

AMERICAN BUSINESS BANK REPORTS RECORD QUARTERLY EARNINGS OF \$14.3 MILLION

Five consecutive quarters of Net interest margin expansion

Third Quarter 2025 Highlights

- **Net income for the quarter totaled** \$14.3 million, or \$1.56 per diluted share
- **Net interest margin expanded** to 3.66% from 3.58% in the prior quarter
- **Cost of average deposits declined** to 1.14% compared to 1.16% in the prior quarter
- **Core Deposits increased** \$169 million or 5% over the prior quarter
- **Total loans increased** \$25 million or 1% over the prior quarter
- **Net yield on interest earning assets increased** 6 basis points over the prior quarter
- **Non-interest bearing demand deposits** represent 47% of total deposits
- **Minimal past due loans**
- **No borrowings** during the third quarter
- **Return on Average Assets** of 1.31% for the current quarter
- **Return on Average Equity** of 15.09% for the current quarter
- **Quarterly cash dividend** paid on common stock of \$0.25 per share
- **Tangible book value per share increased** \$2.80 to \$44.35
- **Continued status as well-capitalized**, the highest regulatory category

Los Angeles, California, October 29, 2025 [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$14.3 million or \$1.56 per fully diluted share for the quarter ended September 30, 2025 compared to \$13.2 million or \$1.42 per fully diluted share for the quarter ended June 30, 2025, and \$10.8 million or \$1.16 per fully diluted share for the quarter ended September 30, 2024, representing an increase of 9% and 33%, respectively.

“Loans have grown at a healthy 10% annualized pace year to date. This growth, combined with higher loan yields, continues to drive net interest margin expansion and earnings growth over the prior quarter and year periods. Business momentum remains strong due to the success of our customer base and prospective customers who choose to partner with the Bank. This quarter, the Bank generated outstanding metrics by posting a Return on Average Equity of 15% and a Return on Average Assets of 1.31%. This could not have been achieved without exceptional clientele and exceptional bankers who care for them.

“We are pleased with the core deposit growth for the quarter mainly from existing customers. Some of this growth was in anticipation of delayed federal and state tax payments due in October. The pipeline of new customer relationships remains solid and should drive further growth.

“Over the last four to five years we have had to navigate a turbulent environment. The business model has weathered the volatility and delivered results and trends that are very positive. One element that has never wavered is the mission to deliver superior service to remain the premier relationship-banking franchise for small to mid-size businesses in Southern California. That is truly our differentiator,” commented Leon Blankstein, Chief Executive Officer and Director.

For the quarter ended September 30, 2025, net interest income was \$39.8 million, a 27% increase compared to the prior year quarter. The higher balance of average loans, an increase in loan yields, and a decrease in the cost of deposits, all contributed to the increase in net interest income compared to the prior year quarter.

The allowance for credit losses as a percentage of loans was 1.10% at September 30, 2025 and June 30, 2025. A provision of \$0.2 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 nine months ended September 30, 2025, the Bank reported net income of \$39 million or \$4.25 per fully diluted share compared to \$31 million or \$3.31 per fully diluted share for the nine months ended September 30, 2024, representing an increase of 28%. Net income was higher year to date 2025 due to higher average balance of loans and a reduction of higher cost borrowings.

“With the record quarterly earnings, we opportunistically sold longer duration investment securities with below market yields. If these recognized losses on the securities portfolio were added back to earnings, the run rate of operating earnings for the Bank is even more robust” commented, Karen Schoenbaum, Executive Vice President and Chief Financial Officer.

The following table presents net income excluding net losses after-tax on sales of investment securities to arrive at core net income:

	Three Months Ended			Nine Months Ended	
	September 30, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
(Figures in \$000s, except per share amounts)					
Net Income	\$ 14,324	\$ 13,156	\$ 10,780	\$ 39,367	\$ 30,776
Excluding After-Tax					
Net Losses on Sale of Investment Securities	1,828	787	422	2,946	787
Core Net Income	\$ 16,152	\$ 13,943	\$ 11,202	\$ 42,313	\$ 31,563
Core Earnings after taxes per shares - Diluted	\$ 1.75	\$ 1.51	\$ 1.20	\$ 4.56	\$ 3.39

Net Interest Margin

The net interest margin for the third quarter of 2025 increased to 3.66% from 3.58% for the prior quarter and 3.13% for the prior year quarter. The increase compared to the prior quarter is primarily due to an increase in average loans with higher interest rates and a reduction of interest expense on deposits. The increase in the average balances of non-interest bearing deposits also contributed to margin expansion. As of September 30, 2025, 58% of the loan portfolio was fixed rate with a weighted average remaining life of 64 months. Approximately 43% of variable rate loans are indexed to prime of which \$489 million are adjustable within 90 days of a change in the prime rate. The Bank has experienced net interest margin expansion for the past five consecutive quarters.

Net Interest Income

For the quarter ended September 30, 2025, net interest income increased by \$3 million, or 8%, compared to the quarter ended June 30, 2025 primarily due to growth in loans with higher interest rates. For the quarter ended September 30, 2025, net interest income increased by \$8.5 million, or 27%, compared to the quarter

ended September 30, 2024. This increase in net interest income was attributable to an increase in the average balance of loans coupled with no borrowings in the third quarter of 2025. Interest income was further enhanced in the third quarter by higher rates on the loan portfolio. For the quarter ended September 30, 2025, the cost of deposits was 1.14% representing a decrease of 2 bps compared to the quarter ended June 30, 2025. This decrease is mainly due to a decline in interest rates on money market and savings deposit accounts coupled with a reduction in the balance of certificates of deposit. The loan-to-deposit ratio was 73% as of September 30, 2025, 75% as of June 30, 2025, and 71% as of September 30, 2024, respectively.

Provision for Credit Losses

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

	Three Months Ended			Nine Months Ended	
	September 30, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
(Figures in \$000s)					
Addition (recapture) to allowance for loan losses	\$ 221	\$ 463	\$ 266	\$ 1,665	\$ 490
Addition (recapture) to reserve for unfunded loan commitments	(50)	(100)	(266)	(269)	(266)
Total loan-related provision	\$ 171	\$ 363	\$ -	\$ 1,396	\$ 224
Addition to allowance for held-to-maturity securities	-	-	-	-	-
Total provision for credit losses	\$ 171	\$ 363	\$ -	\$ 1,396	\$ 224

Non-Interest Income

The decrease in non-interest income compared to the prior quarter and to the prior year quarter is primarily due to realized losses on the sale of lower yielding investment securities that were sold as rates declined in the quarter.

Non-Interest Expense

For the quarter ended September 30, 2025, total non-interest expense increased \$0.1 million and \$1.6 million compared to the prior quarter and the prior year quarter, respectively. The increase over the prior quarter was primarily due to an increase in new employees. The increase over the prior year quarter was primarily due to an increase in new employees coupled with higher salaries and bonuses commensurate with increased profitability. The efficiency ratio decreased to 47% for the third quarter compared to 50% for the second quarter and 53% for the third quarter of 2024.

There were 256 full time equivalent employees at September 30, 2025 compared to 248 a year ago and 251 at June 30, 2025. The Bank had 45 relationship managers in nine offices at September 30, 2025 and June 30, 2025 compared to 50 at June 30, 2024.

For the nine months ended September 30, 2025, non-interest expense increased \$6.1 million or 12% compared to the same period a year ago, primarily due to increases in salaries and employee benefits.

Income Taxes

The effective income tax rate was 28.4% for the quarter ended September 30, 2025, 27.3 % for the quarter ended June 30, 2025, and 28.1% for the quarter ended September 30, 2024. On June 27, 2025, California enacted S.B. 132, which changed apportionment for financial institutions to single-sales apportionment for tax years beginning January 1, 2025. This resulted in a California state tax rate decrease and a reduction to deferred tax assets of \$139 thousand.

Balance Sheet

For the quarter ended September 30, 2025, total loans increased \$24.6 million, or 0.9% compared to the prior quarter. During the quarter, seven loans totaling \$31 million were repaid by one client after the successful rehabilitation of a portfolio of multifamily properties. The majority of this quarter's increase in loan balances was in owner-occupied commercial real estate loans secured by industrial collateral. The increase in Commercial and Industrial (C&I) loans is mainly due to an increase in new borrowers. At September 30, 2025, the utilization rate for the Bank's commercial lines of credit decreased to 28%, a 2.0% decrease compared to June 30, 2025.

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

	September 30, 2025	June 30, 2025
(Figures in \$000s)		
RE - Owner-occupied	\$ 1,317,701	\$ 1,289,235
RE - Non-owner occupied	757,578	757,130
Construction & Land	93,598	91,094
Total CRE Loans	<u>\$ 2,168,876</u>	<u>\$ 2,137,459</u>

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

	as of September 30, 2025	
	Owner-occupied	Non owner-occupied
(Figures in \$000s)		
Industrial	\$ 819,618	\$ 310,179
Office	180,147	95,166
Retail	21,197	197,612
Automobile Service Facilities	65,876	30,143
Contractor's Yard	84,694	11,824
School	37,913	-
Storage	-	11,075
Miscellaneous	108,255	101,579
Total	<u>\$ 1,317,701</u>	<u>\$ 757,578</u>

Total investment securities at September 30, 2025 were \$1.1 billion including \$531 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 5.8 years as of September 30, 2025, 6.1 years as of June 30, 2025, and 5.7 years as of September 30, 2024. Accumulated other comprehensive loss (AOCI) decreased to \$57.9 million as of September 30, 2025 from \$70.7 million as of June 30, 2025 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 September 30, 2025, the unrealized after tax loss on HTM securities was \$64 million.

Deposits increased by \$125 million or 3% to \$4.0 billion in the quarter ended September 30, 2025. Of this increase, approximately \$16 million came from 41 new client relationships. Due to the January fires in Los Angeles County some of the quarterly increase was related to federal and state tax payments that were delayed until October 15, 2025. The Bank has no brokered or internet-solicited deposits. The ratio of non-

interest bearing deposits to total deposits is 47% and 46% at September 30, 2025 and June 30, 2025, respectively.

During the third quarter of 2025, total assets increased \$158 million, or 4%, total loans increased by \$25 million, or 0.9%, and total deposits increased by \$125 million, or 3%. As of September 30, 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. There were no borrowings outstanding at the end of the third, second, and first quarters of 2025.

Capital Management

As of September 30, 2025, total shareholders' equity increased to \$396 million. During the quarter, the Bank declared and paid a cash dividend of \$0.25 per share and repurchased 50,744 shares of common stock.

The following table presents a summary of quarterly cash dividends for 2025:

	Dividend Declared	Payment Date
(Figures in \$000s)		
March 31, 2025	\$ 2,276	March 17, 2025
June 30, 2025	2,257	June 17, 2025
September 30, 2025	2,242	September 17, 2025
Total cash dividends	\$ 6,775	

The Bank announced its first stock repurchase program in January 2025 for 227,541 shares which was completed in August 2025. The Bank's Board of Directors has authorized a second stock repurchase program for 205,453 shares, or approximately 2.3% of the Bank's outstanding shares of common stock, which expires in August 2026.

For the first nine months of year, the Bank repurchased 242,541 shares at a cost of \$10.9 million.

The following table presents a summary of quarterly stock repurchases for 2025:

	Shares	Weighted Average Price
March 31, 2025	71,797	\$ 43.84
June 30, 2025	120,000	42.87
September 30, 2025	50,744	49.99
Total shares repurchased	242,541	\$ 44.65

Asset Quality

The following table presents an overview of asset quality:

	September 30, 2025	June 30, 2025
(Figures in \$000s)		
Non-performing assets (NPA)	\$ 11,733	\$ 11,553
Loans 90+ days past due and still accruing	-	-
Total NPA	\$ 11,733	\$ 11,553
NPA as a % of total assets	0.26%	0.27%
Past Due as a % of total loans	0.00%	0.00%
Criticized as a % of total loans	3.43%	3.22%
Classified as a % of total loans	0.98%	0.99%

During the third quarter of 2025, non-performing assets increased by \$0.2 million. The Bank believes that it is well positioned with collateral and SBA enhancements, therefore no loss is expected on the credits. As of September 30, 2025, NPAs have a \$484 thousand allowance on individually evaluated loans related to six non-performing C&I loans.

The loan portfolio has approximately 9% 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 64% of total loans while non-owner occupied represent 26% of total loans.

As of September 30, 2025, 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 loan was substantially repaid with insurance proceeds and is adequately secured by unimproved land.

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

	Three Months Ended			Nine Months Ended	
	September 30, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
(Figures in \$000s)					
Balance, beginning of period	\$ 31,892	\$ 31,429	\$ 28,843	\$ 30,448	\$ 28,460
Charge-offs	-	-	(4)	-	(103)
Recoveries	-	-	-	-	258
Net (charge-offs) / recoveries	\$ -	\$ -	\$ (4)	\$ -	\$ 155
Provision	221	463	266	1,665	490
Balance, end of period	\$ 32,113	\$ 31,892	\$ 29,105	\$ 32,113	\$ 29,105
Allowance as a % of loans	1.10%	1.10%	1.11%	1.10%	1.11%

The allowance for credit losses for loans increased to \$32 million during the third quarter of 2025 primarily as a result of growth in the loan portfolio. There were no charge-offs or recoveries in the third quarter of 2025. The Bank has ten restructured loans totaling \$5.7 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 nine 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, Southern Inland Empire in Corona, Inland Empire in Ontario, Riverside County in Downtown Riverside, LA Coastal in Long Beach and North County in 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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