



## AMERICAN BUSINESS BANK REPORTS FOURTH QUARTER EARNINGS

*Earnings Per Share Increases 11% over prior quarter*

### Full Year 2023 Highlights

- **Total loans increased** \$139 million or 6% over prior year
- **Total deposits increased** \$107 million or 3% over prior year
- **Total borrowings decreased** by 66% over prior year to \$55 million
- **Cost of average deposits of 0.82%**, an increase of 0.75% over prior year
- **Nonperforming assets to total assets of 0.20%**
- **Minimal delinquencies** in the 30-89 day loan category
- **Net income** of \$44 million
- **Tangible book value per share** of \$34.73
- **Continued status as well-capitalized**, the highest regulatory category

### Fourth Quarter 2023 Highlights

- **Net income for the quarter increased** over the prior quarter by 12% to \$11.4 million
- **Net interest margin expanded** to 3.16% over prior quarter of 3.12%
- **Total deposits decreased** \$5 million or 0.15% over prior quarter
- **Cost of average deposits of 1.17%**, an increase of 0.17% over the prior quarter
- **Non-interest bearing demand deposits** represent 49% of total deposits
- **Total loans increased** \$69 million or 3% over prior quarter
- **Total borrowings increased** \$15 million or 37.5% over prior quarter
- **Net yield on interest earning assets increased** 4 basis points over the prior quarter

Los Angeles, California, January 29, 2024. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$11.4 million or \$1.23 per fully diluted share for the quarter ended December 31, 2023 compared to \$10.2 million or \$1.10 per fully diluted share for the quarter ended September 30, 2023, and \$14.0 million or \$1.51 per fully diluted share for the quarter ending December 31, 2022, representing an increase of 11% and a decline of 19%, respectively. This decline is primarily the result of the increase in the cost of deposits exceeding the increase in interest earned on assets.

For the year ending December 31, 2023, net income was \$44.0 million or \$4.76 per fully diluted share, compared to \$48.6 million or \$5.28 per fully diluted share for the year ended December 31, 2022. For the year ended December 31, 2023, net income associated with the PPP program was \$0.1 million or \$0.01 per fully diluted share compared to \$2.9 million or \$0.31 per fully diluted share for the year ended December 31, 2022.

“Despite the challenging interest rate and liquidity environments, both net interest margin and earnings increased over the prior quarter. This resulted in the Bank having its second best year of net income in its 25 year history. As is typical, our customers distributed funds for bonuses and taxes near year-end causing a small decline in deposits compared to the prior quarter despite adding new customers. On an average

basis, deposits grew by \$118 million quarter-over-quarter. As of year-end, total deposits exceeded the balances at December 31, 2022 by \$107 million. New deposits were derived from the same sources as always and are similar to the Bank's customer base in terms of quality and type. Borrowing is down since last year and there is a healthy deposit pipeline of new customers. Although loan growth outpaced deposit growth last quarter, our goals for 2024 are to have deposit growth outpace loan growth, eliminate borrowings, and enhance our strong liquidity position. These efforts should result in the moderation of our cost of deposits especially as we wean ourselves from higher paying deposit accounts over time. We believe the key to our success in 2024 is the continued acquisition of new customers and we are well positioned to consistently do so with our relationship-based banking model providing outstanding service.

“During 2023, the banking industry navigated two simultaneous challenges: liquidity pressure and an unprecedented increase in interest rates. Our focus on banking the best small to medium size businesses and building meaningful long-term relationships has allowed us to navigate the upheaval and deliver meaningful profitability for the limited risk we take. I would like to thank our community, referral sources, customers and the entire ABB Family as we complete the 25<sup>th</sup> anniversary of the Bank” commented Leon Blankstein, ABB's CEO and Director.

For the quarter ending December 31, 2023, net interest income was \$31 million, representing a 2% increase over the third quarter of 2023. This increase was primarily due to an additional \$0.9 million of interest income on loans as a result of loan growth and higher interest rates. Net interest income was negatively impacted by an increase in interest expense primarily as a result of an additional \$1.8 million of interest expense on deposits due to higher rates offset by a decline of \$1.3 million in interest expense on borrowings due to lower balances. For the quarter ending December 31, 2023, the cost of deposits was 1.17% representing an increase of 0.17% compared to the quarter ending September 30, 2023.

The provision for credit losses was \$0.6 million in the quarter, a decrease from the prior quarter. The provision was based on loan growth offset by a decrease in the reserve for unfunded loan commitments mainly due to an increase in line utilization. The allowance for credit losses as a percentage of loans was 1.10% at December 31, 2023 and September 30, 2023.

For the full year 2023, the decrease in net income over 2022 was primarily due to an increase in salary expense of \$3.9 million and a decrease in net interest income of \$3.1 million offset by a decrease in provision for credit losses of \$1.1 million. The increase in salaries and benefits was partially due to general understaffing in 2022 when the Bank experienced a qualified labor shortage. Net interest income declined due to a decrease in non-interest bearing demand deposits.

#### Net Interest Margin

Net interest margin for the fourth quarter of 2023 increased to 3.16% from 3.12% for the third quarter of 2023 primarily due to higher loan yields and a decline in average borrowings. Net interest margin for the fourth quarter of 2023 decreased to 3.16% from 3.60% for the fourth quarter of 2022 primarily due to an increase in the cost of deposits and a decline in the ratio of average non-interest bearing deposits to total deposits. As of December 31, 2023, 63% of the loan portfolio was fixed rate with a weighted average remaining life of 76 months. Of the variable rate loans, approximately 46% are indexed to prime of which \$383 million are adjustable within 90 days of a change in prime. For the month of December 2023, the net interest margin was 3.17% with a cost of deposits of 1.19%.

### Net Interest Income

For the quarter ended December 31, 2023, net interest income increased by \$0.7 million, or 2%, compared to the third quarter of 2023 primarily due to an increase in loans and a decline in short-term borrowings. For the quarter ended December 31, 2023, net interest income decreased by \$3.7 million, or 11%, compared to the fourth quarter of 2022. The decrease compared to prior year quarter is primarily due to a change in the mix of deposits from non-interest bearing deposits to interest bearing deposits. The Loan to Deposit ratio was 74% and 72% as of December 31, 2023 and 2022, respectively.

The following table reflects the effect of PPP related income in 2022 for comparison purposes. The remaining \$1.6 million balance of PPP loans are expected to be held to term.

	As of or For the	
	Twelve Months Ended:	
	December	December
(Figures in \$000s, except per share amounts)	2023	2022
PPP Total Loans, net	\$ 1,623	\$ 9,505
Total PPP loan income	\$ 166	\$ 4,066
Total PPP loan income after tax	\$ 117	\$ 2,867
Total PPP loan income after tax per share - diluted	\$ 0.01	\$ 0.31

### Provision for Credit Losses

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

	Year Ended	Three Months Ended		Increase (Decrease)
	December 31,	December 31,	September 30,	
	2023	2023	2023	
(Figures in \$000s)				
Addition to allowance for loan losses	\$ 3,054	\$ 1,049	\$ 424	\$ 625
Addition (Reduction) to reserve for unfunded loan commitments	344	(490)	424	(914)
Total loan-related provision	\$ 3,398	\$ 559	\$ 848	\$ (289)
Addition to allowance for held-to-maturity securities	-	-	-	-
Total provision for credit losses	\$ 3,398	\$ 559	\$ 848	\$ (289)

The provision for credit losses was \$0.6 million for the fourth quarter of 2023 compared to \$1.2 million for the fourth quarter of 2022.

### 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 losses on the sale of investment securities.

### Non-Interest Expense

For the quarter ending December 31, 2023, total non-interest expense decreased \$0.6 million compared to the prior quarter and increased \$0.2 million compared to the prior year quarter. The decrease compared to the prior quarter is primarily due to a decrease in salaries and employee benefits as bonuses and commissions fluctuated with actual results between the periods. The increase compared to the prior year

quarter is primarily due to an increase in salaries and employee benefits. The efficiency ratio of 48% for the fourth quarter of 2023 decreased compared to 55% for the third quarter of 2023 and increased compared to 45% for the fourth quarter of 2022. The third quarter of 2023 is more typical of the Bank's quarterly non-interest expense.

For the year ended December 31, 2023, non-interest expense increased \$5.9 million or 10% compared to the prior year, mainly due to an increase in salaries and employee benefits and professional services.

There were 233 full time equivalent employees at December 31, 2023 compared to 225 a year ago and 235 at September 30, 2023. The Bank has 41 relationship managers in eight offices representing an increase of one from a year ago and a decrease of one from the prior quarter.

### Income Taxes

The effective income tax rate was 27.6% for the quarter ended December 31, 2023, 28.2% for quarter ended September 30, 2023, and 27.3% for the quarter ended December 31, 2022.

### Balance Sheet

For the quarter ended December 31, 2023, total loans increased \$68.6 million, or 2.7% compared to the prior quarter. The majority of this growth was in owner-occupied industrial commercial real estate (CRE) loans. Commercial and industrial (C&I) loans increased by \$14 million mainly as a result of an increase in line utilization. At December 31, 2023, the utilization rate for the Bank's commercial lines of credit increased to 27% from 24% at September 30, 2023.

	December 31, 2023	September 30, 2023
(Figures in \$000s)		
RE - Owner Occupied	\$ 1,111,476	\$ 1,086,242
RE - Non Owner Occupied	722,531	723,183
Construction & Land	50,078	44,101
Total CRE Loans	<u>\$ 1,884,085</u>	<u>\$ 1,853,527</u>

Total investment securities benefitted from a higher market value and increased at the end of the fourth quarter of 2023 to \$1.2 billion, including \$569 million or 44% in held-to-maturity (HTM) securities based on book value. As of December 31, 2023, the duration of the available-for-sale (AFS) securities portfolio of 5.7 years decreased from 5.8 years as of September 30, 2023 and increased from 5.4 years as of December 31, 2022. Accumulated other comprehensive loss (AOCI) decreased to \$70.7 million as of December 31, 2023 from \$93.5 million as of September 30, 2023 as market rates relevant to securities pricing decreased. The duration on the held-to-maturity portfolio, which consists primarily of municipal securities, is 7.3 years. As of December 31, 2023, the unrealized after tax loss on HTM securities was \$66 million.

During the fourth quarter of 2023, deposits declined by \$5 million or 0.2% to \$3.5 billion. 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 \$208 million in deposits from 164 new clients. The Bank's off-balance sheet products of treasury securities held for clients declined by \$25 million during the fourth quarter of 2023 to \$222 million and increased by \$52 million from prior year end. The Bank has no brokered deposits nor internet solicited deposits.

During the fourth quarter of 2023, total assets decreased \$28.6 million, or 0.7%, total loans increased \$68.6 million, or 2.7%, total deposits decreased by \$5.3 million, or 0.2%, and borrowings increased by \$15 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 December 31, 2023.

At December 31, 2023, the tangible common equity ratio was 8.05%, benefitting from year to date net income, a decrease of \$10.5 million in AOCI and adoption of CECL (\$2.7 million) as compared to prior year end.

### Asset Quality

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

	December 31, 2023	September 30, 2023
	<u>2023</u>	<u>2023</u>
(Figures in \$000s)		
Non-performing assets (NPA)	\$ 7,859	\$ 5,315
Loans 90+ Days Past Due and Still Accruing	-	-
Total NPA	<u>\$ 7,859</u>	<u>\$ 5,315</u>
NPA as a % of total assets	0.20%	0.14%
Past Due as a % of total Loans	0.00%	0.06%
Criticized as a % of total Loans	5.95%	5.56%
Classified as a % of total Loans	0.29%	0.20%

During the fourth quarter, non-performing assets (NPAs) increased by \$2.5 million to \$7.9 million mainly due to two contractor loan relationships. As of December 31, 2023, NPAs have a \$585 thousand allowance on individually evaluated loans related to one residential real estate loan relationship and seven 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, and 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		Twelve Months Ended	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
(Figures in \$000s)				
Balance, beginning of period	\$ 27,601	\$ 27,172	\$ 29,635	\$ 25,062
Cumulative effect of change in accounting principle - CECL	-	-	(3,885)	-
Charge-offs	(200)	(15)	(394)	(23)
Recoveries	10	20	50	81
Net (charge-offs) / recoveries	\$ (190)	\$ 5	\$ (344)	\$ 58
Provision	1,049	424	3,054	4,515
Balance, end of period	\$ 28,460	\$ 27,601	\$ 28,460	\$ 29,635
Allowance as a % of loans	1.10%	1.10%	1.10%	1.21%

The allowance for credit losses for loans increased to \$28.5 million during the fourth quarter of 2023 primarily as a result of an increase in loan growth. There was a \$200,000 charge off on a personal line of credit in the fourth quarter of 2023 compared to \$23,000 during the prior year. The Bank has one \$231 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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**American Business Bank**

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

**BALANCE SHEETS (unaudited)**

	<b>December 2023</b>	<b>September 2023</b>	<b>December 2022</b>
<b>Assets:</b>			
Cash and Due from Banks	\$ 32,354	\$ 71,351	\$ 34,644
Interest Earning Deposits in Other Financial Institutions	10,804	12,111	1,931
<b>Investment Securities:</b>			
US Agencies	91,226	97,828	123,164
Mortgage Backed Securities	413,870	398,645	439,376
State and Municipals	91,949	91,064	101,788
Corporate Bonds	14,157	13,866	15,021
Securities Available-for-Sale, at Fair Value	611,202	601,403	679,349
Mortgage Backed Securities	178,985	181,623	190,525
State and Municipals	390,184	390,764	394,219
Allowance for Credit Losses, Held-To-Maturity	(55)	(55)	-
Securities Held-to-Maturity, at Amortized Cost, Net of Allowance for Credit Losses	569,114	572,332	584,744
Federal Home Loan Bank Stock, at Cost	15,000	15,000	15,000
<b>Total Investment Securities</b>	<b>1,195,316</b>	<b>1,188,735</b>	<b>1,279,093</b>
<b>Loans Receivable:</b>			
Commercial Real Estate	1,884,085	1,853,527	1,721,911
Commercial and Industrial	490,075	476,129	514,787
SBA Payroll Protection Program	1,623	1,831	9,505
Residential Real Estate	197,281	172,411	179,452
Installment and Other	6,577	7,107	14,547
<b>Total Loans Receivable</b>	<b>2,579,641</b>	<b>2,511,005</b>	<b>2,440,202</b>
Allowance for Credit Losses	(28,460)	(27,601)	(29,635)
<b>Loans Receivable, Net</b>	<b>2,551,181</b>	<b>2,483,404</b>	<b>2,410,567</b>
Furniture, Equipment and Leasehold Improvements, Net	4,589	4,845	5,605
Bank/Corporate Owned Life Insurance	28,898	28,400	27,668
Other Assets	79,582	85,315	81,254
<b>Total Assets</b>	<b>\$ 3,902,724</b>	<b>\$ 3,874,161</b>	<b>\$ 3,840,762</b>
<b>Liabilities:</b>			
Non-Interest Bearing Demand Deposits	\$ 1,699,560	\$ 1,796,743	\$ 1,808,570
Interest Bearing Transaction Accounts	388,152	331,315	314,747
Money Market and Savings Deposits	1,145,389	1,124,590	1,225,619
Certificates of Deposit	264,312	250,032	41,858
<b>Total Deposits</b>	<b>3,497,413</b>	<b>3,502,680</b>	<b>3,390,794</b>
Federal Home Loan Bank Advances / Other Borrowings	55,000	40,000	161,500
Other Liabilities	36,257	52,204	34,018
<b>Total Liabilities</b>	<b>\$ 3,588,670</b>	<b>\$ 3,594,884</b>	<b>\$ 3,586,312</b>
<b>Shareholders' Equity:</b>			
Common Stock	\$ 208,048	\$ 207,451	\$ 205,558
Retained Earnings	176,747	165,372	130,080
Accumulated Other Comprehensive Income / (Loss)	(70,741)	(93,546)	(81,188)
<b>Total Shareholders' Equity</b>	<b>\$ 314,054</b>	<b>\$ 279,277</b>	<b>\$ 254,450</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,902,724</b>	<b>\$ 3,874,161</b>	<b>\$ 3,840,762</b>
Standby Letters of Credit	\$ 43,178	\$ 41,823	\$ 38,459
<b>Per Share Information:</b>			
Common Shares Outstanding	9,041,911	9,039,092	8,963,108
Book Value Per Share	\$ 34.73	\$ 30.90	\$ 28.39
Tangible Book Value Per Share	\$ 34.73	\$ 30.90	\$ 28.39

**American Business Bank**

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

**INCOME STATEMENTS (unaudited)**

	<b>For the three months ended:</b>		
	<b>December 2023</b>	<b>September 2023</b>	<b>December 2022</b>
<b><u>Interest Income:</u></b>			
Interest and Fees on Loans	\$ 33,185	\$ 32,332	\$ 28,068
Interest on Investment Securities	7,794	7,787	7,658
Interest on Interest Earning Deposits in Other Financial Institutions	623	279	366
<b>Total Interest Income</b>	<b>41,602</b>	<b>40,398</b>	<b>36,092</b>
<b><u>Interest Expense:</u></b>			
Interest on Interest Bearing Transaction Accounts	1,011	704	120
Interest on Money Market and Savings Deposits	7,027	6,019	1,145
Interest on Certificates of Deposits	2,443	1,964	20
Interest on Federal Home Loan Bank Advances and Other Borrowings	171	1,433	159
<b>Total Interest Expense</b>	<b>10,652</b>	<b>10,120</b>	<b>1,444</b>
Net Interest Income	30,950	30,278	34,648
Provision for Credit Losses	559	848	1,169
<b>Net Interest Income after Provision for Credit Losses</b>	<b>30,391</b>	<b>29,430</b>	<b>33,479</b>
<b><u>Non-Interest Income:</u></b>			
Deposit Fees	941	937	1,003
International Fees	419	439	328
Gain (Loss) on Sale of Investment Securities, Net	(418)	(63)	(32)
Gain on Sale of SBA Loans, Net	-	143	-
Bank/Corporate Owned Life Insurance Income (Expense)	498	98	181
Other	494	398	629
<b>Total Non-Interest Income</b>	<b>1,934</b>	<b>1,952</b>	<b>2,109</b>
<b><u>Non-Interest Expense:</u></b>			
Salaries and Employee Benefits	11,182	11,487	10,873
Occupancy and Equipment	1,207	1,200	1,153
Professional Services	2,084	2,136	2,032
Promotion Expenses	708	794	633
Other	1,444	1,587	1,698
<b>Total Non-Interest Expense</b>	<b>16,625</b>	<b>17,204</b>	<b>16,389</b>
Earnings before income taxes	15,700	14,178	19,199
Income Tax Expense	4,326	3,996	5,247
<b><u>NET INCOME</u></b>	<b>\$ 11,374</b>	<b>\$ 10,182</b>	<b>\$ 13,952</b>
<b><u>Per Share Information:</u></b>			
Earnings Per Share - Basic	\$ 1.23	\$ 1.11	\$ 1.53
Earnings Per Share - Diluted	\$ 1.23	\$ 1.10	\$ 1.51
Weighted Average Shares - Basic	9,221,219	9,211,933	9,131,068
Weighted Average Shares - Diluted	9,264,224	9,240,346	9,219,807



**American Business Bank**

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

**INCOME STATEMENTS (unaudited)**

	<b>For the twelve months ended:</b>	
	<b>December 2023</b>	<b>December 2022</b>
<b><u>Interest Income:</u></b>		
Interest and Fees on Loans	\$ 126,540	\$ 98,995
Interest on Investment Securities	31,230	27,778
Interest on Interest Earning Deposits in Other Financial Institutions	1,363	975
Total Interest Income	159,133	127,748
<b><u>Interest Expense:</u></b>		
Interest on Interest Bearing Transaction Accounts	2,353	217
Interest on Money Market and Savings Deposits	19,599	2,158
Interest on Certificates of Deposits	5,698	51
Interest on Federal Home Loan Bank Advances and Other Borrowings	9,564	267
Total Interest Expense	37,214	2,693
Net Interest Income	121,919	125,055
Provision for Credit Losses	3,398	4,515
Net Interest Income after Provision for Credit Losses	118,521	120,540
<b><u>Non-Interest Income:</u></b>		
Deposit Fees	3,895	4,038
International Fees	1,569	1,361
Gain (Loss) on Sale of Investment Securities, Net	(1,070)	(75)
Gain on Sale of SBA Loans, Net	989	-
Bank/Corporate Owned Life Insurance Income (Expense)	1,229	(387)
Other	2,232	1,788
Total Non-Interest Income	8,844	6,725
<b><u>Non-Interest Expense:</u></b>		
Salaries and Employee Benefits	45,631	41,689
Occupancy and Equipment	4,800	4,675
Professional Services	7,951	7,172
Promotion Expenses	2,548	1,974
Other	5,721	5,233
Total Non-Interest Expense	66,651	60,743
Earnings before income taxes	60,714	66,522
Income Tax Expense	16,748	17,963
<b><u>NET INCOME</u></b>	<b>\$ 43,966</b>	<b>\$ 48,559</b>
<b><u>Per Share Information:</u></b>		
Earnings Per Share - Basic	\$ 4.78	\$ 5.34
Earnings Per Share - Diluted	\$ 4.76	\$ 5.28
Weighted Average Shares - Basic	9,191,664	9,095,159
Weighted Average Shares - Diluted	9,237,873	9,194,381

**American Business Bank**

Figures in \$000

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

	For the three months ended:					
	December 2023			September 2023		
	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	\$ 46,030	\$ 623	5.37%	\$ 21,319	\$ 279	5.19%
<b>Investment Securities:</b>						
US Agencies	94,837	1,327	5.60%	101,829	1,325	5.21%
Mortgage Backed Securities	684,903	3,246	1.90%	696,633	3,236	1.86%
State and Municipals	493,806	2,720	2.20%	498,134	2,745	2.20%
Corporate Bonds	16,250	189	4.64%	16,250	188	4.63%
Securities Available-for-Sale and Held-to-Maturity	1,289,796	7,482	2.32%	1,312,846	7,494	2.28%
Federal Home Loan Bank Stock	15,000	312	8.32%	15,000	293	7.82%
<b>Total Investment Securities</b>	<b>1,304,796</b>	<b>7,794</b>	<b>2.39%</b>	<b>1,327,846</b>	<b>7,787</b>	<b>2.35%</b>
<b>Loans Receivable:</b>						
Commercial Real Estate	1,853,087	22,354	4.79%	1,842,818	21,974	4.73%
Commercial and Industrial	477,887	7,835	6.50%	478,840	7,716	6.39%
SBA Payroll Protection Program	1,692	18	4.17%	1,902	18	3.83%
Residential Real Estate	187,505	2,916	6.17%	170,576	2,558	5.95%
Installment and Other	9,250	62	2.64%	8,537	66	3.07%
<b>Total Loans Receivable</b>	<b>2,529,421</b>	<b>33,185</b>	<b>5.21%</b>	<b>2,502,673</b>	<b>32,332</b>	<b>5.13%</b>
<b>Total Interest Earning Assets</b>	<b>\$ 3,880,247</b>	<b>\$ 41,602</b>	<b>4.20%</b>	<b>\$ 3,851,838</b>	<b>\$ 40,398</b>	<b>4.10%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	1,799,457	-	0.00%	1,824,291	-	0.00%
Interest Bearing Transaction Accounts	372,990	1,011	1.08%	324,710	704	0.86%
Money Market and Savings Deposits	1,120,271	7,027	2.49%	1,062,607	6,019	2.25%
Certificates of Deposit	266,120	2,443	3.64%	228,872	1,964	3.40%
<b>Total Deposits</b>	<b>3,558,838</b>	<b>10,481</b>	<b>1.17%</b>	<b>3,440,480</b>	<b>8,687</b>	<b>1.00%</b>
Federal Home Loan Bank Advances / Other Borrowings	11,848	171	5.72%	105,087	1,433	5.41%
<b>Total Interest Bearing Deposits and Borrowings</b>	<b>1,771,229</b>	<b>10,652</b>	<b>2.39%</b>	<b>1,721,276</b>	<b>10,120</b>	<b>2.33%</b>
<b>Total Deposits and Borrowings</b>	<b>\$ 3,570,686</b>	<b>\$ 10,652</b>	<b>1.18%</b>	<b>\$ 3,545,567</b>	<b>\$ 10,120</b>	<b>1.13%</b>
Net Interest Income	\$ 30,950			\$ 30,278		
Net Interest Rate Spread			3.02%			2.97%
Net Interest Margin			3.16%			3.12%
Net Interest Margin, excluding SBA PPP			3.16%			3.12%

American Business Bank

Figures in \$000

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

	For the three months ended:					
	December 2023			December 2022		
	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	\$ 46,030	\$ 623	5.37%	\$ 39,054	\$ 366	3.71%
<b>Investment Securities:</b>						
US Agencies	94,837	1,327	5.60%	128,861	970	3.01%
Mortgage Backed Securities	684,903	3,246	1.90%	731,139	3,429	1.88%
State and Municipals	493,806	2,720	2.20%	509,687	2,816	2.21%
Corporate Bonds	16,250	189	4.64%	16,250	180	4.43%
Securities Available-for-Sale and Held-to-Maturity	1,289,796	7,482	2.32%	1,385,937	7,395	2.13%
Federal Home Loan Bank Stock	15,000	312	8.32%	15,000	263	7.00%
Total Investment Securities	1,304,796	7,794	2.39%	1,400,937	7,658	2.19%
<b>Loans Receivable:</b>						
Commercial Real Estate	1,853,087	22,354	4.79%	1,690,553	18,581	4.36%
Commercial and Industrial	477,887	7,835	6.50%	504,597	7,142	5.62%
SBA Payroll Protection Program	1,692	18	4.17%	9,796	73	2.96%
Residential Real Estate	187,505	2,916	6.17%	163,068	2,219	5.40%
Installment and Other	9,250	62	2.64%	7,352	53	2.84%
Total Loans Receivable	2,529,421	33,185	5.21%	2,375,366	28,068	4.69%
<b>Total Interest Earning Assets</b>	<b>\$ 3,880,247</b>	<b>\$ 41,602</b>	<b>4.20%</b>	<b>\$ 3,815,357</b>	<b>\$ 36,092</b>	<b>3.70%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	1,799,457	-	0.00%	1,948,872	-	0.00%
Interest Bearing Transaction Accounts	372,990	1,011	1.08%	319,496	120	0.15%
Money Market and Savings Deposits	1,120,271	7,027	2.49%	1,231,241	1,145	0.37%
Certificates of Deposit	266,120	2,443	3.64%	44,427	20	0.18%
Total Deposits	3,558,838	10,481	1.17%	3,544,036	1,285	0.14%
Federal Home Loan Bank Advances / Other Borrowings	11,848	171	5.72%	15,989	159	3.94%
Total Interest Bearing Deposits and Borrowings	1,771,229	10,652	2.39%	1,611,153	1,444	0.36%
<b>Total Deposits and Borrowings</b>	<b>\$ 3,570,686</b>	<b>\$ 10,652</b>	<b>1.18%</b>	<b>\$ 3,560,025</b>	<b>\$ 1,444</b>	<b>0.16%</b>
Net Interest Income	\$ 30,950			\$ 34,648		
Net Interest Rate Spread			3.02%			3.54%
Net Interest Margin			3.16%			3.60%
Net Interest Margin, excluding SBA PPP			3.16%			3.60%

**American Business Bank**

Figures in \$000

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

	For the twelve months ended:					
	December 2023			December 2022		
	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	\$ 26,835	\$ 1,363	5.08%	\$ 80,083	\$ 975	1.22%
<b>Investment Securities:</b>						
US Agencies	106,160	5,110	4.81%	150,498	1,632	1.08%
Mortgage Backed Securities	702,221	13,224	1.88%	764,473	13,250	1.73%
State and Municipals	499,434	11,017	2.21%	516,387	11,438	2.22%
Corporate Bonds	16,250	746	4.59%	14,490	566	3.91%
Securities Available-for-Sale and Held-to-Maturity	1,324,065	30,097	2.27%	1,445,848	26,886	1.86%
Federal Home Loan Bank Stock	15,000	1,133	7.55%	14,047	892	6.35%
<b>Total Investment Securities</b>	<b>1,339,065</b>	<b>31,230</b>	<b>2.33%</b>	<b>1,459,895</b>	<b>27,778</b>	<b>1.90%</b>
<b>Loans Receivable:</b>						
Commercial Real Estate	1,817,478	85,095	4.68%	1,565,704	65,417	4.18%
Commercial and Industrial	484,587	30,541	6.30%	492,483	23,315	4.73%
SBA Payroll Protection Program	3,368	166	4.93%	47,421	4,066	8.58%
Residential Real Estate	176,706	10,466	5.92%	129,698	6,000	4.63%
Installment and Other	8,249	272	3.30%	6,955	197	2.83%
<b>Total Loans Receivable</b>	<b>2,490,388</b>	<b>126,540</b>	<b>5.08%</b>	<b>2,242,261</b>	<b>98,995</b>	<b>4.41%</b>
<b>Total Interest Earning Assets</b>	<b>\$ 3,856,288</b>	<b>\$ 159,133</b>	<b>4.07%</b>	<b>\$ 3,782,239</b>	<b>\$ 127,748</b>	<b>3.33%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	1,795,649	-	0.00%	1,944,585	-	0.00%
Interest Bearing Transaction Accounts	319,939	2,353	0.74%	295,346	217	0.07%
Money Market and Savings Deposits	1,080,044	19,599	1.81%	1,256,463	2,158	0.17%
Certificates of Deposit	175,519	5,698	3.25%	42,111	51	0.12%
<b>Total Deposits</b>	<b>3,371,151</b>	<b>27,650</b>	<b>0.82%</b>	<b>3,538,505</b>	<b>2,426</b>	<b>0.07%</b>
Federal Home Loan Bank Advances / Other Borrowings	190,992	9,564	5.01%	16,274	267	1.64%
<b>Total Interest Bearing Deposits and Borrowings</b>	<b>1,766,494</b>	<b>37,214</b>	<b>2.11%</b>	<b>1,610,194</b>	<b>2,693</b>	<b>0.17%</b>
<b>Total Deposits and Borrowings</b>	<b>\$ 3,562,143</b>	<b>\$ 37,214</b>	<b>1.04%</b>	<b>\$ 3,554,779</b>	<b>\$ 2,693</b>	<b>0.08%</b>
Net Interest Income	<u>\$ 121,919</u>			<u>\$ 125,055</u>		
Net Interest Rate Spread			<u>3.03%</u>			<u>3.25%</u>
Net Interest Margin			<u>3.16%</u>			<u>3.31%</u>
Net Interest Margin, excluding SBA PPP			<u>3.16%</u>			<u>3.24%</u>

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

	<b>December 2023</b>	<b>September 2023</b>	<b>December 2022</b>
<b><u>Performance Ratios:</u></b>			
<u>Quarterly:</u>			
Return on Average Assets (ROAA)	1.17%	1.05%	1.46%
Return on Average Equity (ROAE)	16.05%	14.20%	23.45%
Efficiency Ratio	48.45%	54.59%	44.55%
<u>Year-to-Date</u>			
Return on Average Assets (ROAA)	1.13%	1.12%	1.26%
Return on Average Equity (ROAE)	15.70%	15.58%	19.27%
Efficiency Ratio	50.82%	51.62%	46.07%
<b><u>Capital Adequacy:</u></b>			
Total Risk Based Capital Ratio	12.37%	12.66%	12.46%
Common Equity Tier 1 Capital Ratio	11.47%	11.73%	11.41%
Tier 1 Risk Based Capital Ratio	11.47%	11.73%	11.41%
Tier 1 Leverage Ratio	9.64%	9.41%	8.56%
Tangible Common Equity / Tangible Assets	8.05%	7.21%	6.62%
<b><u>Asset Quality Overview</u></b>			
Non-Performing Loans	\$ 7,859	\$ 5,315	\$ 6,927
Loans 90+ Days Past Due and Still Accruing	-	-	-
Total Non-Performing Loans	7,859	5,315	6,927
Loans Modified with Financial Difficulty	\$ 231	\$ 233	\$ -
Other Real Estate Owned	-	-	-
ACL / Loans Receivable	1.10%	1.10%	1.21%
Non-Performing Loans / Total Loans Receivable	0.30%	0.21%	0.28%
Non-Performing Assets / Total Assets	0.20%	0.14%	0.18%
Net Charge-Offs (Recoveries) quarterly	\$ 190	\$ (5)	\$ (27)
Net Charge-Offs (Recoveries) year-to-date	\$ 344	\$ 154	\$ (59)
Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable	0.01%	0.01%	(0.00%)