



AMERICAN BUSINESS BANK REPORTS SECOND QUARTER EARNINGS

Net Income for the quarter increased over the prior year quarter

Second Quarter 2024 Highlights

- **Net income for the quarter totaled \$9.5 million**, or \$1.02 per diluted share
- **Net yield on interest earning assets increased 7 basis points** over the prior quarter
- **Total deposits increased \$148 million** or 4.5% over prior quarter
- **Cost of average deposits of 1.35%** compared with 1.24% in the prior quarter
- **Non-interest bearing demand deposits** represent 46% of total deposits
- **Net interest margin contracted** to 3.00% over prior quarter of 3.07%
- **Total loans increased \$28 million** or 1.1% over prior quarter
- **Minimal past due loans**
- **Total borrowings decreased \$110 million** or 52% over prior quarter
- **Tangible book value per share** of \$36.38
- **Continued status as well-capitalized**, the highest regulatory category

Los Angeles, California, July 29, 2024. [AMERICAN BUSINESS BANK \(OTCQX: AMBZ\)](#) today reported net income of \$9.5 million or \$1.02 per fully diluted share for the quarter ended June 30, 2024 compared to \$10.5 million or \$1.13 per fully diluted share for the quarter ended March 31, 2024, and \$9.3 million or \$1.01 per fully diluted share for the quarter ending June 30, 2023, representing a decline of 9% and an increase of 2%, respectively.

Net income for the first half of 2024 was \$20.0 million or \$2.15 per fully diluted share, a decrease of \$2.4 million or 11%, from the \$22.4 million net income or \$2.43 per fully diluted share for the first half of the prior year.

“We are pleased that our customers continue to grow their businesses and provide deposits for the Bank to lend in our community. The deposit growth in the quarter from existing customers was significant, however, some of the deposit inflows were event driven and will not remain in the Bank over the long term. We continue to focus on building an outstanding core deposit franchise to eliminate borrowings and enhance the net interest margin as evidenced as we progressed through the second quarter. We currently have a strong deposit pipeline of new customers and new relationships who joined the Bank recently that will drive growth in the last half of the year. Additionally, the potential for a reduction in interest rates by the Federal Reserve in the last half of the year could relieve some of the upward pressure on the cost of deposits. The key to our success continues to be the generation of new clients and we are well positioned to do so.

“Much has been talked about Commercial Real Estate related to the banking industry. Certainly some have acknowledged that not all commercial real estate is the same. We are proud to provide high touch community banking services to business clients with a conservative risk approach. 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. Currently, 60% of total loans consist of the C&I

and Owner Occupied commercial real estate portfolios. These portfolios highlight our position as the premier relationship-banking franchise for small to mid-size businesses in Southern California.

“The Bank continues to attract new experienced relationship managers. We recently enhanced personnel in a number of offices and are pleased another senior relationship manager joined since the end of June. The addition of experienced relationship managers, although an expense, is an investment in future revenue.

“We continue to deliver superior service and are able to couple that with a return on average assets of 1.02% and a return on average equity of 12.7% for the first six months of the year” commented Leon Blankstein, ABB’s CEO and Director.

For the quarter ending June 30, 2024, non-interest expense increased \$742 thousand compared to the first quarter of 2024 leading to a decline in net income. However, net income in the second quarter of 2024 benefitted from a lower provision for credit losses as compared to the prior quarter and the prior year quarter. The decrease in provision for credit losses was a result of a reduction in the reserve for unfunded loan commitments and \$58k of loan recoveries offset by an increase in the allowance for credit losses mainly due to growth in the loan portfolio. The allowance for credit losses as a percentage of loans was 1.11% at June 30, 2024 which is a 1 bps increase compared to March 31, 2024.

For the six months ended June 30, 2024, net income was lower compared to the six months ended June 30, 2023 due to an increase in the cost of deposits offset by a decrease in the cost of borrowings.

Net Interest Margin

Net interest margin for the second quarter of 2024 decreased to 3.00% from 3.07% for the first quarter of 2024 primarily due to an increase in average borrowings. Net interest margin for the second quarter of 2024 increased to 3.00% from 2.99% for the second quarter of 2023 primarily due to a decline in average borrowings. As of June 30, 2024, 62% of the loan portfolio was fixed rate with a weighted average remaining life of 72 months. Of the variable rate loans, approximately 45% are indexed to prime of which \$399 million are adjustable within 90 days of a change in prime. The net interest margin for the month of June 2024 was 3.05%.

Net Interest Income

For the quarter ended June 30, 2024, net interest income decreased by \$0.4 million, or 1%, compared to the first quarter of 2024. The current quarter was negatively impacted by a decline in securities income and an increase in the cost of deposits and borrowings exceeding the increase in interest earned on loans. For the quarter ending June 30, 2024, the cost of deposits was 1.35% representing an increase of 11 bps compared to the quarter ending March 31, 2024.

For the quarter ended June 30, 2024, net interest income increased by \$0.3 million, or 1%, compared to the second quarter of 2023. The increase compared to the prior year quarter is primarily due to a decrease in average borrowings. The Loan to Deposit ratio was 75% and 77% as of June 30, 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 | | | Six Months Ended | |
|---|--------------------|-------------------|------------------|------------------|------------------|
| | June 30, 2024 | March 31, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| (Figures in \$000s) | | | | | |
| Addition (recapture) to allowance for loan losses | \$ 450 | \$ (226) | \$ 1,268 | \$ 224 | \$ 1,581 |
| Addition (recapture) to reserve for unfunded loan commitments | (438) | 438 | 260 | - | 410 |
| Total loan-related provision | \$ 12 | \$ 212 | \$ 1,528 | \$ 224 | \$ 1,991 |
| Addition to allowance for held-to-maturity securities | - | - | - | - | - |
| Total provision for credit losses | \$ 12 | \$ 212 | \$ 1,528 | \$ 224 | \$ 1,991 |

Non-Interest Income

The decrease in non-interest income compared to the prior quarter is primarily due to the loss on the sale of municipal investment securities of \$397 thousand. The decrease in non-interest income compared to the prior year quarter is primarily due to a reduction in the gain on sales 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 ending June 30, 2024, total non-interest expense increased \$0.7 million compared to the prior quarter and increased \$0.9 million compared to the prior year quarter. The increase compared to the prior quarter and prior year quarter is primarily due to an increase in salaries and employee benefits due to an increase in full time equivalent employees. The efficiency ratio increased to 55% for the second quarter of 2024 compared to 54% for the first quarter of 2024 and 54% for the second quarter of 2023.

There were 243 full time equivalent employees at June 30, 2024 compared to 231 a year ago and 233 at March 31, 2024. In July of 2024, Mark Christian, EVP/Chief Operations Officer, departed from the Bank. The Bank has 42 relationship managers in eight offices representing no change from a year ago and an increase of two from the prior quarter.

For the six months ended June 30, 2024, non-interest expense increased \$1.5 million or 4.5% compared to the same period a year ago, mainly due to increases in salaries and employee benefits.

Income Taxes

The effective income tax rate was 28.0% for the quarter ended June 30, 2024, 27.9% for the quarter ended March 31, 2024, and 27.6% for the quarter ended June 30, 2023.

Balance Sheet

For the quarter ended June 30, 2024, total loans increased \$28 million, or 1.1% compared to the prior quarter. The majority of this increase was in Commercial and industrial (C&I) loans mainly due to an increase in line utilization. At June 30, 2024, the utilization rate for the Bank's commercial lines of credit increased to 27% from 26% at March 31, 2024. In addition, Commercial real estate (CRE) loans increased this quarter compared to prior quarter. The increase in construction loans is primarily related to off campus university student housing in greater Los Angeles.

| | June 30, 2024 | March 31, 2024 |
|-------------------------|---------------------|---------------------|
| (Figures in \$000s) | | |
| RE - Owner occupied | \$ 1,095,538 | \$ 1,120,822 |
| RE - Non owner occupied | 737,525 | 718,439 |
| Construction & Land | 76,760 | 62,359 |
| Total CRE Loans | <u>\$ 1,909,822</u> | <u>\$ 1,901,621</u> |

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

| | as of June 30, 2024 | |
|-------------------------------|---------------------|--------------------|
| | Owner occupied | Non owner occupied |
| (Figures in \$000s) | | |
| Industrial | \$ 662,079 | \$ 310,681 |
| Office | 163,740 | 98,820 |
| Retail | 22,102 | 184,942 |
| Automobile Service Facilities | 64,910 | 22,792 |
| Contractor's Yard | 61,698 | 8,250 |
| Other | 29,146 | 36,162 |
| Miscellaneous | 91,863 | 75,879 |
| Total | <u>\$ 1,095,538</u> | <u>\$ 737,525</u> |

Total investment securities declined to \$1.1 billion at June 30, 2024, which include \$561 million or 46% in held-to-maturity (HTM) securities based on book value. The Bank has no non-agency mortgage-backed securities in its portfolio. As of June 30, 2024, the duration of the available-for-sale (AFS) securities portfolio was 5.8 years, unchanged from March 31, 2024, and an increase from 5.6 years as of June 30, 2023. Accumulated other comprehensive loss (AOCI) decreased to \$74.9 million as of June 30, 2024 from \$79.6 million as of March 31, 2024 as market rates relevant to securities pricing declined. The duration on the held-to-maturity portfolio, which consists primarily of municipal securities, is 7.7 years. As of June 30, 2024, the unrealized after tax loss on HTM securities was \$71 million.

During the second quarter of 2024, deposits grew by \$148 million or 5% to \$3.5 billion. During 2024, new deposit relationships have totaled approximately \$20 million from 68 new clients. The Bank's off-balance sheet products of treasury securities held for clients decreased by \$26 million during the second quarter of 2024 to \$221 million and declined by \$57 million from prior year quarter. The Bank has no brokered deposits nor internet solicited deposits.

During the second quarter of 2024, total assets increased \$52 million, or 1.4%, total loans increased by \$28 million, or 1.1%, total deposits increased by \$148 million, or 4.5%, and borrowings decreased by \$110 million. Borrowings have continued to decline in July.

The Federal Reserve Bank (FRB) Term Funding Program ended March 11, 2024; however, \$100 million is outstanding with a maturity date of March 11, 2025 at a rate of 5.4%. As of June 30, 2024, the Bank has \$1.7 Billion in borrowing capacity including the outstanding FRTB borrowing, the FRB discount window and loans pledged at the Federal Home Loan Bank of San Francisco.

Asset Quality

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

| | June 30, 2024 | March 31, 2024 |
|--|------------------|-------------------|
| (Figures in \$000s) | | |
| Non-performing assets (NPA) | \$ 6,641 | \$ 7,440 |
| Loans 90+ Days Past Due and Still Accruing | - | - |
| Total NPA | \$ 6,641 | \$ 7,440 |
| NPA as a % of total assets | 0.24% | 0.19% |
| Past Due as a % of total Loans | 0.13% | 0.00% |
| Criticized as a % of total Loans | 5.06% | 5.67% |
| Classified as a % of total Loans | 1.03% | 0.88% |

During the second quarter of 2024, non-performing assets (NPAs) decreased by \$0.8 million to \$6.6 million mainly due to the paydown of two loans. As of June 30, 2024, NPAs have a \$211 thousand allowance on individually evaluated loans related to four C&I non-performing loan relationships of which the majority of the loans have a partial guarantee by the state of California or the SBA. The increase in classified loans is mainly due to one owner occupied CRE loan which migrated from the criticized category since the prior quarter.

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.

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

| | Three Months Ended | | | Six Months Ended | |
|--|--------------------|-------------------|------------------|------------------|------------------|
| | June 30, 2024 | March 31, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| (Figures in \$000s) | | | | | |
| Balance, beginning of period | \$ 28,335 | \$ 28,460 | \$ 26,073 | \$ 28,460 | \$ 29,635 |
| Cumulative effect of change in accounting principle - CECL | - | - | - | - | (3,885) |
| Charge-offs | - | (99) | (179) | (99) | (179) |
| Recoveries | 58 | 200 | 10 | 258 | 20 |
| Net (charge-offs) / recoveries | \$ 58 | \$ 101 | \$ (169) | \$ 159 | \$ (159) |
| Provision | 450 | (226) | 1,268 | 224 | 1,581 |
| Balance, end of period | \$ 28,843 | \$ 28,335 | \$ 27,172 | \$ 28,843 | \$ 27,172 |
| Allowance as a % of loans | 1.11% | 1.10% | 1.09% | 1.11% | 1.09% |

The allowance for credit losses for loans increased to \$28.8 million during the second quarter of 2024 primarily as a result of an increase in the loan portfolio. There were no charge offs in the second quarter of 2024 compared to charge offs of \$179 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 four restructured loans totaling \$4.7 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 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)**

| | June 2024 | March 2024 | December 2023 | June 2023 |
|---|---------------------|---------------------|---------------------|---------------------|
| Assets: | | | | |
| Cash and Due from Banks | \$ 84,836 | \$ 52,198 | \$ 32,354 | \$ 74,634 |
| Interest Earning Deposits in Other Financial Institutions | 15,511 | 10,368 | 10,804 | 13,558 |
| Investment Securities: | | | | |
| US Agencies | 79,700 | 85,678 | 91,226 | 104,916 |
| Mortgage Backed Securities | 390,886 | 394,124 | 413,870 | 424,316 |
| State and Municipals | 81,884 | 86,535 | 91,949 | 97,005 |
| Corporate Bonds | 14,478 | 13,870 | 14,157 | 13,443 |
| Securities Available-for-Sale, at Fair Value | 566,948 | 580,207 | 611,202 | 639,680 |
| Mortgage Backed Securities | 172,984 | 176,317 | 178,985 | 184,796 |
| State and Municipals | 384,048 | 384,612 | 390,184 | 391,381 |
| Allowance for Credit Losses, Held-To-Maturity | (55) | (55) | (55) | (55) |
| Securities Held-to-Maturity, at Amortized Cost, Net of Allowance for Credit Losses | 556,977 | 560,874 | 569,114 | 576,122 |
| Federal Home Loan Bank Stock, at Cost | 15,000 | 15,000 | 15,000 | 15,000 |
| Total Investment Securities | 1,138,925 | 1,156,081 | 1,195,316 | 1,230,802 |
| Loans Receivable: | | | | |
| Commercial Real Estate | 1,909,822 | 1,901,621 | 1,884,085 | 1,825,594 |
| Commercial and Industrial | 487,557 | 470,294 | 491,698 | 493,615 |
| Residential Real Estate | 196,194 | 194,059 | 197,281 | 171,593 |
| Installment and Other | 7,471 | 6,685 | 6,577 | 8,590 |
| Total Loans Receivable | 2,601,044 | 2,572,659 | 2,579,641 | 2,499,392 |
| Allowance for Credit Losses | (28,843) | (28,335) | (28,460) | (27,172) |
| Loans Receivable, Net | 2,572,201 | 2,544,324 | 2,551,181 | 2,472,220 |
| Furniture, Equipment and Leasehold Improvements, Net | 4,684 | 4,380 | 4,589 | 5,099 |
| Bank/Corporate Owned Life Insurance | 29,396 | 29,185 | 28,898 | 28,302 |
| Other Assets | 83,096 | 79,639 | 79,582 | 78,021 |
| Total Assets | \$ 3,928,649 | \$ 3,876,175 | \$ 3,902,724 | \$ 3,902,636 |
| Liabilities: | | | | |
| Non-Interest Bearing Demand Deposits | \$ 1,597,426 | \$ 1,601,795 | \$ 1,699,560 | \$ 1,758,435 |
| Interest Bearing Transaction Accounts | 394,051 | 367,903 | 388,152 | 292,443 |
| Money Market and Savings Deposits | 1,202,143 | 1,083,008 | 1,145,389 | 1,010,012 |
| Certificates of Deposit | 263,587 | 256,309 | 264,312 | 193,141 |
| Total Deposits | 3,457,207 | 3,309,015 | 3,497,413 | 3,254,031 |
| Federal Home Loan Bank Advances / Other Borrowings | 100,000 | 210,000 | 55,000 | 320,000 |
| Other Liabilities | 40,570 | 41,186 | 36,257 | 45,555 |
| Total Liabilities | \$ 3,597,777 | \$ 3,560,201 | \$ 3,588,670 | \$ 3,619,586 |
| Shareholders' Equity: | | | | |
| Common Stock | \$ 209,042 | \$ 208,336 | \$ 208,048 | \$ 206,597 |
| Retained Earnings | 196,743 | 187,243 | 176,747 | 155,190 |
| Accumulated Other Comprehensive Income / (Loss) | (74,913) | (79,605) | (70,741) | (78,737) |
| Total Shareholders' Equity | \$ 330,872 | \$ 315,974 | \$ 314,054 | \$ 283,050 |
| Total Liabilities and Shareholders' Equity | \$ 3,928,649 | \$ 3,876,175 | \$ 3,902,724 | \$ 3,902,636 |
| Standby Letters of Credit | \$ 43,420 | \$ 43,810 | \$ 43,178 | \$ 41,083 |
| Per Share Information: | | | | |
| Common Shares Outstanding | 9,094,248 | 9,078,782 | 9,041,911 | 9,021,739 |
| Book Value Per Share | \$ 36.38 | \$ 34.80 | \$ 34.73 | \$ 31.37 |
| Tangible Book Value Per Share | \$ 36.38 | \$ 34.80 | \$ 34.73 | \$ 31.37 |

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

| | For the three months ended: | | |
|--|-----------------------------|------------------|-----------------|
| | June 2024 | March 2024 | June 2023 |
| <u>Interest Income:</u> | | | |
| Interest and Fees on Loans | \$ 34,358 | \$ 33,664 | \$ 31,280 |
| Interest on Investment Securities | 7,431 | 7,658 | 7,788 |
| Interest on Interest Earning Deposits in Other Financial Institutions | 839 | 250 | 252 |
| Total Interest Income | 42,628 | 41,572 | 39,320 |
| <u>Interest Expense:</u> | | | |
| Interest on Interest Bearing Transaction Accounts | 1,077 | 1,002 | 407 |
| Interest on Money Market and Savings Deposits | 7,900 | 7,265 | 4,323 |
| Interest on Certificates of Deposits | 2,408 | 2,288 | 1,024 |
| Interest on Federal Home Loan Bank Advances and Other Borrowings | 2,203 | 1,598 | 4,875 |
| Total Interest Expense | 13,588 | 12,153 | 10,629 |
| Net Interest Income | 29,040 | 29,419 | 28,691 |
| Provision for Credit Losses | 12 | 212 | 1,528 |
| Net Interest Income after Provision for Credit Losses | 29,028 | 29,207 | 27,163 |
| <u>Non-Interest Income:</u> | | | |
| Deposit Fees | 1,077 | 988 | 994 |
| International Fees | 418 | 406 | 441 |
| Gain (Loss) on Sale of Investment Securities, Net | (397) | (110) | (378) |
| Gain on Sale of SBA Loans, Net | 12 | 57 | 235 |
| Bank/Corporate Owned Life Insurance Income (Expense) | 212 | 287 | 439 |
| Other | 367 | 487 | 634 |
| Total Non-Interest Income | 1,689 | 2,115 | 2,365 |
| <u>Non-Interest Expense:</u> | | | |
| Salaries and Employee Benefits | 12,052 | 11,649 | 11,624 |
| Occupancy and Equipment | 1,195 | 1,209 | 1,200 |
| Professional Services | 2,079 | 1,963 | 1,812 |
| Promotion Expenses | 680 | 528 | 606 |
| Other | 1,509 | 1,424 | 1,406 |
| Total Non-Interest Expense | 17,515 | 16,773 | 16,648 |
| Earnings before income taxes | 13,202 | 14,549 | 12,880 |
| Income Tax Expense | 3,703 | 4,052 | 3,554 |
| <u>NET INCOME</u> | \$ 9,499 | \$ 10,497 | \$ 9,326 |
| <u>Per Share Information:</u> | | | |
| Earnings Per Share - Basic | \$ 1.03 | \$ 1.14 | \$ 1.02 |
| Earnings Per Share - Diluted | \$ 1.02 | \$ 1.13 | \$ 1.01 |
| Weighted Average Shares - Basic | 9,259,562 | 9,237,317 | 9,179,590 |
| Weighted Average Shares - Diluted | 9,297,939 | 9,293,818 | 9,218,320 |

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

| | For the six months ended: | |
|--|----------------------------------|----------------------|
| | June 2024 | June 2023 |
| <u>Interest Income:</u> | | |
| Interest and Fees on Loans | \$ 68,022 | \$ 61,023 |
| Interest on Investment Securities | 15,088 | 15,649 |
| Interest on Interest Earning Deposits in Other Financial Institutions | 1,089 | 460 |
| Total Interest Income | 84,199 | 77,132 |
| <u>Interest Expense:</u> | | |
| Interest on Interest Bearing Transaction Accounts | 2,079 | 638 |
| Interest on Money Market and Savings Deposits | 15,165 | 6,553 |
| Interest on Certificates of Deposits | 4,696 | 1,291 |
| Interest on Federal Home Loan Bank Advances and Other Borrowings | 3,801 | 7,961 |
| Total Interest Expense | 25,741 | 16,443 |
| Net Interest Income | 58,458 | 60,689 |
| Provision for Credit Losses | 224 | 1,991 |
| Net Interest Income after Provision for Credit Losses | 58,234 | 58,698 |
| <u>Non-Interest Income:</u> | | |
| Deposit Fees | 2,064 | 2,018 |
| International Fees | 824 | 710 |
| Gain (Loss) on Sale of Investment Securities, Net | (506) | (589) |
| Gain on Sale of SBA Loans, Net | 69 | 846 |
| Bank/Corporate Owned Life Insurance Income (Expense) | 499 | 633 |
| Other | 854 | 1,340 |
| Total Non-Interest Income | 3,804 | 4,958 |
| <u>Non-Interest Expense:</u> | | |
| Salaries and Employee Benefits | 23,701 | 22,962 |
| Occupancy and Equipment | 2,404 | 2,393 |
| Professional Services | 4,042 | 3,731 |
| Promotion Expenses | 1,208 | 1,047 |
| Other | 2,932 | 2,686 |
| Total Non-Interest Expense | 34,287 | 32,819 |
| Earnings before income taxes | 27,751 | 30,837 |
| Income Tax Expense | 7,755 | 8,427 |
| <u>NET INCOME</u> | \$ 19,996 | \$ 22,410 |
| <u>Per Share Information:</u> | | |
| Earnings Per Share - Basic | \$ 2.16 | \$ 2.44 |
| Earnings Per Share - Diluted | \$ 2.15 | \$ 2.43 |
| Weighted Average Shares - Basic | 9,248,440 | 9,166,753 |
| Weighted Average Shares - Diluted | 9,295,879 | 9,223,461 |

QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

| | For the three months ended: | | | | | |
|---|-----------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| | June 2024 | | | March 2024 | | |
| | Average Balance | Interest Inc/Exp | Average Yield/Rate | Average Balance | Interest Inc/Exp | Average Yield/Rate |
| Interest Earning Assets: | | | | | | |
| Interest Earning Deposits in Other Financial Institutions | \$ 61,618 | \$ 839 | 5.48% | \$ 19,252 | \$ 250 | 5.23% |
| <u>Investment Securities:</u> | | | | | | |
| US Agencies | 83,020 | 1,170 | 5.64% | 89,024 | 1,285 | 5.77% |
| Mortgage Backed Securities | 662,880 | 3,129 | 1.89% | 674,033 | 3,199 | 1.90% |
| State and Municipals | 477,603 | 2,617 | 2.19% | 485,036 | 2,656 | 2.19% |
| Corporate Bonds | 16,250 | 188 | 4.64% | 16,250 | 188 | 4.64% |
| Securities Available-for-Sale and Held-to-Maturity | 1,239,753 | 7,104 | 2.29% | 1,264,343 | 7,328 | 2.32% |
| Federal Home Loan Bank Stock | 15,000 | 327 | 8.72% | 15,000 | 330 | 8.79% |
| Total Investment Securities | 1,254,753 | 7,431 | 2.37% | 1,279,343 | 7,658 | 2.39% |
| <u>Loans Receivable:</u> | | | | | | |
| Commercial Real Estate | 1,888,292 | 23,086 | 4.92% | 1,878,384 | 22,817 | 4.89% |
| Commercial and Industrial | 478,868 | 8,088 | 6.79% | 471,147 | 7,740 | 6.61% |
| Residential Real Estate | 196,740 | 3,115 | 6.37% | 196,176 | 3,044 | 6.24% |
| Installment and Other | 8,628 | 69 | 3.23% | 9,235 | 63 | 2.74% |
| Total Loans Receivable | 2,572,528 | 34,358 | 5.37% | 2,554,942 | 33,664 | 5.30% |
| Total Interest Earning Assets | \$ 3,888,899 | \$ 42,628 | 4.34% | \$ 3,853,537 | \$ 41,572 | 4.27% |
| Liabilities: | | | | | | |
| Non-Interest Bearing Demand Deposits | 1,607,544 | - | 0.00% | 1,647,928 | - | 0.00% |
| Interest Bearing Transaction Accounts | 384,339 | 1,077 | 1.13% | 382,086 | 1,002 | 1.05% |
| Money Market and Savings Deposits | 1,145,701 | 7,900 | 2.77% | 1,125,101 | 7,265 | 2.60% |
| Certificates of Deposit | 261,401 | 2,408 | 3.70% | 255,490 | 2,288 | 3.60% |
| Total Deposits | 3,398,985 | 11,385 | 1.35% | 3,410,605 | 10,555 | 1.24% |
| Federal Home Loan Bank Advances / Other Borrowings | 162,533 | 2,203 | 5.45% | 123,022 | 1,598 | 5.22% |
| Total Interest Bearing Deposits and Borrowings | 1,953,974 | 13,588 | 2.80% | 1,885,699 | 12,153 | 2.59% |
| Total Deposits and Borrowings | \$ 3,561,518 | \$ 13,588 | 1.53% | \$ 3,533,627 | \$ 12,153 | 1.38% |
| Net Interest Income | \$ 29,040 | | | \$ 29,419 | | |
| Net Interest Rate Spread | | | 2.81% | | | 2.89% |
| Net Interest Margin | | | 3.00% | | | 3.07% |

American Business Bank
Figures in \$000
QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

| | For the three months ended: | | | | | |
|---|-----------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| | June 2024 | | | June 2023 | | |
| | Average Balance | Interest Inc/Exp | Average Yield/Rate | Average Balance | Interest Inc/Exp | Average Yield/Rate |
| Interest Earning Assets: | | | | | | |
| Interest Earning Deposits in Other Financial Institutions | \$ 61,618 | \$ 839 | 5.48% | \$ 20,808 | \$ 252 | 4.86% |
| <u>Investment Securities:</u> | | | | | | |
| US Agencies | 83,020 | 1,170 | 5.64% | 109,816 | 1,255 | 4.57% |
| Mortgage Backed Securities | 662,880 | 3,129 | 1.89% | 708,368 | 3,325 | 1.88% |
| State and Municipals | 477,603 | 2,617 | 2.19% | 500,033 | 2,759 | 2.21% |
| Corporate Bonds | 16,250 | 188 | 4.64% | 16,250 | 186 | 4.58% |
| Securities Available-for-Sale and Held-to-Maturity | 1,239,753 | 7,104 | 2.29% | 1,334,467 | 7,525 | 2.26% |
| Federal Home Loan Bank Stock | 15,000 | 327 | 8.72% | 15,000 | 263 | 7.00% |
| Total Investment Securities | 1,254,753 | 7,431 | 2.37% | 1,349,467 | 7,788 | 2.31% |
| <u>Loans Receivable:</u> | | | | | | |
| Commercial Real Estate | 1,888,292 | 23,086 | 4.92% | 1,815,531 | 21,136 | 4.67% |
| Commercial and Industrial | 478,868 | 8,088 | 6.79% | 482,506 | 7,533 | 6.26% |
| Residential Real Estate | 196,740 | 3,115 | 6.37% | 173,644 | 2,552 | 5.89% |
| Installment and Other | 8,628 | 69 | 3.23% | 7,711 | 59 | 3.05% |
| Total Loans Receivable | 2,572,528 | 34,358 | 5.37% | 2,479,392 | 31,280 | 5.06% |
| Total Interest Earning Assets | \$ 3,888,899 | \$ 42,628 | 4.34% | \$ 3,849,667 | \$ 39,320 | 4.04% |
| Liabilities: | | | | | | |
| Non-Interest Bearing Demand Deposits | 1,607,544 | - | 0.00% | 1,726,401 | - | 0.00% |
| Interest Bearing Transaction Accounts | 384,339 | 1,077 | 1.13% | 295,110 | 407 | 0.55% |
| Money Market and Savings Deposits | 1,145,701 | 7,900 | 2.77% | 1,003,941 | 4,323 | 1.73% |
| Certificates of Deposit | 261,401 | 2,408 | 3.70% | 140,114 | 1,024 | 2.93% |
| Total Deposits | 3,398,985 | 11,385 | 1.35% | 3,165,566 | 5,754 | 0.73% |
| Federal Home Loan Bank Advances / Other Borrowings | 162,533 | 2,203 | 5.45% | 392,968 | 4,875 | 4.98% |
| Total Interest Bearing Deposits and Borrowings | 1,953,974 | 13,588 | 2.80% | 1,832,133 | 10,629 | 2.33% |
| Total Deposits and Borrowings | \$ 3,561,518 | \$ 13,588 | 1.53% | \$ 3,558,534 | \$ 10,629 | 1.20% |
| Net Interest Income | \$ 29,040 | | | \$ 28,691 | | |
| Net Interest Rate Spread | | | 2.81% | | | 2.84% |
| Net Interest Margin | | | 3.00% | | | 2.99% |

American Business Bank
Figures in \$000
QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

| | For the six months ended: | | | | | |
|---|---------------------------|---------------------|-----------------------|---------------------|---------------------|-----------------------|
| | June 2024 | | | June 2023 | | |
| | Average Balance | Interest Inc/Exp | Average Yield/Rate | Average Balance | Interest Inc/Exp | Average Yield/Rate |
| Interest Earning Assets: | | | | | | |
| Interest Earning Deposits in Other Financial Institutions | \$ 40,435 | \$ 1,089 | 5.42% | \$ 19,882 | \$ 460 | 4.67% |
| <u>Investment Securities:</u> | | | | | | |
| US Agencies | 86,022 | 2,455 | 5.71% | 114,116 | 2,458 | 4.31% |
| Mortgage Backed Securities | 668,457 | 6,327 | 1.89% | 713,865 | 6,742 | 1.89% |
| State and Municipals | 481,320 | 5,272 | 2.19% | 502,955 | 5,551 | 2.21% |
| Corporate Bonds | 16,250 | 377 | 4.64% | 16,250 | 370 | 4.55% |
| Securities Available-for-Sale and Held-to-Maturity | 1,252,049 | 14,431 | 2.31% | 1,347,186 | 15,121 | 2.24% |
| Federal Home Loan Bank Stock | 15,000 | 657 | 8.75% | 15,000 | 528 | 7.03% |
| Total Investment Securities | 1,267,049 | 15,088 | 2.38% | 1,362,186 | 15,649 | 2.30% |
| <u>Loans Receivable:</u> | | | | | | |
| Commercial Real Estate | 1,883,338 | 45,903 | 4.90% | 1,786,498 | 40,767 | 4.60% |
| Commercial and Industrial | 475,008 | 15,828 | 6.70% | 495,877 | 15,120 | 6.15% |
| Residential Real Estate | 196,458 | 6,159 | 6.30% | 174,333 | 4,992 | 5.77% |
| Installment and Other | 8,932 | 132 | 2.98% | 7,594 | 144 | 3.83% |
| Total Loans Receivable | 2,563,736 | 68,022 | 5.34% | 2,464,302 | 61,023 | 4.99% |
| Total Interest Earning Assets | \$ 3,871,220 | \$ 84,199 | 4.30% | \$ 3,846,370 | \$ 77,132 | 3.99% |
| Liabilities: | | | | | | |
| Non-Interest Bearing Demand Deposits | 1,627,736 | - | 0.00% | 1,779,155 | - | 0.00% |
| Interest Bearing Transaction Accounts | 383,213 | 2,079 | 1.09% | 290,550 | 638 | 0.44% |
| Money Market and Savings Deposits | 1,135,401 | 15,165 | 2.69% | 1,068,460 | 6,553 | 1.24% |
| Certificates of Deposit | 258,445 | 4,696 | 3.65% | 102,348 | 1,291 | 2.54% |
| Total Deposits | 3,404,795 | 21,940 | 1.30% | 3,240,513 | 8,482 | 0.53% |
| Federal Home Loan Bank Advances / Other Borrowings | 142,778 | 3,801 | 5.35% | 325,713 | 7,961 | 4.93% |
| Total Interest Bearing Deposits and Borrowings | 1,919,837 | 25,741 | 2.70% | 1,787,071 | 16,443 | 1.86% |
| Total Deposits and Borrowings | \$ 3,547,573 | \$ 25,741 | 1.46% | \$ 3,566,226 | \$ 16,443 | 0.93% |
| Net Interest Income | \$ 58,458 | | | \$ 60,689 | | |
| Net Interest Rate Spread | 2.84% | | | 3.06% | | |
| Net Interest Margin | 3.04% | | | 3.18% | | |

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

| | June 2024 | March 2024 | December 2023 | June 2023 |
|---|----------------------|-----------------------|--------------------------|----------------------|
| <u>Performance Ratios:</u> | | | | |
| <u>Quarterly:</u> | | | | |
| Return on Average Assets (ROAA) | 0.97% | 1.08% | 1.17% | 0.96% |
| Return on Average Equity (ROAE) | 11.93% | 13.42% | 16.05% | 13.23% |
| Efficiency Ratio | 54.86% | 54.39% | 48.45% | 53.79% |
| <u>Year-to-Date</u> | | | | |
| Return on Average Assets (ROAA) | 1.02% | 1.08% | 1.13% | 1.16% |
| Return on Average Equity (ROAE) | 12.67% | 13.42% | 15.70% | 16.30% |
| Efficiency Ratio | 54.63% | 54.39% | 50.82% | 50.17% |
| <u>Capital Adequacy:</u> | | | | |
| Total Risk Based Capital Ratio | 12.84% | 12.62% | 12.37% | 12.54% |
| Common Equity Tier 1 Capital Ratio | 11.94% | 11.72% | 11.47% | 11.61% |
| Tier 1 Risk Based Capital Ratio | 11.94% | 11.72% | 11.47% | 11.61% |
| Tier 1 Leverage Ratio | 10.14% | 9.99% | 9.64% | 9.15% |
| Tangible Common Equity / Tangible Assets | 8.42% | 8.15% | 8.05% | 7.25% |
| <u>Asset Quality Overview</u> | | | | |
| Non-Performing Loans | \$ 6,641 | \$ 7,440 | \$ 7,859 | \$ 5,788 |
| Loans 90+ Days Past Due and Still Accruing | - | - | - | - |
| Total Non-Performing Loans | 6,641 | 7,440 | 7,859 | 5,788 |
| Loans Modified with Financial Difficulty | \$ 4,696 | \$ 229 | \$ 231 | \$ 239 |
| Other Real Estate Owned | - | - | - | - |
| ACL / Loans Receivable | 1.11% | 1.10% | 1.10% | 1.09% |
| Non-Performing Loans / Total Loans Receivable | 0.36% | 0.29% | 0.30% | 0.23% |
| Non-Performing Assets / Total Assets | 0.24% | 0.19% | 0.20% | 0.15% |
| Net Charge-Offs (Recoveries) quarterly | \$ (58) | \$ (101) | \$ 190 | \$ 170 |
| Net Charge-Offs (Recoveries) year-to-date | \$ (159) | \$ (101) | \$ 344 | \$ 159 |
| Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable | (0.01%) | (0.00%) | 0.01% | 0.01% |