AMERICAN BUSINESS BANK REPORTS FIRST QUARTER EARNINGS

Net Income for the quarter increased over the prior year quarter

First Quarter 2025 Highlights

- **Net income for the quarter totaled** $11.9 million, or $1.27 per diluted share
- **Net interest margin expanded** to 3.47% from 3.32% in the prior quarter
- **Cost of average deposits declined** to 1.19% compared to 1.28% in the prior quarter
- **Core Deposits increased** $118 million or 3.5% over the prior quarter
- **Total loans increased** $81 million or 3.0% over the prior quarter
- **Net yield on interest earning assets increased** 7 basis points over the prior quarter
- **Non-interest bearing demand deposits** represent 45% of total deposits
- **Minimal past due loans**
- **No borrowings** at the end of the first quarter
- **Return on Average Assets** of 1.16% for the current quarter
- **Commenced Share Repurchase Program**
- **First quarterly cash dividend** paid on common stock of $0.25 per share
- **Tangible book value per share** of $40.61
- **Continued status as well-capitalized,** the highest regulatory category

Los Angeles, California, April 28, 2025 AMERICAN BUSINESS BANK (OTCQX: AMBZ) today reported net income of $11.9 million or $1.27 per fully diluted share for the quarter ended March 31, 2025 compared to $12.5 million or $1.33 per fully diluted share for the quarter ended December 31, 2024, and $10.5 million or $1.13 per fully diluted share for the quarter ended March 31, 2024, representing a decrease of 5% and an increase of 13%, respectively.

"With loan growth over the last year and quarter, the net interest margin continued to expand and earnings improved over the prior year. Business momentum and pipeline remain solid as we weather market volatility and economic uncertainty associated with tariffs and other policy changes. The relationship with our clients is a true partnership in good times and bad," commented Leon Blankstein, Chief Executive Officer (CEO) and Director.

"Our relationship managers have reached out to the clients who may be impacted by the potential tariffs. While some are more concerned than others, depending on their niche, we continue to be impressed by the high caliber of management running the businesses that we bank. As clients navigate through economic uncertainty, they are carefully watching the changes in their markets and are building contingency plans for price increases, supply chains, and potential changes to the economic environment. We differentiate ourselves as a Bank, especially in turbulent times, as a stable partner fostering an open dialogue with clients and prospects.

"We are pleased to see positive core deposit growth for the quarter mainly from existing customers. Some of this growth was event-driven and will not remain on the balance sheet over the long term. The deposit pipeline of new customer relationships remains strong and should drive further core deposit growth in the year. The key to our success continues to be attracting new business clients through our outstanding team of relationship managers.

"Another indicator of business momentum is the hiring of three new accomplished relationship managers in the first quarter of 2025. This brings the total to 50 calling officers up from 40 a year ago. These professionals embrace our business centric approach coupled with high touch service which sets us apart, and enables our future success" commented Leon Blankstein, ABB's CEO and Director.

For the quarter ended March 31, 2025, net interest income was $34.8 million, an 18% increase compared to the prior year quarter. The higher average balance of loans contributed to the increase in interest income compared to the prior year quarter. Although, net interest income was higher compared to the prior quarter, a decrease in non-interest income and an increase in non-interest expense resulted in lower net income compared to the prior quarter.

The allowance for credit losses as a percentage of loans was 1.11% at March 31, 2025 and December 31, 2024. A provision of $0.9 million was recorded for the quarter to increase the allowance for credit losses due to growth in the loan portfolio which was offset by the reduction in the reserve for unfunded loan commitments.

Net Interest Margin

The net interest margin for the first quarter of 2025 increased to 3.47% from 3.32% for the prior quarter and 3.07% for the prior year quarter. This increase compared to the prior quarter is primarily due to an increase in average loans along with a reduction of interest expense on deposits from lower rates. The increase compared to prior year quarter is primarily due to a change in asset mix from lower yielding investment securities to loans and interest earning deposits in other financial institutions. As of March 31, 2025, 60% of the loan portfolio was fixed rate with a weighted average remaining life of 66 months. Approximately 44% of variable rate loans are indexed to prime of which $459 million are adjustable within 90 days of a change in prime.

Net Interest Income

For the quarter ended March 31, 2025, net interest income increased by $0.6 million, or 2%, compared to the quarter ended December 31, 2024 primarily due to a decrease in the cost of deposits and growth in loans. For the quarter ended March 31, 2025, net interest income increased by $5.3 million, or 18%, compared to the quarter ended March 31, 2024. This increase in interest income was attributable to growth in interest earning deposits in other financial institutions and an increase in the average balance of loans coupled with negligible borrowings in the first quarter of 2025. Interest income was further enhanced in the first quarter by higher rates on the loan portfolio. For the quarter ended March 31, 2025, the cost of deposits was 1.19% representing a decrease of 9 bps compared to the quarter ended December 31, 2024. The Loan-to-Deposit ratio was 75% and 78% as of March 31, 2025, and 2024, respectively.

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 March 31, 2025	Three Months Ended December 31, 2024	Three Months Ended March 31, 2024
Addition (recapture) to allowance for loan losses	$ 981	$ 1,350	$ (226)
Addition (recapture) to reserve for unfunded loan commitments	(119)	(590)	438
Total loan-related provision	$ 862	$ 760	$ 212
Addition to allowance for held-to-maturity securities	-	-	-
Total provision for credit losses	$ 862	$ 760	$ 212

Non-Interest Income

The decrease in non-interest income compared to the prior quarter is primarily due to a reduction in CDARS placement fees and transaction referrals. The decrease in non-interest income compared to the prior year quarter is primarily due to losses on the sale of select lower yielding investment securities that were sold as rates dipped near the end of the quarter.

Non-Interest Expense

For the quarter ended March 31, 2025, total non-interest expense increased $0.8 million and $2.3 million compared to the prior quarter and the prior year quarter, respectively. This increase was primarily due to increases in the number of full-time equivalent employees leading to higher salary and employee benefit expenses. The efficiency ratio increased to 52% for the first quarter of 2025 compared to 48% for the fourth quarter of 2024 and decreased from 54% compared to the first quarter of 2024.

There were 252 full time equivalent employees at March 31, 2025 compared to 233 a year ago and 247 at December 31, 2024. The Bank has 50 relationship managers in nine offices compared to 47 at December 31, 2024 and 40 at March 31, 2024.

Income Taxes

The effective income tax rate was 27.6% for the quarter ended March 31, 2025, 28.3% for the quarter ended December 31, 2024, and 27.9% for the quarter ended March 31, 2024.

Balance Sheet

For the quarter ended March 31, 2025, total loans increased $81 million, or 3% compared to the prior quarter. The majority of this increase was in owner-occupied commercial real estate loans mainly due to an increase in loans secured by industrial collateral. The increase in Commercial and Industrial (C&I) loans is mainly due to an increase in line utilization. At March 31, 2025, the utilization rate for the Bank's commercial lines of credit increased to 29.1%, a 16 basis point increase compared to December 31, 2024.

The following table is the composition of Commercial Real Estate (CRE) loans as of:

(Figures in $000s)	March 31, 2025	December 31, 2024
RE - Owner-occupied	$ 1,257,867	$ 1,195,845
RE - Non-owner occupied	754,244	762,848
Construction & Land	94,829	95,441
Total CRE Loans	$ 2,106,939	$ 2,054,135

The following table is the composition of the owner-occupied and non-owner-occupied CRE loans by collateral type:

	as of March 31, 2025	
(Figures in $000s)	Owner-occupied	Non owner-occupied
Industrial	$ 758,914	$ 320,737
Office	184,727	100,529
Retail	23,036	187,315
Automobile Service Facilities	63,272	22,283
Contractor's Yard	84,832	6,642
School	42,165	-
Storage	-	11,203
Miscellaneous	100,921	105,535
Total	$ 1,257,867	$ 754,244

Total investment securities at March 31, 2025 were $1.1 billion including $541 million (50%) in held-to-maturity (HTM) securities based on book value. The Bank has no non-agency mortgage-backed securities in its portfolio. The duration of the available-for-sale (AFS) securities portfolio was 5.9 years as of March 31, 2025 and December 31, 2024; and 5.8 years as of March 31, 2024. Accumulated other comprehensive loss (AOCI) decreased to $68.7 million as of March 31, 2025 from $75.6 million as of December 31, 2024 as market rates relevant to securities pricing decreased. The duration of the held-to-maturity portfolio, which consists primarily of municipal securities, is 8.1 years. As of March 31, 2025, the unrealized after tax loss on HTM securities was $70 million.

Deposits increased by $115 million or 3% to $3.8 billion in the quarter ended March 31, 2025. Of this increase, approximately $18 million came from 36 new client relationships. The Bank has no brokered or internet-solicited deposits. At March 31, 2025 and December 31, 2024, the ratio of non-interest bearing deposits to total deposits remained at 45%.

During the first quarter of 2025, total assets increased $134 million, or 3.3%, total loans increased by $81 million, or 3.0%, and total deposits increased by $115 million, or 3.2%. There were no borrowings at the end of the first quarter of 2025 and fourth quarter of 2024. As of March 31, 2025, the Bank has $1.6 billion in total borrowing capacity from the discount window of the Federal Reserve Board and loans pledged at the Federal Home Loan Bank of San Francisco.

The Bank announced a Stock Repurchase Program in January 2025 for 227,541 shares that expires in January 2026. During the quarter ending March 31, 2025, the bank repurchased, 71,797 shares at a weighted average price of $43.84. During the first quarter, a cash dividend of $0.25 per share, $2.3 million in total, was paid on common stock.

Asset Quality

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

(Figures in $000s)	March 31, 2025	December 31, 2024
Non-performing assets (NPA)	$ 11,750	$ 8,830
Loans 90+ days past due and still accruing	48	-
Total NPA	$ 11,798	$ 8,830
NPA as a % of total assets	0.28%	0.22%
Past Due as a % of total loans	0.02%	0.01%
Criticized as a % of total loans	4.06%	4.31%
Classified as a % of total loans	1.09%	0.96%

During the first quarter of 2025, non-performing assets increased by $3 million due to one relationship with both C&I and Owner-Occupied real estate loan components which resulted in the increase as well in classified loans and restructured loans. The Bank believes that it is well positioned with collateral and SBA enhancements, therefore no loss is expected on the credits. Loans 90+ days past due and still accruing consist of one business credit card relationship. As of March 31, 2025, NPAs have a $372 thousand allowance on individually evaluated loans related to three non-performing C&I loans.

The loan portfolio has approximately 10% in office collateral of which the majority is owner-occupied, and substantially all are three stories or under and located in suburban markets.

Our commercial real estate lending is primarily owner-occupied which is not dependent on rent rolls, but reliant on the cash flows of the operating business that occupies the property. C&I and owner-occupied commercial real estate portfolios comprise 63% of total loans while non-owner occupied represent 27% of total loans.

At this time, the loan portfolio has one piece of collateral on a commercial property that had been destroyed by the January fires in Los Angeles county; the property has adequate insurance coverage. The other property destroyed in the Pacific Palisades fire was paid in full from the insurance proceeds during the quarter.

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

	Three Months Ended		
	March 31, 2025	December 31, 2024	March 31, 2024
(Figures in $000s)			
Balance, beginning of period	$ 30,448	$ 29,105	$ 28,460
Charge-offs	-	(10)	(99)
Recoveries	-	3	200
Net (charge-offs) / recoveries	$ -	$ (7)	$ 101
Provision	981	1,350	(226)
Balance, end of period	$ 31,429	$ 30,448	$ 28,335
Allowance as a % of loans	1.11%	1.11%	1.10%

The allowance for credit losses for loans increased to $31.4 million during the first quarter of 2025 primarily as a result of growth in the loan portfolio. There were no charge-offs or recoveries in the first quarter of 2025 compared to charge-offs of $99 thousand and recoveries of $200 thousand during the prior year quarter. The Bank has seven restructured loans totaling $8.5 million involving borrowers experiencing financial difficulty.

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 eight 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, LA Coastal in Long Beach and San Diego.

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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