



## AMERICAN BUSINESS BANK REPORTS FOURTH QUARTER EARNINGS

*Net Income for the quarter increased over the prior quarter*

### Fourth Quarter 2024 Highlights

- **Net income for the quarter totaled** \$12.5 million, or \$1.33 per diluted share
- **Net interest margin expanded** to 3.32% from 3.13% in the prior quarter
- **Cost of average deposits declined** to 1.28% compared to 1.44% in the prior quarter
- **Total loans increased** \$127 million or 4.9% over the prior quarter
- **Net yield on interest earning assets increased** 1 basis points over the prior quarter
- **Non-interest bearing demand deposits** represent 45% of total deposits
- **Minimal past due loans**
- **No borrowings** at end of the fourth quarter 2024
- **Tangible book value per share** of \$38.98
- **Continued status as well-capitalized**, the highest regulatory category

### Full Year 2024 Highlights

- **Net income for the year** of \$43.3 million or \$4.64 per diluted share
- **Total loans increased** \$171 million or 6.6%
- **Total deposits increased** \$147 million or 4.2%
- **Total core deposits increased** \$115 million or 3.6%

Los Angeles, California, January 29, 2025 [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$12.5 million or \$1.33 per fully diluted share for the quarter ended December 31, 2024 compared to \$10.8 million or \$1.16 per fully diluted share for the quarter ended September 30, 2024, and \$11.4 million or \$1.23 per fully diluted share for the quarter ended December 31, 2023, representing increases of 16% and 10%, respectively.

For the year ended December 31, 2024, net income was \$43.3 million or \$4.64 per fully diluted share, a decrease of \$0.7 million or 2%, compared to \$44.0 million or \$4.76 per fully diluted share for the year ended December 31, 2023.

Leon Blankstein, Chief Executive Officer and Director, commented, “Our thoughts have been with everyone affected by the fires especially our customers and their employees. We are thankful for the first responders who were valiant in their service to our communities. Although our initial assessment indicates a minimal impact on the Bank, this fire event will have repercussions for Los Angeles for years to come as communities rebuild. Our relationship teams are here to listen and talk through any ramifications that clients are experiencing, especially our SBA team which has economic disaster knowledge and has assembled resources to assist.

As to the fourth quarter, the loan growth of nearly 5% was significant. It propels our net interest margin expansion and should increase profitability in the future as the balance sheet continues to adjust to the

higher rate environment. In December our loan yield reached 5.5%. The fourth quarter momentum continues with a strong loan pipeline to begin 2025.

“We were thrilled to see positive core deposit growth for the year. The deposit growth in the second and third quarters from existing customers was significant. We previously noted that some of the deposit inflows in those quarters were event-driven and would not remain on the balance sheet over the long term as observed by the decline in deposits for the fourth quarter. The deposit pipeline of new customer relationships remains strong and should drive further core deposit growth in 2025. The key to our success continues to be attracting new business clients through our outstanding team of relationship managers.

“The Bank continued to expand our team by hiring 11 new accomplished relationship managers in 2024 bringing the total to 47 calling officers up from 41 a year ago. The recent announcement of our new San Diego office represents a natural extension of our footprint in Southern California where we already serve clients. Our San Diego team has been with the Bank for several years and its leader, John Hartwig, is a native San Diegan.

“The announcement of our first share repurchase program represents another step in the evolution of the Bank. This program will provide the Bank with flexibility to manage its capital. As always, our goal remains to be the premier relationship banking franchise in Southern California serving small to medium size businesses with intelligence and delivery of superior service” commented Leon Blankstein, ABB’s CEO and Director.

For the quarter ended December 31, 2024, net interest income was \$34.1 million, a 9% increase compared to the prior quarter and a 10% increase compared to the prior year quarter. Higher average balances of interest earning deposits in other financial institutions led to an increase in interest income compared to the prior quarter and the prior year quarter. In addition, net interest income in the fourth quarter of 2024 benefitted from the reduction of interest expense compared to the prior quarter.

The allowance for credit losses as a percentage of loans was 1.11% at December 31, 2024 and September 30, 2024. A provision of \$0.8 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.

For the year ended December 31, 2024, net income was lower compared to the year ended December 31, 2023 mainly due to an increase in salaries and employee benefits.

#### Net Interest Margin

Net interest margin for the fourth quarter of 2024 increased to 3.32% from 3.13% for the prior quarter and 3.16% for the prior year quarter. This increase compared to the prior quarter is primarily due to an increase in average non-interest bearing deposits funding the increase in average loans. 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 December 31, 2024, 61% of the loan portfolio was fixed rate with a weighted average remaining life of 68 months. Approximately 44% of variable rate loans are indexed to prime of which \$434 million are adjustable within 90 days of a change in prime. The net interest margin for the month of December 2024 was 3.40%.

### Net Interest Income

For the quarter ended December 31, 2024, net interest income increased by \$2.8 million, or 9%, compared to the quarter ended September 30, 2024 primarily due to a decrease in the cost of deposits, the elimination of borrowings, and growth in interest earning deposits in other financial institutions. For the quarter ended December 31, 2024, net interest income increased by \$3.2 million, or 10%, compared to the quarter ended December 31, 2023. 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. Interest income was further enhanced in the fourth quarter by higher rates on the loan portfolio. For the quarter ended December 31, 2024, the cost of deposits was 1.28% representing a decrease of 16 bps compared to the quarter ended September 30, 2024. The Loan-to-Deposit ratio was 75% and 74% as of December 31, 2024, and 2023, respectively.

### Provision for Credit Losses

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

|   | Three Months Ended   |                       |                      | Twelve Months Ended  |                      |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
|   | December 31,<br>2024 | September 30,<br>2024 | December 31,<br>2023 | December 31,<br>2024 | December 31,<br>2023 |
| (Figures in \$000s)   |                      |                       |                      |                      |                      |
| Addition (recapture) to allowance for loan losses             | \$ 1,350             | \$ 266                | \$ 1,049             | \$ 1,840             | \$ 3,054             |
| Addition (recapture) to reserve for unfunded loan commitments | (590)                | (266)                 | (490)                | (856)                | 344                  |
| Total loan-related provision                                  | \$ 760               | \$ -                  | \$ 559               | \$ 984               | \$ 3,398             |
| Addition to allowance for held-to-maturity securities         | -                    | -                     | -                    | -                    | -                    |
| Total provision for credit losses                             | \$ 760               | \$ -                  | \$ 559               | \$ 984               | \$ 3,398             |

### Non-Interest Income

The increase in non-interest income compared to the prior quarter is primarily due to a reduction of loss on the sale of municipal investment securities. The increase in non-interest income compared to the prior year quarter is primarily due an increase in deposit fees.

For the year ended December 31, 2024, non-interest income decreased \$0.8 million or 9% compared to the same period a year ago, primarily due to a reduction in the gain on sale of SBA loans. In 2023, seasoned SBA loans were sold unlike in 2024 when only current production was sold.

### Non-Interest Expense

For the quarter ended December 31, 2024, total non-interest expense was comparable to the prior quarter and increased \$1.6 million compared to the prior year quarter. This increase compared to prior year quarter was primarily due to increases in the number of full-time equivalent employees leading to rising salary and employee benefit expenses. The efficiency ratio decreased to 48% for the fourth quarter of 2024 compared to 53% for the third quarter of 2024 and remained at 48% compared to the fourth quarter of 2023.

There were 247 full time equivalent employees at December 31, 2024 compared to 233 a year ago and 248 at September 30, 2024. The Bank has 47 relationship managers in eight offices compared to 48 at September 30, 2024 and 41 at December 31, 2023.

For the year ended December 31, 2024, non-interest expense increased \$4.2 million or 6% compared to the same period a year ago, mainly due to increases in salaries and employee benefits commensurate with the increase in full time equivalent employees.

## Income Taxes

The effective income tax rate was 28.3% for the quarter ended December 31, 2024, 28.1% for the quarter ended September 30, 2024, and 27.6% for the quarter ended December 31, 2023.

## Balance Sheet

For the quarter ended December 31, 2024, total loans increased \$127 million, or 5% compared to the prior quarter. The majority of this increase was in owner-occupied commercial real estate loans mainly due to an increase in industrial collateral type loans. The increase in Commercial and Industrial (C&I) loans is mainly due to an increase in line utilization. At December 31, 2024, the utilization rate for the Bank's commercial lines of credit increased to 29% from 26% at September 30, 2024. The following table is the composition of Commercial Real Estate (CRE) loans as of:

|                         | December 31,<br>2024 | September 30,<br>2024 |
|-------------------------|----------------------|-----------------------|
| (Figures in \$000s)     |                      |                       |
| RE - Owner-occupied     | \$ 1,195,845         | \$ 1,130,647          |
| RE - Non-owner occupied | 762,848              | 736,124               |
| Construction & Land     | 95,441               | 88,669                |
| Total CRE Loans         | <u>\$ 2,054,135</u>  | <u>\$ 1,955,440</u>   |

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

|                               | as of December 31, 2024 |                    |
|-------------------------------|-------------------------|--------------------|
|                               | Owner-occupied          | Non owner-occupied |
| (Figures in \$000s)           |                         |                    |
| Industrial                    | \$ 709,428              | \$ 327,881         |
| Office                        | 181,400                 | 100,686            |
| Retail                        | 22,518                  | 187,767            |
| Automobile Service Facilities | 63,930                  | 22,460             |
| Contractor's Yard             | 80,593                  | 6,705              |
| School                        | 41,995                  | -                  |
| Storage                       | -                       | 11,268             |
| Miscellaneous                 | 95,981                  | 106,080            |
| <b>Total</b>                  | <u>\$ 1,195,845</u>     | <u>\$ 762,848</u>  |

Total investment securities at December 31, 2024 were \$1.1 billion including \$545 million (50%) in held-to-maturity (HTM) securities based on book value. The Bank has no non-agency mortgage-backed securities in its portfolio. As of December 31, 2024, the duration of the available-for-sale (AFS) securities portfolio was 5.9 years, compared to 5.7 years as of September 30, 2024 and December 31, 2023. Accumulated other comprehensive loss (AOCI) increased to \$75.6 million as of December 31, 2024 from \$59.7 million as of September 30, 2024 as market rates relevant to securities pricing increased. The duration of the held-to-maturity portfolio, which consists primarily of municipal securities, is 7.8 years. As of December 31, 2024, the unrealized after tax loss on HTM securities was \$75 million.

Deposits declined by \$71 million or 2% to \$3.6 billion in the quarter ended December 31, 2024. For the year, new deposit relationships have totaled approximately \$148 million from 166 new clients. The Bank's off-balance sheet products of treasury securities held for clients decreased by \$57 million during the fourth quarter of 2024 to \$197 million. The Bank has no brokered or internet-solicited deposits. Non-interest

bearing deposits decreased from 47% of total deposits to 45% of total deposits in the fourth quarter. The cost of deposits for the month of December was 1.22%.

During the fourth quarter of 2024, total assets decreased \$80 million, or 1.9%, total loans increased by \$127 million, or 4.9%, and total deposits decreased by \$71 million, or 1.9%. There were no borrowings at the end of the fourth and third quarters of 2024.

The Federal Reserve Bank (FRB) Term Funding Program ended March 11, 2024 and was paid in full on July 31, 2024. As of December 31, 2024, the Bank has \$1.6 billion in borrowing capacity including the FRB discount window and from 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 January of 2026. As of this date, no shares have been repurchased.

### Asset Quality

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

|  | December 31,<br>2024 | September 30,<br>2024 |
|--|----------------------|-----------------------|
| (Figures in \$000s)                        |                      |                       |
| Non-performing assets (NPA)                | \$ 7,360             | \$ 6,969              |
| Loans 90+ days past due and still accruing | -                    | -                     |
| Total NPA                                  | \$ 7,360             | \$ 6,969              |
| NPA as a % of total assets                 | 0.18%                | 0.17%                 |
| Past Due as a % of total loans             | 0.01%                | 0.00%                 |
| Criticized as a % of total loans           | 4.31%                | 4.48%                 |
| Classified as a % of total loans           | 0.96%                | 0.90%                 |

During the fourth quarter of 2024, non-performing assets (NPAs) increased by \$0.4 million due to two additional C&I relationships offset by payoffs on another two C&I relationships. As of December 31, 2024, NPAs have a \$273 thousand allowance on individually evaluated loans related to seven non-performing C&I loans of which most have a partial guarantee by the state of California or the SBA. The increase in classified loans is mainly due to an addition of three C&I relationships.

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 61% of total loans while non-owner occupied is only 28% of total loans.

At this time, the Bank estimates that the loan portfolio has two pieces of collateral on commercial properties that have been destroyed by the January fires in Los Angeles county; both properties have adequate insurance coverage.

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,<br>2024 | September 30,<br>2024 | December 31,<br>2023 | December 31,<br>2024 | December 31,<br>2023 |
| (Figures in \$000s)  |                      |                       |                      |                      |                      |
| Balance, beginning of period                               | \$ 29,105            | \$ 28,843             | \$ 27,601            | \$ 28,460            | \$ 29,635            |
| Cumulative effect of change in accounting principle - CECL | -                    | -                     | -                    | -                    | (3,885)              |
| Charge-offs  | (10)                 | (4)                   | (200)                | (113)                | (394)                |
| Recoveries   | 3                    | -                     | 10                   | 261                  | 50                   |
| Net (charge-offs) / recoveries                             | \$ (7)               | \$ (4)                | \$ (190)             | \$ 148               | \$ (344)             |
| Provision  | 1,350                | 266                   | 1,049                | 1,840                | 3,054                |
| Balance, end of period                                     | \$ 30,448            | \$ 29,105             | \$ 28,460            | \$ 30,448            | \$ 28,460            |
| Allowance as a % of loans                                  | 1.11%                | 1.11%                 | 1.10%                | 1.11%                | 1.10%                |

The allowance for credit losses for loans increased to \$30.4 million during the fourth quarter of 2024 primarily as a result of growth in the loan portfolio. There was a \$10 thousand charge off in the fourth quarter of 2024 compared to charge offs of \$200 thousand during the prior year quarter. The Bank recovered \$258 thousand in the first half of 2024; the majority of which had been charged off in the fourth quarter of 2023. The Bank has seven restructured loans totaling \$6.1 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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**American Business Bank***Figures in \$000, except share and per share amounts***BALANCE SHEETS (unaudited)**

|   | December<br>2024    | September<br>2024   | December<br>2023    |
|---|---------------------|---------------------|---------------------|
| <b>Assets:</b>  |                     |                     |                     |
| Cash and Due from Banks   | \$ 35,544           | \$ 109,214          | \$ 32,354           |
| Interest Earning Deposits in Other Financial Institutions                             | 66,073              | 168,521             | 10,804              |
| <b>Investment Securities:</b>   |                     |                     |                     |
| US Agencies   | 71,836              | 73,265              | 91,226              |
| Mortgage Backed Securities  | 375,402             | 400,381             | 413,870             |
| State and Municipals  | 76,442              | 78,504              | 91,949              |
| Corporate Bonds   | 14,594              | 14,371              | 14,157              |
| Securities Available-for-Sale, at Fair Value  | 538,274             | 566,521             | 611,202             |
| Mortgage Backed Securities  | 166,915             | 169,623             | 178,985             |
| State and Municipals  | 377,947             | 383,483             | 390,184             |
| Allowance for Credit Losses, Held-To-Maturity   | (55)                | (55)                | (55)                |
| Securities Held-to-Maturity, at Amortized Cost,<br>Net of Allowance for Credit Losses | 544,807             | 553,051             | 569,114             |
| Federal Home Loan Bank Stock, at Cost   | 15,000              | 15,000              | 15,000              |
| Total Investment Securities   | 1,098,081           | 1,134,572           | 1,195,316           |
| <b>Loans Receivable:</b>  |                     |                     |                     |
| Commercial Real Estate  | 2,054,135           | 1,955,440           | 1,884,085           |
| Commercial and Industrial   | 485,307             | 461,980             | 491,698             |
| Residential Real Estate   | 201,996             | 198,259             | 197,281             |
| Installment and Other   | 9,128               | 7,411               | 6,577               |
| Total Loans Receivable  | 2,750,566           | 2,623,090           | 2,579,641           |
| Allowance for Credit Losses   | (30,448)            | (29,105)            | (28,460)            |
| Loans Receivable, Net   | 2,720,118           | 2,593,985           | 2,551,181           |
| Furniture, Equipment and Leasehold Improvements, Net                                  | 4,963               | 4,831               | 4,589               |
| Bank/Corporate Owned Life Insurance   | 29,943              | 29,714              | 28,898              |
| Other Assets  | 85,621              | 79,151              | 79,582              |
| <b>Total Assets</b>   | <b>\$ 4,040,343</b> | <b>\$ 4,119,988</b> | <b>\$ 3,902,724</b> |
| <b>Liabilities:</b>   |                     |                     |                     |
| Non-Interest Bearing Demand Deposits  | \$ 1,644,635        | \$ 1,745,491        | \$ 1,699,560        |
| Interest Bearing Transaction Accounts   | 388,154             | 376,033             | 388,152             |
| Money Market and Savings Deposits   | 1,315,005           | 1,297,950           | 1,145,389           |
| Certificates of Deposit   | 296,206             | 295,865             | 264,312             |
| Total Deposits  | 3,644,000           | 3,715,339           | 3,497,413           |
| Federal Home Loan Bank Advances / Other Borrowings                                    | -                   | -                   | 55,000              |
| Other Liabilities   | 41,565              | 47,107              | 36,257              |
| <b>Total Liabilities</b>  | <b>\$ 3,685,565</b> | <b>\$ 3,762,446</b> | <b>\$ 3,588,670</b> |
| <b>Shareholders' Equity:</b>  |                     |                     |                     |
| Common Stock  | \$ 210,345          | \$ 209,679          | \$ 208,048          |
| Retained Earnings   | 220,023             | 207,523             | 176,747             |
| Accumulated Other Comprehensive Income / (Loss)                                       | (75,590)            | (59,660)            | (70,741)            |
| <b>Total Shareholders' Equity</b>   | <b>\$ 354,778</b>   | <b>\$ 357,542</b>   | <b>\$ 314,054</b>   |
| <b>Total Liabilities and Shareholders' Equity</b>                                     | <b>\$ 4,040,343</b> | <b>\$ 4,119,988</b> | <b>\$ 3,902,724</b> |
| Standby Letters of Credit   | \$ 47,223           | \$ 46,460           | \$ 43,178           |
| <b>Per Share Information:</b>   |                     |                     |                     |
| Common Shares Outstanding   | 9,102,461           | 9,101,654           | 9,041,911           |
| Book Value Per Share  | \$ 38.98            | \$ 39.28            | \$ 34.73            |
| Tangible Book Value Per Share   | \$ 38.98            | \$ 39.28            | \$ 34.73            |

**American Business Bank***Figures in \$000, except share and per share amounts***INCOME STATEMENTS (unaudited)**

|  | For the three months ended: |                   |                  |
|--|-----------------------------|-------------------|------------------|
|  | December<br>2024            | September<br>2024 | December<br>2023 |
| <b><u>Interest Income:</u></b>   |                             |                   |                  |
| Interest and Fees on Loans   | \$ 36,164                   | \$ 35,513         | \$ 33,185        |
| Interest on Investment Securities  | 7,087                       | 7,176             | 7,794            |
| Interest on Interest Earning Deposits<br>in Other Financial Institutions | 2,966                       | 2,129             | 623              |
| Total Interest Income  | 46,217                      | 44,818            | 41,602           |
| <b><u>Interest Expense:</u></b>  |                             |                   |                  |
| Interest on Interest Bearing Transaction Accounts                        | 868                         | 1,220             | 1,011            |
| Interest on Money Market and Savings Deposits                            | 8,451                       | 9,083             | 7,027            |
| Interest on Certificates of Deposits                                     | 2,754                       | 2,785             | 2,443            |
| Interest on Federal Home Loan Bank Advances<br>and Other Borrowings      | 1                           | 363               | 171              |
| Total Interest Expense   | 12,074                      | 13,451            | 10,652           |
| Net Interest Income  | 34,143                      | 31,367            | 30,950           |
| Provision for Credit Losses  | 760                         | -                 | 559              |
| Net Interest Income after Provision for Credit Losses                    | 33,383                      | 31,367            | 30,391           |
| <b><u>Non-Interest Income:</u></b>                                       |                             |                   |                  |
| Deposit Fees   | 1,142                       | 1,108             | 941              |
| International Fees   | 436                         | 433               | 419              |
| Gain (Loss) on Sale of Investment Securities, Net                        | (298)                       | (587)             | (418)            |
| Gain on Sale of SBA Loans, Net   | 90                          | 187               | -                |
| Bank/Corporate Owned Life Insurance Income (Expense)                     | 228                         | 318               | 498              |
| Other  | 709                         | 454               | 494              |
| Total Non-Interest Income  | 2,307                       | 1,913             | 1,934            |
| <b><u>Non-Interest Expense:</u></b>                                      |                             |                   |                  |
| Salaries and Employee Benefits   | 12,412                      | 12,622            | 11,182           |
| Occupancy and Equipment  | 1,257                       | 1,206             | 1,207            |
| Professional Services  | 2,210                       | 2,172             | 2,084            |
| Promotion Expenses   | 780                         | 720               | 708              |
| Other  | 1,595                       | 1,565             | 1,444            |
| Total Non-Interest Expense   | 18,254                      | 18,285            | 16,625           |
| Earnings before income taxes   | 17,436                      | 14,995            | 15,700           |
| Income Tax Expense   | 4,935                       | 4,215             | 4,326            |
| <b><u>NET INCOME</u></b>   | <b>\$ 12,501</b>            | <b>\$ 10,780</b>  | <b>\$ 11,374</b> |
| <b><u>Per Share Information:</u></b>                                     |                             |                   |                  |
| Earnings Per Share - Basic   | \$ 1.35                     | \$ 1.16           | \$ 1.23          |
| Earnings Per Share - Diluted   | \$ 1.33                     | \$ 1.16           | \$ 1.23          |
| Weighted Average Shares - Basic  | 9,280,972                   | 9,279,741         | 9,221,219        |
| Weighted Average Shares - Diluted  | 9,364,220                   | 9,318,868         | 9,264,224        |



**American Business Bank***Figures in \$000, except share and per share amounts***INCOME STATEMENTS (unaudited)**

|  | <b>For the twelve months ended:</b> |                          |
|--|-------------------------------------|--------------------------|
|  | <b>December<br/>2024</b>            | <b>December<br/>2023</b> |
| <b><u>Interest Income:</u></b>   |                                     |                          |
| Interest and Fees on Loans   | \$ 139,700                          | \$ 126,540               |
| Interest on Investment Securities  | 29,351                              | 31,230                   |
| Interest on Interest Earning Deposits<br>in Other Financial Institutions | 6,183                               | 1,363                    |
| Total Interest Income  | 175,234                             | 159,133                  |
| <b><u>Interest Expense:</u></b>  |                                     |                          |
| Interest on Interest Bearing Transaction Accounts                        | 4,167                               | 2,353                    |
| Interest on Money Market and Savings Deposits                            | 32,698                              | 19,599                   |
| Interest on Certificates of Deposits                                     | 10,235                              | 5,698                    |
| Interest on Federal Home Loan Bank Advances<br>and Other Borrowings      | 4,165                               | 9,564                    |
| Total Interest Expense   | 51,265                              | 37,214                   |
| Net Interest Income  | 123,969                             | 121,919                  |
| Provision for Credit Losses  | 984                                 | 3,398                    |
| Net Interest Income after Provision for Credit Losses                    | 122,985                             | 118,521                  |
| <b><u>Non-Interest Income:</u></b>                                       |                                     |                          |
| Deposit Fees   | 4,314                               | 3,895                    |
| International Fees   | 1,692                               | 1,569                    |
| Gain (Loss) on Sale of Investment Securities, Net                        | (1,391)                             | (1,070)                  |
| Gain on Sale of SBA Loans, Net   | 346                                 | 989                      |
| Bank/Corporate Owned Life Insurance Income (Expense)                     | 1,045                               | 1,229                    |
| Other  | 2,018                               | 2,232                    |
| Total Non-Interest Income  | 8,024                               | 8,844                    |
| <b><u>Non-Interest Expense:</u></b>                                      |                                     |                          |
| Salaries and Employee Benefits   | 48,735                              | 45,631                   |
| Occupancy and Equipment  | 4,867                               | 4,800                    |
| Professional Services  | 8,425                               | 7,951                    |
| Promotion Expenses   | 2,708                               | 2,548                    |
| Other  | 6,092                               | 5,721                    |
| Total Non-Interest Expense   | 70,827                              | 66,651                   |
| Earnings before income taxes   | 60,182                              | 60,714                   |
| Income Tax Expense   | 16,905                              | 16,748                   |
| <b><u>NET INCOME</u></b>   | <b>\$ 43,277</b>                    | <b>\$ 43,966</b>         |
| <b><u>Per Share Information:</u></b>                                     |                                     |                          |
| Earnings Per Share - Basic   | \$ 4.67                             | \$ 4.78                  |
| Earnings Per Share - Diluted   | \$ 4.64                             | \$ 4.76                  |
| Weighted Average Shares - Basic  | 9,264,446                           | 9,191,664                |
| Weighted Average Shares - Diluted  | 9,318,759                           | 9,237,873                |

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

|   | For the three months ended: |                     |                       |                     |                     |                       |
|---|-----------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
|   | December 2024               |                     |                       | September 2024      |                     |                       |
|   | Average<br>Balance          | Interest<br>Inc/Exp | Average<br>Yield/Rate | Average<br>Balance  | Interest<br>Inc/Exp | Average<br>Yield/Rate |
| <b>Interest Earning Assets:</b>                           |                             |                     |                       |                     |                     |                       |
| Interest Earning Deposits in Other Financial Institutions | \$ 245,966                  | \$ 2,966            | 4.80%                 | \$ 156,041          | \$ 2,129            | 5.43%                 |
| <u>Investment Securities:</u>                             |                             |                     |                       |                     |                     |                       |
| US Agencies   | 73,241                      | 973                 | 5.31%                 | 76,670              | 1,045               | 5.45%                 |
| Mortgage Backed Securities                                | 641,499                     | 3,053               | 1.90%                 | 650,264             | 3,032               | 1.87%                 |
| State and Municipals                                      | 462,644                     | 2,546               | 2.20%                 | 470,564             | 2,582               | 2.19%                 |
| Corporate Bonds   | 16,250                      | 186                 | 4.57%                 | 16,250              | 188                 | 4.63%                 |
| Securities Available-for-Sale and Held-to-Maturity        | 1,193,634                   | 6,758               | 2.26%                 | 1,213,748           | 6,847               | 2.26%                 |
| Federal Home Loan Bank Stock                              | 15,000                      | 329                 | 8.76%                 | 15,000              | 329                 | 8.76%                 |
| Total Investment Securities                               | 1,208,634                   | 7,087               | 2.35%                 | 1,228,748           | 7,176               | 2.34%                 |
| <u>Loans Receivable:</u>                                  |                             |                     |                       |                     |                     |                       |
| Commercial Real Estate                                    | 1,969,878                   | 25,124              | 5.07%                 | 1,929,129           | 24,257              | 5.00%                 |
| Commercial and Industrial                                 | 459,346                     | 7,812               | 6.77%                 | 462,791             | 8,028               | 6.90%                 |
| Residential Real Estate                                   | 197,932                     | 3,164               | 6.36%                 | 196,130             | 3,164               | 6.42%                 |
| Installment and Other                                     | 9,509                       | 64                  | 2.69%                 | 8,349               | 64                  | 3.03%                 |
| Total Loans Receivable                                    | 2,636,665                   | 36,164              | 5.46%                 | 2,596,399           | 35,513              | 5.44%                 |
| <b>Total Interest Earning Assets</b>                      | <b>\$ 4,091,265</b>         | <b>\$ 46,217</b>    | <b>4.42%</b>          | <b>\$ 3,981,188</b> | <b>\$ 44,818</b>    | <b>4.41%</b>          |
| <b>Liabilities:</b>                                       |                             |                     |                       |                     |                     |                       |
| Non-Interest Bearing Demand Deposits                      | 1,735,603                   | -                   | 0.00%                 | 1,671,657           | -                   | 0.00%                 |
| Interest Bearing Transaction Accounts                     | 367,644                     | 868                 | 0.94%                 | 394,184             | 1,220               | 1.23%                 |
| Money Market and Savings Deposits                         | 1,349,195                   | 8,451               | 2.49%                 | 1,265,785           | 9,083               | 2.85%                 |
| Certificates of Deposit                                   | 289,945                     | 2,754               | 3.78%                 | 288,357             | 2,785               | 3.84%                 |
| Total Deposits  | 3,742,387                   | 12,073              | 1.28%                 | 3,619,983           | 13,088              | 1.44%                 |
| Federal Home Loan Bank Advances / Other Borrowings        | 73                          | 1                   | 4.77%                 | 25,598              | 363                 | 5.64%                 |
| Total Interest Bearing Deposits and Borrowings            | 2,006,857                   | 12,074              | 2.39%                 | 1,973,924           | 13,451              | 2.71%                 |
| <b>Total Deposits and Borrowings</b>                      | <b>\$ 3,742,461</b>         | <b>\$ 12,074</b>    | <b>1.28%</b>          | <b>\$ 3,645,581</b> | <b>\$ 13,451</b>    | <b>1.47%</b>          |
| Net Interest Income                                       | \$ 34,143                   |                     |                       | \$ 31,367           |                     |                       |
| Net Interest Rate Spread                                  |                             |                     | 3.14%                 |                     |                     | 2.94%                 |
| Net Interest Margin                                       |                             |                     | 3.32%                 |                     |                     | 3.13%                 |

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

|   | For the three months ended: |                     |                       |                     |                     |                       |
|---|-----------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
|   | December 2024               |                     |                       | December 2023       |                     |                       |
|   | Average<br>Balance          | Interest<br>Inc/Exp | Average<br>Yield/Rate | Average<br>Balance  | Interest<br>Inc/Exp | Average<br>Yield/Rate |
| <b>Interest Earning Assets:</b>                           |                             |                     |                       |                     |                     |                       |
| Interest Earning Deposits in Other Financial Institutions | \$ 245,966                  | \$ 2,966            | 4.80%                 | \$ 46,030           | \$ 623              | 5.37%                 |
| <u>Investment Securities:</u>                             |                             |                     |                       |                     |                     |                       |
| US Agencies   | 73,241                      | 973                 | 5.31%                 | 94,837              | 1,327               | 5.60%                 |
| Mortgage Backed Securities                                | 641,499                     | 3,053               | 1.90%                 | 684,903             | 3,246               | 1.90%                 |
| State and Municipals                                      | 462,644                     | 2,546               | 2.20%                 | 493,806             | 2,720               | 2.20%                 |
| Corporate Bonds   | 16,250                      | 186                 | 4.57%                 | 16,250              | 189                 | 4.64%                 |
| Securities Available-for-Sale and Held-to-Maturity        | 1,193,634                   | 6,758               | 2.26%                 | 1,289,796           | 7,482               | 2.32%                 |
| Federal Home Loan Bank Stock                              | 15,000                      | 329                 | 8.76%                 | 15,000              | 312                 | 8.32%                 |
| Total Investment Securities                               | 1,208,634                   | 7,087               | 2.35%                 | 1,304,796           | 7,794               | 2.39%                 |
| <u>Loans Receivable:</u>                                  |                             |                     |                       |                     |                     |                       |
| Commercial Real Estate                                    | 1,969,878                   | 25,124              | 5.07%                 | 1,853,087           | 22,354              | 4.79%                 |
| Commercial and Industrial                                 | 459,346                     | 7,812               | 6.77%                 | 479,579             | 7,853               | 6.50%                 |
| Residential Real Estate                                   | 197,932                     | 3,164               | 6.36%                 | 187,505             | 2,916               | 6.17%                 |
| Installment and Other                                     | 9,509                       | 64                  | 2.69%                 | 9,250               | 62                  | 2.64%                 |
| Total Loans Receivable                                    | 2,636,665                   | 36,164              | 5.46%                 | 2,529,421           | 33,185              | 5.21%                 |
| <b>Total Interest Earning Assets</b>                      | <b>\$ 4,091,265</b>         | <b>\$ 46,217</b>    | <b>4.42%</b>          | <b>\$ 3,880,247</b> | <b>\$ 41,602</b>    | <b>4.20%</b>          |
| <b>Liabilities:</b>                                       |                             |                     |                       |                     |                     |                       |
| Non-Interest Bearing Demand Deposits                      | 1,735,603                   | -                   | 0.00%                 | 1,799,457           | -                   | 0.00%                 |
| Interest Bearing Transaction Accounts                     | 367,644                     | 868                 | 0.94%                 | 372,990             | 1,011               | 1.08%                 |
| Money Market and Savings Deposits                         | 1,349,195                   | 8,451               | 2.49%                 | 1,120,271           | 7,027               | 2.49%                 |
| Certificates of Deposit                                   | 289,945                     | 2,754               | 3.78%                 | 266,120             | 2,443               | 3.64%                 |
| Total Deposits  | 3,742,387                   | 12,073              | 1.28%                 | 3,558,838           | 10,481              | 1.17%                 |
| Federal Home Loan Bank Advances / Other Borrowings        | 73                          | 1                   | 4.77%                 | 11,848              | 171                 | 5.72%                 |
| Total Interest Bearing Deposits and Borrowings            | 2,006,857                   | 12,074              | 2.39%                 | 1,771,229           | 10,652              | 2.39%                 |
| <b>Total Deposits and Borrowings</b>                      | <b>\$ 3,742,461</b>         | <b>\$ 12,074</b>    | <b>1.28%</b>          | <b>\$ 3,570,686</b> | <b>\$ 10,652</b>    | <b>1.18%</b>          |
| Net Interest Income                                       | \$ 34,143                   |                     |                       | \$ 30,950           |                     |                       |
| Net Interest Rate Spread                                  |                             |                     | 3.14%                 |                     |                     | 3.02%                 |
| Net Interest Margin                                       |                             |                     | 3.32%                 |                     |                     | 3.16%                 |

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

|   | For the twelve months ended: |                     |                       |                     |                     |                       |
|---|------------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
|   | December 2024                |                     |                       | December 2023       |                     |                       |
|   | Average<br>Balance           | Interest<br>Inc/Exp | Average<br>Yield/Rate | Average<br>Balance  | Interest<br>Inc/Exp | Average<br>Yield/Rate |
| <b>Interest Earning Assets:</b>                           |                              |                     |                       |                     |                     |                       |
| Interest Earning Deposits in Other Financial Institutions | \$ 121,158                   | \$ 6,183            | 5.10%                 | \$ 26,835           | \$ 1,363            | 5.08%                 |
| <u>Investment Securities:</u>                             |                              |                     |                       |                     |                     |                       |
| US Agencies   | 80,458                       | 4,473               | 5.56%                 | 106,160             | 5,110               | 4.81%                 |
| Mortgage Backed Securities                                | 657,108                      | 12,413              | 1.89%                 | 702,221             | 13,224              | 1.88%                 |
| State and Municipals                                      | 473,922                      | 10,401              | 2.19%                 | 499,434             | 11,017              | 2.21%                 |
| Corporate Bonds   | 16,250                       | 750                 | 4.62%                 | 16,250              | 746                 | 4.59%                 |
| Securities Available-for-Sale and Held-to-Maturity        | 1,227,738                    | 28,037              | 2.28%                 | 1,324,065           | 30,097              | 2.27%                 |
| Federal Home Loan Bank Stock                              | 15,000                       | 1,314               | 8.76%                 | 15,000              | 1,133               | 7.55%                 |
| Total Investment Securities                               | 1,242,738                    | 29,351              | 2.36%                 | 1,339,065           | 31,230              | 2.33%                 |
| <u>Loans Receivable:</u>                                  |                              |                     |                       |                     |                     |                       |
| Commercial Real Estate                                    | 1,916,601                    | 95,286              | 4.97%                 | 1,817,478           | 85,095              | 4.68%                 |
| Commercial and Industrial                                 | 468,000                      | 31,667              | 6.77%                 | 487,955             | 30,707              | 6.29%                 |
| Residential Real Estate                                   | 196,746                      | 12,487              | 6.35%                 | 176,706             | 10,466              | 5.92%                 |
| Installment and Other                                     | 8,930                        | 260                 | 2.91%                 | 8,249               | 272                 | 3.30%                 |
| Total Loans Receivable                                    | 2,590,277                    | 139,700             | 5.39%                 | 2,490,388           | 126,540             | 5.08%                 |
| <b>Total Interest Earning Assets</b>                      | <b>\$ 3,954,173</b>          | <b>\$ 175,234</b>   | <b>4.36%</b>          | <b>\$ 3,856,288</b> | <b>\$ 159,133</b>   | <b>4.07%</b>          |
| <b>Liabilities:</b>                                       |                              |                     |                       |                     |                     |                       |
| Non-Interest Bearing Demand Deposits                      | 1,665,890                    | -                   | 0.00%                 | 1,795,649           | -                   | 0.00%                 |
| Interest Bearing Transaction Accounts                     | 382,057                      | 4,167               | 1.09%                 | 319,939             | 2,353               | 0.74%                 |
| Money Market and Savings Deposits                         | 1,221,916                    | 32,698              | 2.68%                 | 1,080,044           | 19,599              | 1.81%                 |
| Certificates of Deposit                                   | 273,882                      | 10,235              | 3.74%                 | 175,519             | 5,698               | 3.25%                 |
| Total Deposits  | 3,543,745                    | 47,100              | 1.33%                 | 3,371,151           | 27,650              | 0.82%                 |
| Federal Home Loan Bank Advances / Other Borrowings        | 77,452                       | 4,165               | 5.38%                 | 190,992             | 9,564               | 5.01%                 |
| Total Interest Bearing Deposits and Borrowings            | 1,955,307                    | 51,265              | 2.62%                 | 1,766,494           | 37,214              | 2.11%                 |
| <b>Total Deposits and Borrowings</b>                      | <b>\$ 3,621,197</b>          | <b>\$ 51,265</b>    | <b>1.42%</b>          | <b>\$ 3,562,143</b> | <b>\$ 37,214</b>    | <b>1.04%</b>          |
| Net Interest Income                                       | \$ 123,969                   |                     |                       | \$ 121,919          |                     |                       |
| Net Interest Rate Spread                                  |                              |                     | 2.94%                 |                     |                     | 3.03%                 |
| Net Interest Margin                                       |                              |                     | 3.14%                 |                     |                     | 3.16%                 |

**American Business Bank***Figures in \$000***SUPPLEMENTAL DATA (unaudited)****Performance Ratios:**Quarterly:

|                                 | <b>December<br/>2024</b> | <b>September<br/>2024</b> | <b>December<br/>2023</b> |
|---------------------------------|--------------------------|---------------------------|--------------------------|
| Return on Average Assets (ROAA) | 1.21%                    | 1.07%                     | 1.17%                    |
| Return on Average Equity (ROAE) | 14.03%                   | 12.64%                    | 16.05%                   |
| Efficiency Ratio                | 48.07%                   | 53.20%                    | 48.45%                   |

Year-to-Date

|                                 |        |        |        |
|---------------------------------|--------|--------|--------|
| Return on Average Assets (ROAA) | 1.08%  | 1.04%  | 1.13%  |
| Return on Average Equity (ROAE) | 13.02% | 12.66% | 15.70% |
| Efficiency Ratio                | 52.46% | 54.13% | 50.82% |

**Capital Adequacy:**

|  |        |        |        |
|--|--------|--------|--------|
| Total Risk Based Capital Ratio           | 13.02% | 12.99% | 12.37% |
| Common Equity Tier 1 Capital Ratio       | 12.14% | 12.11% | 11.47% |
| Tier 1 Risk Based Capital Ratio          | 12.14% | 12.11% | 11.47% |
| Tier 1 Leverage Ratio                    | 10.21% | 10.17% | 9.64%  |
| Tangible Common Equity / Tangible Assets | 8.78%  | 8.68%  | 8.05%  |

**Asset Quality Overview**

|  |          |          |          |
|--|----------|----------|----------|
| Non-Performing Loans   | \$ 7,360 | \$ 6,969 | \$ 7,859 |
| Loans 90+ Days Past Due and Still Accruing                           | -        | -        | -        |
| Total Non-Performing Loans   | 7,360    | 6,969    | 7,859    |
| Loans Modified with Financial Difficulty                             | \$ 6,073 | \$ 4,120 | \$ 231   |
| Other Real Estate Owned  | -        | -        | -        |
| ACL / Loans Receivable   | 1.11%    | 1.11%    | 1.10%    |
| Non-Performing Loans / Total Loans Receivable                        | 0.27%    | 0.27%    | 0.30%    |
| Non-Performing Assets / Total Assets                                 | 0.18%    | 0.17%    | 0.20%    |
| Net Charge-Offs (Recoveries) quarterly                               | \$ 7     | \$ 4     | \$ 190   |
| Net Charge-Offs (Recoveries) year-to-date                            | \$ (148) | \$ (155) | \$ 344   |
| Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable | (0.01%)  | (0.01%)  | 0.01%    |