

# PRESS RELEASE

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## American Bank Reports Third Quarter 2024 Earnings

Allentown, PA, October 15, 2024 – American Bank Incorporated (OTC Pink: AMBK), the parent company of American Bank, today announced earnings for the quarter and nine months ended September 30, 2024. Net income for the quarter was \$1,611,000 or \$0.25 per diluted share, a decrease of \$791,000 or 32.9% from \$2,402,000 or \$0.38 per diluted share for the third quarter of 2023. The decrease in net income for the quarter was primarily attributable to an increase in the provision for credit losses. The increased provision was primarily the result of record loan growth experienced during the quarter. Furthermore, the provision increased during the quarter as a result of macro-economic factors considered in the forecasting and qualitative components of the Company's determination of the allowance. The Company did not experience deterioration in asset quality during the quarter as total non-performing loans as a percentage of total loans decreased to 0.40% at September 30, 2024, compared to 0.45% at September 30, 2023.

Total assets increased \$63.1 million or 7.2% to \$944.4 million as of September 30, 2024 compared to \$881.3 million as of September 30, 2023. Investment securities available-for-sale decreased \$38.6 million or 37.8% and net loans increased \$94.5 million or 13.3% from September 30, 2023. The Company experienced strong organic loan growth, especially in commercial lending, which was partially funded with proceeds from maturing investments. Total deposits increased \$90.1 million or 13.6% from September 30, 2023 while total borrowings decreased \$26.8 million or 24.4%.

Return on average assets for the quarter ended September 30, 2024 decreased to 0.70% from 1.07% for the quarter ended September 30, 2023. Return on average equity for the quarter ended September 30, 2024 decreased to 6.84% from 10.93% for the same period in 2023. The declines in the foregoing ratios were the result of a decrease in net income and increases in average assets and average equity.

Net interest income for the quarter ended September 30, 2024 was \$6,020,000, an increase of \$355,000 or 6.3% from the quarter ended September 30, 2023. Net interest income increased year over year primarily due to overall growth in the loan portfolio and interest rate increases in our loan and investment portfolios, offset by higher rates paid on deposit products. Net interest margin increased nine basis points to 2.77% for the quarter ended September 30, 2024 from 2.68% for the quarter ended September 30, 2023.

President and CEO Mark Jaindl stated, "The growth of our loan portfolio was a highlight of this quarter and was a pivotal reason for the increase we realized in net interest income. In addition, the improvement of net interest margin reflects our commitment to delivering continued value to our shareholders even in a dynamic interest rate environment."

For the quarter ended September 30, 2024, there was a provision for credit losses in the amount of \$999,000 compared to a release of the allowance for credit losses in the amount of \$154,000 for the quarter ended September 30, 2023. The provision for credit losses for the quarter ended September 30, 2024 was primarily due to the large growth in the loan portfolio and increases in qualitative factors in the allowance for credit losses. American Bank has an allowance for credit losses of \$8.2 million or 1.01% of loans outstanding at September 30, 2024 compared to \$7.1 million or 0.98% of loans outstanding at September 30, 2023. Although loan quality remained strong, there were \$3.2 million in non-accruing loans at September 30, 2024 and September 30, 2023. The non-accruing loans consist of two commercial relationships, and the Company is in the process of foreclosure.

Jaindl stated, "We are very pleased to see the significant growth in our loan portfolio in the third quarter of this year. However, this growth when coupled with the expense related to qualitative factor adjustments impacts our provision for credit losses as illustrated by the increase over the prior year. We remain committed to

being proactive when it comes to managing our risk to ensure the resilience of our loan portfolio while being focused on providing competitive lending opportunities to our customers, particularly the local businesses we serve.”

Non-interest income decreased \$57,000 or 10.5% to \$487,000 for the quarter ended September 30, 2024 as compared to \$544,000 for the quarter ended September 30, 2023.

Non-interest expense increased \$151,000 or 4.5% to \$3.5 million for the quarter ended September 30, 2024 compared to the same quarter in 2023. The increase in non-interest expense was primarily the result of increased salaries and employee benefit expenses, hosted services and FDIC insurance. American Bank's operating expense to average asset ratio increased to 1.52% for the quarter ended September 30, 2024 compared to 1.49% for the quarter ended September 30, 2023. American Bank's operating expense to average asset ratio remains one of the lowest in the country.

Income tax expense decreased \$215,000 or 35.5% for the quarter ended September 30, 2024 compared to the same quarter in 2023. The effective tax rate of 19.5% for the quarter ended September 30, 2024 was comparable to the effective tax rate of 20.1% for the quarter ended September 30, 2023.

### Year-to-Date Results

Net income for the nine months ended September 30, 2024 was \$5.8 million, or \$0.89 per diluted share, a decrease of \$1.5 million or 20.3% from the nine months ended September 30, 2023. The decrease in net income for the nine-month period ended September 30, 2024 was primarily attributable to a decrease in net interest income and increases in the provision for credit losses and non-interest expense.

Return on average assets for the nine-month period ended September 30, 2024 decreased to 0.85% compared to 1.07% for the same period in 2023. Return on average equity for the nine-month period ended September 30, 2024 was 8.33% compared to 11.26% for the same period in 2023.

Net interest income for the nine months ended September 30, 2024 was \$17.0 million, a decrease of \$532,000 or 3.0% from the nine-month period ended September 30, 2023. Net interest margin decreased nine basis points to 2.65% year-to-date for the nine months ended September 30, 2024 compared to 2.74% for the nine months ended September 30, 2023.

For the nine months ended September 30, 2024, there was a provision for credit losses in the amount of \$780,000, which was an increase of \$1.1 million from the release of the allowance for credit losses in the amount of \$349,000 recorded for the nine months ended September 30, 2023. The increase in the provision for credit losses was for generally the same reasons as described in the quarter-to-date section above.

Non-interest income increased \$76,000 or 5.4% for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023.

Non-interest expense increased \$309,000 or 3.0% for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase in non-interest expense was for generally the same reasons as described in the quarter-to-date section above.

Income tax expense decreased \$416,000 or 22.6% for the nine months ended September 30, 2024 compared to the same period in 2023. The effective tax rate for the first nine months of 2024 was 19.7% compared to the effective tax rate of 20.2% for the first nine months of 2023.

American Bank is a "well capitalized" institution under all regulatory capital standards.

### About American Bank

American Bank, headquartered in Allentown, PA, is a locally owned community bank dedicated to serving customers in the Lehigh Valley for over 25 years. American Bank is an early innovator of online banking technology and continues that tradition by providing customers across the country online services that make banking easy and convenient. Their online banking service, *AmericanBank Online* (available at AMBK.com), allows customers to bank using a full range of real-time online banking services including online bill pay, online ACH, transfers between accounts, transaction history, check images and e-Statements. At a time when

customers need the ability to bank on the go, American Bank also has mobile banking and mobile deposit for consumer and business customers. To further enhance customers' online experience, American Bank's Virtual Assistant, "Penny," is conversational artificial intelligence (AI) technology available via the website or mobile app and provides convenient, 24/7 access to information and resources.

American Bank offers a complete selection of deposit and loan products and convenient services to suit the needs of consumers and businesses. Dedicated to providing customers superior, personalized customer service, American Bank offers some of the best loan and deposit rates available and as a result, has received the Bankrate.com® Top Tier award for consistently offering annual percentage yields (APYs) that were among the highest reported.

In addition, it is recognized as a 5-Star Superior rated financial institution (the highest rating possible) by Bauer Financial Inc., designating it as one of the strongest banks in the nation and was named one of the safest banks in the nation by MSN Money. American Bank was ranked #1 by the Morning Call's Top Workplaces in the Lehigh Valley and has been named one of the Best Places to Work in Pennsylvania.

*AmericanBank Online* is a registered trademark for the Internet financial services provided by American Bank, a state-chartered, FDIC-insured, full-service financial institution serving customers throughout the United States. American Bank is a member of the Federal Reserve System. American Bank is FDIC insured and an Equal Housing Lender.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

Statements in this press release regarding American Bank's business which are not historical facts, including expectations regarding future financial results, are "forward-looking statements" that involve risks and uncertainties which could cause actual results to differ materially from such statements.



# American Bank Incorporated

## Selected Financial Information

	<b>For the Three Months</b>		<b>For the Nine Months</b>	
	<b><u>Ended September 30,</u></b>		<b><u>Ended September 30,</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>Unaudited</b>		<b>Unaudited</b>	
<u>Performance Ratios</u> <sup>(1)</sup> :				
Return on assets (ratio of net income to average total assets)	0.70%	1.07%	0.85%	1.07%
Return on equity (ratio of net income to average equity)	6.84%	10.93%	8.33%	11.26%
Net interest margin (ratio of net interest income divided by average earning assets)	2.77%	2.68%	2.65%	2.74%
Ratio of operating expense to average total assets	1.52%	1.49%	1.53%	1.49%
Efficiency ratio (ratio of operating expenses divided by net interest income plus non-interest income)	53.96%	54.20%	56.57%	53.57%
	<b><u>At September 30,</u></b>			
	<b><u>2024</u></b>	<b><u>2023</u></b>		
	<b>Unaudited</b>			
<u>Asset Quality Ratios:</u>				
Non-accruing loans to loans receivable at end of period	0.40%	0.45%		
Allowance for credit losses to non-accruing loans	258.90%	222.97%		
Allowance for credit losses to loans receivable	1.01%	0.98%		
<u>Regulatory Capital Ratios – Company:</u>				
Common equity Tier 1 to risk weighted assets	10.92%	11.23%		
Tier I to average assets	10.37%	10.40%		
Tier I to risk weighted assets	11.22%	11.57%		
Total capital to risk weighted assets	12.23%	12.53%		
<u>Regulatory Capital Ratios – Bank:</u>				
Common equity Tier 1 to risk weighted assets	12.39%	11.50%		
Tier I to average assets	11.48%	10.37%		
Tier I to risk weighted assets	12.39%	11.50%		
Total capital to risk weighted assets	13.40%	12.46%		

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<sup>(1)</sup> Ratios for three and nine-month periods are annualized.