **Nonperforming assets to total assets** of 0.14%
- **Continued status as well-capitalized**, the highest regulatory category

Los Angeles, California, October 30, 2023. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$10.2 million or \$1.10 per fully diluted share for the quarter ended September 30, 2023 compared to \$9.3 million or \$1.01 per fully diluted share for the quarter ended June 30, 2023, and \$13.3 million or \$1.44 per fully diluted share for the quarter ending September 30, 2022, representing an increase of 9% and a decline of 23%, respectively. This decline is a result of an increase in the cost of deposits and higher average borrowings. For the third quarter of 2023, net income associated with the PPP program totaled \$13 thousand or \$0.00 per fully diluted share compared to \$251 thousand or \$0.03 per fully diluted share for the third quarter of 2022.

Net income for the nine months ended September 30, 2023 was \$32.6 million or \$3.53 per fully diluted share, a decline of \$2 million or 6%, from the \$34.6 million net income or \$3.77 per fully diluted share for the nine months ended September 30, 2022. For the nine months ended September 30, 2023, net income associated with the PPP program totaled \$105 thousand or \$0.01 per fully diluted share compared to \$2.8 million or \$0.31 per fully diluted share for the nine months ended September 30, 2022.

“Despite the challenging interest rate and liquidity environments, both net interest margin and earnings increased over the prior quarter. Importantly, relationship deposits increased significantly during a period of challenges for the industry due to the consistency and discipline of the Bank’s strategy. As of quarter end, total deposits exceeded the balances of June 30, 2023 by \$249 million and exceeded the balances of December 31, 2022 by \$112 million. This is a notable accomplishment as these new deposits were derived from the same typical sources as always that reflect our marketplace. Borrowing is down significantly since the end of June and we have a strong deposit pipeline of new customers for the remainder of the year. During the last two quarters our deposit growth has outpaced our loan growth and we expect this trend to continue to maintain and enhance our strong liquidity position. These efforts will result in the moderation of our cost of deposits especially as we wean ourselves from higher paying deposit accounts over time.

“In light of our enviable credit culture and history, we continually monitor the loan portfolio for negative market trends. The previous labor disruption by the writers and ongoing strike by the actors has caused concerns for businesses related to the entertainment industry. With limited direct exposure to production companies, we are closely monitoring customers that provide services to the industry which represent 1% of total loans.

“It feels as though over the last several years we have had to navigate different types of turmoil, and the time between events has shortened. The team has weathered the storms, delivered profitability and has exceeded my expectations. The Bank’s business model has been tested and the results are very positive. I’m proud of serving the community as we celebrate the 25 year Anniversary of the Bank this month” commented Leon Blankstein, ABB’s CEO and Director.

For the quarter ending September 30, 2023, net interest income was \$30.3 million, a 5% increase over the second quarter of 2023. Interest income on loans increased by \$1.1 million due to loan growth and higher interest rates. Interest expense decreased primarily due to a decline of \$3.4 million in interest expense on borrowings commensurate with lower balances offset by an increase in interest expense on deposits of \$2.9 million commensurate with higher rates and balances. For the quarter ending September 30, 2023, the cost of deposits was 1.0% representing an increase of 0.27% compared to the quarter ending June 30, 2023.

The provision for loan losses was \$0.8 million in the quarter, a decrease from the prior quarter. The provision was based on loan growth and a \$0.4 million increase in the reserve for unfunded loan commitments mainly due to a reduction in line utilization. The allowance for loan losses as a percentage of loans was 1.10% at September 30, 2023 compared to 1.09% as of June 30, 2023.

Net Interest Margin

Net interest margin for the third quarter of 2023 increased to 3.12% from 2.99% for the second quarter of 2023 primarily due to higher loan yields, an increase in average non-interest bearing deposits and a decline in average borrowings. Net interest margin for the third quarter of 2023 decreased to 3.12% from 3.40% for the third quarter of 2022 primarily due to increases in the cost of deposits and in average borrowings. As of September 30, 2023, 65% of the loan portfolio was fixed rate with a weighted average remaining life of 79 months. Of the variable rate loans, approximately 40% are indexed to prime of which \$324 million are adjustable within 90 days of a change in prime. For the month of September 2023, the net interest margin was 3.16% with a cost of deposits of 1.08%.

Net Interest Income

For the quarter ended September 30, 2023, net interest income increased by \$1.6 million, or 6%, compared to the second quarter of 2023 primarily due to a change in the mix of liabilities to lower cost deposits from higher cost short-term borrowings. For the quarter ended September 30, 2023, net interest income decreased by \$2.1 million, or 6%, compared to the third quarter of 2022. The decrease compared to prior year quarter is primarily due to a change in the mix of liabilities from lower cost deposits to higher cost short-term borrowings.

The following table reflects the effect of PPP related income in 2022 for comparison purposes. The remaining \$1.8 million balance of PPP loans are expected to be held to term.

(Figures in \$000s, except per share amounts)	As of or For the Nine Months Ended:		As of or For the Three Months Ended:	
	September	September	September	September
	2023	2022	2023	2022
PPP Total Loans, net	\$ 1,831	\$ 10,066	\$ 1,831	\$ 10,066
Total PPP loan income	\$ 148	\$ 3,993	\$ 18	\$ 356
Total PPP loan income after tax	\$ 105	\$ 2,816	\$ 13	\$ 251
Total PPP loan income after tax per share - diluted	\$ 0.01	\$ 0.31	\$ 0.00	\$ 0.03

Provision for Credit Losses

The following table presents details of the provision for credit losses for the periods indicated:

(Figures in \$000s)	Three Months Ended		
	September 30,	June 30,	Increase
	2023	2023	(Decrease)
Addition to allowance for loan losses	\$ 424	\$ 1,268	\$ (844)
Addition to reserve for unfunded loan commitments	424	260	164
Total loan-related provision	\$ 848	\$ 1,528	\$ (680)
Addition to allowance for held-to-maturity securities	-	-	-
Total provision for credit losses	\$ 848	\$ 1,528	\$ (680)

The provision for credit losses was \$0.8 million for the third quarter of 2023 compared to \$1.5 million for the second quarter of 2023. The provision for the third quarter was based on an increase in loan balances and a decline in line utilization resulting in higher reserves for unfunded loan commitments.

Non-Interest Income

The decrease in non-interest income compared to the prior quarter and compared to the prior year quarter is primarily due to a decline in the valuation of COLI policies that are invested in mutual funds. In 2023, the Bank sold SBA loans to realize gains to offset losses on the sale of investment securities.

Non-Interest Expense

For the quarter ending September 30, 2023, total non-interest expense increased \$0.5 million compared to the prior quarter and \$1.5 million compared to the prior year quarter. The increase compared to the prior quarter is primarily due to an increase in professional services for recruiting. The increase compared to the prior year quarter is primarily due to an increase in salaries and employee benefits and professional services. The efficiency ratio increased to 55% for the third quarter of 2023 compared to 54% for the second quarter of 2023 and 45% for the third quarter of 2022.

There were 235 full time equivalent employees at September 30, 2023 compared to 211 a year ago and 231 at June 30, 2023. Most of the increase in FTE is in the back office commensurate with the increase in customers. The Bank has 42 relationship managers in eight offices representing an increase of one from both a year ago and the prior quarter.

For the nine months ended September 30, 2023, non-interest expense increased \$5.7 million or 13% compared to the same period a year ago, mainly due to increases in salaries and employee benefits.

Mark Christian joined the Bank as EVP, Chief Operations Officer on September 18, 2023. Prior to joining the Bank, Mark worked in the same role at InBank, and at Pacific Western Bank for over 20 years.

Income Taxes

The effective income tax rate was 28.2% for quarter ended September 30, 2023, 27.6% for quarter ended June 30, 2023, 27.0% for the year ended December 31, 2022 and is estimated to be between 27.0%-28.5% for 2023.

Balance Sheet

For the quarter ended September 30, 2023, total loans increased \$12 million, or 0.5% compared to the prior quarter. The majority of this growth was in non owner-occupied commercial real estate (CRE) loans of which the largest was to fund a community shelter for housing. Commercial and industrial (C&I) loans decreased by \$15 million mainly as a result of a reduction in line utilization. At September 30, 2023, the utilization rate for the Bank's commercial lines of credit decreased to 24% from 26% at June 30, 2023.

	September 30, 2023	June 30, 2023
(Figures in \$000s)		
RE - Owner Occupied	\$ 1,086,242	\$ 1,076,604
RE - Non Owner Occupied	723,183	697,764
Construction & Land	44,101	51,226
Total CRE Loans	<u>\$ 1,853,527</u>	<u>\$ 1,825,594</u>

Total investment securities declined 3%, during the third quarter of 2023 to \$1.19 billion including \$572 million or 44% in held-to-maturity (HTM) securities based on book value. As of September 30, 2023, the duration of the available-for-sale (AFS) securities portfolio increased to 5.8 years from 5.6 years as of June 30, 2023 and September 30, 2022. Accumulated other comprehensive loss on AFS securities increased to \$93.5 million as of September 30, 2023 from \$78.7 million as of June 30, 2023 as market rates relevant to securities pricing increased. The duration on the held-to-maturity portfolio, which holds primarily municipal securities, is 7.6 years. As of September 30, 2023, the unrealized after tax loss on HTM securities was \$90 million.

During the third quarter of 2023, deposits grew steadily throughout the quarter increasing by \$249 million or 8% to \$3.5 billion. The majority of growth came from existing customers as well as new relationships. The Bank has not lost any relationships due to the recent turbulence in the banking industry. Since January 1, 2023, new deposit relationships have totaled approximately \$135 million in deposits from 138 new clients. The Bank's off-balance sheet products of treasury securities held for clients declined by \$21 million during the third quarter of 2023 to \$247 million. The Bank has no brokered deposits.

During the third quarter of 2023, total assets decreased \$28.5 million, or 0.7%, total loans increased \$11.6 million, or 0.5%, total deposits increased by \$249 million, or 8%, and borrowings declined by \$280 million.

The Bank has increased its borrowing capability since March 31, 2023 by pledging additional securities under the Federal Reserve Bank (FRB) Term Funding Program. Under this program, the FRB discount window and loans pledged at the Federal Home Loan Bank of San Francisco, the Bank has \$1.8 billion in borrowing capacity as of September 30, 2023.

At September 30, 2023, the tangible common equity ratio was 7.21%, benefitting from year to date net income and adoption of CECL (\$2.7 million) as compared to year end.

Asset Quality

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

	September 30, 2023	June 30, 2023
(Figures in \$000s)		
Non-performing assets (NPA)	\$ 5,315	\$ 5,788
Loans 90+ Days Past Due and Still Accruing	-	-
Total NPA	\$ 5,315	\$ 5,788
NPA as a % of total assets	0.14%	0.15%
Past Due as a % of total Loans	0.06%	0.00%
Criticized as a % of total Loans	5.56%	4.56%
Classified as a % of total Loans	0.20%	0.25%

During the third quarter, non-performing assets (NPAs) decreased by \$0.4 million to \$5.3 million mainly due to two paid off loan relationships. As of September 30, 2023, NPAs have a \$392 thousand allowance on individually evaluated loans related to five C&I non-performing loan relationships of which the majority have a partial guarantee by the state of California or the SBA. Criticized loans reflect an overall deterioration in contractors impacted by the rains earlier in the year while labor and material costs increased. The construction industry related loans represent 14% of the loan portfolio.

The loan portfolio has approximately 11% in office collateral of which the majority is owner-occupied, substantially all are three stories or under and are all located in suburban markets.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2023	September 30, 2022
(Figures in \$000s)				
Balance, beginning of period	\$ 27,172	\$ 26,073	\$ 29,635	\$ 25,062
Cumulative effect of change in accounting principle - CECL	-	-	(3,885)	-
Charge-offs	(15)	(179)	(194)	(23)
Recoveries	20	10	40	54
Net (charge-offs) / recoveries	\$ 5	\$ (169)	\$ (154)	\$ 31
Provision	424	1,268	2,005	3,346
Balance, end of period	\$ 27,601	\$ 27,172	\$ 27,601	\$ 28,439
Allowance as a % of loans	1.10%	1.09%	1.10%	1.24%

The allowance for credit losses for loans increased to \$27.6 million during the third quarter of 2023 primarily as a result of an increase in loan growth. There were \$15,000 in charge offs in the third quarter of 2023 compared to \$23,000 during the prior year. The Bank has one \$233 thousand restructured loan involving a borrower experiencing financial difficulty. The Bank adopted CECL as of January 1, 2023, thus 2022 was under a different accounting method.

ABOUT AMERICAN BUSINESS BANK

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

FORWARD LOOKING STATEMENTS

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

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

BALANCE SHEETS (unaudited)

	September 2023	June 2023	December 2022	September 2022
Assets:				
Cash and Due from Banks	\$ 71,351	\$ 74,634	\$ 34,644	\$ 79,490
Interest Earning Deposits in Other Financial Institutions	12,111	13,558	1,931	13,420
Investment Securities:				
US Agencies	97,828	104,916	123,164	133,686
Mortgage Backed Securities	398,645	424,316	439,376	447,488
State and Municipals	91,064	97,005	101,788	99,441
Corporate Bonds	13,866	13,443	15,021	15,205
Securities Available-for-Sale, at Fair Value	601,403	639,680	679,349	695,820
Mortgage Backed Securities	181,623	184,796	190,525	193,640
State and Municipals	390,764	391,381	394,219	394,929
Allowance for Credit Losses, Held-To-Maturity	(55)	(55)	-	-
Securities Held-to-Maturity, at Amortized Cost, Net of Allowance for Credit Losses	572,332	576,122	584,744	588,569
Federal Home Loan Bank Stock, at Cost	15,000	15,000	15,000	15,000
Total Investment Securities	1,188,735	1,230,802	1,279,093	1,299,389
Loans Receivable:				
Commercial Real Estate	1,853,527	1,825,594	1,721,911	1,643,780
Commercial and Industrial	476,129	491,576	514,787	494,681
SBA Payroll Protection Program	1,831	2,039	9,505	10,066
Residential Real Estate	172,411	171,593	179,452	151,514
Installment and Other	7,107	8,590	14,547	5,186
Total Loans Receivable	2,511,005	2,499,392	2,440,202	2,305,227
Allowance for Credit Losses	(27,601)	(27,172)	(29,635)	(28,439)
Loans Receivable, Net	2,483,404	2,472,220	2,410,567	2,276,788
Furniture, Equipment and Leasehold Improvements, Net	4,845	5,099	5,605	5,645
Bank/Corporate Owned Life Insurance	28,400	28,302	27,668	28,282
Other Assets	85,315	78,021	81,254	80,405
Total Assets	\$ 3,874,161	\$ 3,902,636	\$ 3,840,762	\$ 3,783,419
Liabilities:				
Non-Interest Bearing Demand Deposits	\$ 1,796,743	\$ 1,758,435	\$ 1,808,570	\$ 1,894,054
Interest Bearing Transaction Accounts	331,315	292,443	314,747	322,945
Money Market and Savings Deposits	1,124,590	1,010,012	1,225,619	1,249,575
Certificates of Deposit	250,032	193,141	41,858	43,530
Total Deposits	3,502,680	3,254,031	3,390,794	3,510,104
Federal Home Loan Bank Advances / Other Borrowings	40,000	320,000	161,500	-
Other Liabilities	52,204	45,555	34,018	37,218
Total Liabilities	\$ 3,594,884	\$ 3,619,586	\$ 3,586,312	\$ 3,547,322
Shareholders' Equity:				
Common Stock	\$ 207,451	\$ 206,597	\$ 205,558	\$ 204,682
Retained Earnings	165,372	155,190	130,080	116,128
Accumulated Other Comprehensive Income / (Loss)	(93,546)	(78,737)	(81,188)	(84,713)
Total Shareholders' Equity	\$ 279,277	\$ 283,050	\$ 254,450	\$ 236,097
Total Liabilities and Shareholders' Equity	\$ 3,874,161	\$ 3,902,636	\$ 3,840,762	\$ 3,783,419
Standby Letters of Credit	\$ 41,823	\$ 41,083	\$ 38,459	\$ 42,067
Per Share Information:				
Common Shares Outstanding	9,039,092	9,021,739	8,963,108	8,937,069
Book Value Per Share	\$ 30.90	\$ 31.37	\$ 28.39	\$ 26.42
Tangible Book Value Per Share	\$ 30.90	\$ 31.37	\$ 28.39	\$ 26.42

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

INCOME STATEMENTS (unaudited)

	For the three months ended:		
	September 2023	June 2023	September 2022
<u>Interest Income:</u>			
Interest and Fees on Loans	\$ 32,332	\$ 31,280	\$ 25,134
Interest on Investment Securities	7,787	7,788	7,181
Interest on Interest Earning Deposits in Other Financial Institutions	279	252	467
Total Interest Income	40,398	39,320	32,782
<u>Interest Expense:</u>			
Interest on Interest Bearing Transaction Accounts	704	407	40
Interest on Money Market and Savings Deposits	6,019	4,323	383
Interest on Certificates of Deposits	1,964	1,024	10
Interest on Federal Home Loan Bank Advances and Other Borrowings	1,433	4,875	16
Total Interest Expense	10,120	10,629	449
Net Interest Income	30,278	28,691	32,333
Provision for Credit Losses	848	1,528	836
Net Interest Income after Provision for Credit Losses	29,430	27,163	31,497
<u>Non-Interest Income:</u>			
Deposit Fees	937	994	1,056
International Fees	439	441	318
Gain (Loss) on Sale of Investment Securities, Net	(63)	(378)	24
Gain on Sale of SBA Loans, Net	143	235	-
Bank/Corporate Owned Life Insurance Income (Expense)	98	439	270
Other	398	634	461
Total Non-Interest Income	1,952	2,365	2,129
<u>Non-Interest Expense:</u>			
Salaries and Employee Benefits	11,487	11,624	10,854
Occupancy and Equipment	1,200	1,200	1,243
Professional Services	2,136	1,812	1,716
Promotion Expenses	794	606	618
Other	1,587	1,406	1,198
Total Non-Interest Expense	17,204	16,648	15,629
Earnings before income taxes	14,178	12,880	17,997
Income Tax Expense	3,996	3,554	4,747
<u>NET INCOME</u>	\$ 10,182	\$ 9,326	\$ 13,250
<u>Per Share Information:</u>			
Earnings Per Share - Basic	\$ 1.11	\$ 1.02	\$ 1.45
Earnings Per Share - Diluted	\$ 1.10	\$ 1.01	\$ 1.44
Weighted Average Shares - Basic	9,211,933	9,179,590	9,110,176
Weighted Average Shares - Diluted	9,240,346	9,218,320	9,200,981

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

INCOME STATEMENTS (unaudited)

	For the nine months ended:	
	September 2023	September 2022
<u>Interest Income:</u>		
Interest and Fees on Loans	\$ 93,355	\$ 70,928
Interest on Investment Securities	23,436	20,120
Interest on Interest Earning Deposits in Other Financial Institutions	739	610
Total Interest Income	117,530	91,658
<u>Interest Expense:</u>		
Interest on Interest Bearing Transaction Accounts	1,342	97
Interest on Money Market and Savings Deposits	12,572	1,013
Interest on Certificates of Deposits	3,255	31
Interest on Federal Home Loan Bank Advances and Other Borrowings	9,394	108
Total Interest Expense	26,563	1,249
Net Interest Income	90,967	90,409
Provision for Credit Losses	2,839	3,346
Net Interest Income after Provision for Credit Losses	88,128	87,063
<u>Non-Interest Income:</u>		
Deposit Fees	2,954	3,035
International Fees	1,150	1,032
Gain (Loss) on Sale of Investment Securities, Net	(652)	(43)
Gain on Sale of SBA Loans, Net	989	-
Bank/Corporate Owned Life Insurance Income (Expense)	732	(569)
Other	1,738	1,159
Total Non-Interest Income	6,911	4,614
<u>Non-Interest Expense:</u>		
Salaries and Employee Benefits	34,449	30,816
Occupancy and Equipment	3,592	3,521
Professional Services	5,867	5,140
Promotion Expenses	1,841	1,341
Other	4,276	3,536
Total Non-Interest Expense	50,025	44,354
Earnings before income taxes	45,014	47,323
Income Tax Expense	12,422	12,716
<u>NET INCOME</u>	\$ 32,592	\$ 34,607
<u>Per Share Information:</u>		
Earnings Per Share - Basic	\$ 3.55	\$ 3.81
Earnings Per Share - Diluted	\$ 3.53	\$ 3.77
Weighted Average Shares - Basic	9,181,813	9,083,190
Weighted Average Shares - Diluted	9,229,089	9,185,905

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Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	September 2023			June 2023		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits in Other Financial Institutions	\$ 21,319	\$ 279	5.19%	\$ 20,808	\$ 252	4.86%
Investment Securities:						
US Agencies	101,829	1,325	5.21%	109,816	1,255	4.57%
Mortgage Backed Securities	696,633	3,236	1.86%	708,368	3,325	1.88%
State and Municipals	498,134	2,745	2.20%	500,033	2,759	2.21%
Corporate Bonds	16,250	188	4.63%	16,250	186	4.58%
Securities Available-for-Sale and Held-to-Maturity	1,312,846	7,494	2.28%	1,334,467	7,525	2.26%
Federal Home Loan Bank Stock	15,000	293	7.82%	15,000	263	7.00%
Total Investment Securities	1,327,846	7,787	2.35%	1,349,467	7,788	2.31%
Loans Receivable:						
Commercial Real Estate	1,842,818	21,974	4.73%	1,815,531	21,136	4.67%
Commercial and Industrial	478,840	7,716	6.39%	479,833	7,484	6.26%
SBA Payroll Protection Program	1,902	18	3.83%	2,674	49	7.39%
Residential Real Estate	170,576	2,558	5.95%	173,644	2,552	5.89%
Installment and Other	8,537	66	3.07%	7,711	59	3.05%
Total Loans Receivable	2,502,673	32,332	5.13%	2,479,393	31,280	5.06%
Total Interest Earning Assets	\$ 3,851,838	\$ 40,398	4.10%	\$ 3,849,668	\$ 39,320	4.04%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,824,291	-	0.00%	1,726,401	-	0.00%
Interest Bearing Transaction Accounts	324,710	704	0.86%	295,110	407	0.55%
Money Market and Savings Deposits	1,062,607	6,019	2.25%	1,003,941	4,323	1.73%
Certificates of Deposit	228,872	1,964	3.40%	140,114	1,024	2.93%
Total Deposits	3,440,480	8,687	1.00%	3,165,566	5,754	0.73%
Federal Home Loan Bank Advances / Other Borrowings	105,087	1,433	5.41%	392,968	4,875	4.98%
Total Interest Bearing Deposits and Borrowings	1,721,276	10,120	2.33%	1,832,133	10,629	2.33%
Total Deposits and Borrowings	\$ 3,545,567	\$ 10,120	1.13%	\$ 3,558,534	\$ 10,629	1.20%
Net Interest Income	\$ 30,278			\$ 28,691		
Net Interest Rate Spread			2.97%			2.84%
Net Interest Margin			3.12%			2.99%
Net Interest Margin, excluding SBA PPP			3.12%			2.99%

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Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	September 2023			September 2022		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits in Other Financial Institutions	\$ 21,319	\$ 279	5.19%	\$ 78,168	\$ 467	2.37%
Investment Securities:						
US Agencies	101,829	1,325	5.21%	139,525	570	1.63%
Mortgage Backed Securities	696,633	3,236	1.86%	747,130	3,404	1.82%
State and Municipals	498,134	2,745	2.20%	513,082	2,840	2.21%
Corporate Bonds	16,250	188	4.63%	14,424	142	3.93%
Securities Available-for-Sale and Held-to-Maturity	1,312,846	7,494	2.28%	1,414,161	6,956	1.97%
Federal Home Loan Bank Stock	15,000	293	7.82%	15,000	225	6.00%
Total Investment Securities	1,327,846	7,787	2.35%	1,429,161	7,181	2.01%
Loans Receivable:						
Commercial Real Estate	1,842,818	21,974	4.73%	1,609,616	16,938	4.17%
Commercial and Industrial	478,840	7,716	6.39%	493,273	6,112	4.92%
SBA Payroll Protection Program	1,902	18	3.83%	13,580	356	10.40%
Residential Real Estate	170,576	2,558	5.95%	138,437	1,678	4.81%
Installment and Other	8,537	66	3.07%	6,694	50	2.99%
Total Loans Receivable	2,502,673	32,332	5.13%	2,261,600	25,134	4.41%
Total Interest Earning Assets	\$ 3,851,838	\$ 40,398	4.10%	\$ 3,768,929	\$ 32,782	3.40%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,824,291	-	0.00%	1,942,800	-	0.00%
Interest Bearing Transaction Accounts	324,710	704	0.86%	307,736	40	0.05%
Money Market and Savings Deposits	1,062,607	6,019	2.25%	1,237,809	383	0.12%
Certificates of Deposit	228,872	1,964	3.40%	42,396	10	0.10%
Total Deposits	3,440,480	8,687	1.00%	3,530,741	433	0.05%
Federal Home Loan Bank Advances / Other Borrowings	105,087	1,433	5.41%	2,609	16	2.37%
Total Interest Bearing Deposits and Borrowings	1,721,276	10,120	2.33%	1,590,550	449	0.11%
Total Deposits and Borrowings	\$ 3,545,567	\$ 10,120	1.13%	\$ 3,533,350	\$ 449	0.05%
Net Interest Income		\$ 30,278			\$ 32,333	
Net Interest Rate Spread			2.97%			3.35%
Net Interest Margin			3.12%			3.40%
Net Interest Margin, excluding SBA PPP			3.12%			3.38%

American Business Bank

Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the nine months ended:					
	September 2023			September 2022		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits in Other Financial Institutions	\$ 20,366	\$ 739	4.85%	\$ 93,909	\$ 610	0.87%
Investment Securities:						
US Agencies	109,975	3,783	4.59%	157,790	661	0.56%
Mortgage Backed Securities	708,057	9,977	1.88%	775,707	9,820	1.69%
State and Municipals	501,330	8,297	2.21%	518,645	8,623	2.22%
Corporate Bonds	16,250	558	4.58%	13,897	386	3.71%
Securities Available-for-Sale and Held-to-Maturity	1,335,612	22,615	2.26%	1,466,039	19,490	1.77%
Federal Home Loan Bank Stock	15,000	821	7.30%	13,726	630	6.12%
Total Investment Securities	1,350,612	23,436	2.31%	1,479,765	20,120	1.81%
Loans Receivable:						
Commercial Real Estate	1,805,477	62,741	4.65%	1,523,630	46,837	4.11%
Commercial and Industrial	486,844	22,706	6.24%	488,401	16,173	4.43%
SBA Payroll Protection Program	3,932	148	5.04%	60,100	3,993	8.88%
Residential Real Estate	173,067	7,550	5.83%	118,453	3,781	4.27%
Installment and Other	7,912	210	3.56%	6,821	144	2.83%
Total Loans Receivable	2,477,232	93,355	5.04%	2,197,405	70,928	4.32%
Total Interest Earning Assets	\$ 3,848,210	\$ 117,530	4.03%	\$ 3,771,079	\$ 91,658	3.21%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,794,366	-	0.00%	1,943,140	-	0.00%
Interest Bearing Transaction Accounts	302,062	1,342	0.59%	287,208	97	0.05%
Money Market and Savings Deposits	1,066,488	12,572	1.58%	1,264,963	1,013	0.11%
Certificates of Deposit	144,986	3,255	3.00%	41,331	31	0.10%
Total Deposits	3,307,902	17,169	0.69%	3,536,642	1,141	0.04%
Federal Home Loan Bank Advances / Other Borrowings	251,363	9,394	5.00%	16,370	108	0.88%
Total Interest Bearing Deposits and Borrowings	1,764,899	26,563	2.01%	1,609,872	1,249	0.10%
Total Deposits and Borrowings	\$ 3,559,265	\$ 26,563	1.00%	\$ 3,553,011	\$ 1,249	0.05%
Net Interest Income	\$ 90,967			\$ 90,409		
Net Interest Rate Spread			3.03%			3.16%
Net Interest Margin			3.16%			3.21%
Net Interest Margin, excluding SBA PPP			3.16%			3.11%

American Business Bank

Figures in \$000

SUPPLEMENTAL DATA (unaudited)

	September 2023	June 2023	December 2022	September 2022
<u>Performance Ratios:</u>				
<u>Quarterly:</u>				
Return on Average Assets (ROAA)	1.05%	0.96%	1.46%	1.39%
Return on Average Equity (ROAE)	14.20%	13.23%	23.45%	21.22%
Efficiency Ratio	54.59%	53.79%	44.55%	45.38%
<u>Year-to-Date</u>				
Return on Average Assets (ROAA)	1.12%	1.16%	1.26%	1.20%
Return on Average Equity (ROAE)	15.58%	16.30%	19.27%	17.98%
Efficiency Ratio	51.62%	50.17%	46.07%	46.66%
<u>Capital Adequacy:</u>				
Total Risk Based Capital Ratio	12.66%	12.56%	12.46%	12.39%
Common Equity Tier 1 Capital Ratio	11.73%	11.65%	11.41%	11.35%
Tier 1 Risk Based Capital Ratio	11.73%	11.65%	11.41%	11.35%
Tier 1 Leverage Ratio	9.41%	8.90%	8.56%	8.40%
Tangible Common Equity / Tangible Assets	7.21%	7.25%	6.62%	6.24%
<u>Asset Quality Overview</u>				
Non-Performing Loans	\$ 5,315	\$ 5,788	\$ 6,927	\$ 2,337
Loans 90+ Days Past Due and Still Accruing	-	-	-	-
Total Non-Performing Loans	5,315	5,788	6,927	2,337
Loans Modified with Financial Difficulty	\$ 233	\$ 239	\$ -	\$ -
Other Real Estate Owned	-	-	-	-
ACL / Loans Receivable	1.10%	1.09%	1.21%	1.23%
Non-Performing Loans / Total Loans Receivable	0.21%	0.23%	0.28%	0.10%
Non-Performing Assets / Total Assets	0.14%	0.15%	0.18%	0.06%
Net Charge-Offs (Recoveries) quarterly	\$ (5)	\$ 170	\$ (27)	\$ 5
Net Charge-Offs (Recoveries) year-to-date	\$ 154	\$ 159	\$ (59)	\$ (31)
Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable	0.01%	0.01%	(0.00%)	(0.00%)