

HEADQUARTERS

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San Fernando Valley

21800 Oxnard Street, Suite 350
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Inland Empire

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1st Quarterly Report



www.americanbusinessbank.com

AMERICAN BUSINESS BANK®

Shareholders & Clients



20% ▲

Gross Loans
for the period
(20% increase)

The first quarter of 2018 showed the resumption of strong growth in both loans and deposits at American Business Bank.

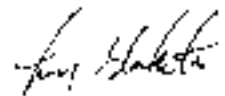
Total assets grew more than 6% compared to the same period of 2017. More noteworthy, however, is the 20% increase in gross loans for the period, coupled with an 11% increase in low cost, core deposits. This is new business from new clients, emanating from the bank's continued capture of Southern California's business banking market.

Reflecting this balance sheet growth, our revenues were up over 11% in this important measure of core business strength.

Earnings were down primarily due to an increase in non-interest expense from the hiring of new personnel in the fourth quarter of 2017. This investment will yield greater profitability in the future as the new hires continue to grow good credit quality loans and low cost core deposits. Additionally, one of the bank's founders and former Chief Credit Officer took early retirement effective March 15, 2018 after 20 years of contributions to the bank.

As always, the bank remains well capitalized and strongly reserved, despite our low delinquencies and minuscule non-performing loans for the quarter. We continue to focus on middle market, relationship business banking activities, and are not reliant on wholesale funding or financial engineering, to generate results.

These are real results, generated by real bankers, serving real businesses and we are proud of them. Many thanks to our staff for all their hard work.



Leon I. Blankstein
President, CEO, Director

Balance Sheet

Unaudited – 000's omitted

March 31, **2018** **2017**

ASSETS:

Cash and Cash Equivalents	\$ 46,876	\$ 58,774
Investment Securities	829,266	875,039
Gross Loans	999,544	834,587
Allowance for Loan Losses	<u>(14,487)</u>	<u>(13,166)</u>
Net Loans	985,057	821,421
Premises, Equipment and Other Assets	<u>71,739</u>	<u>63,736</u>
Total Assets	\$ 1,932,938	\$1,818,970

LIABILITIES:

Deposits:		
Non-Interest Bearing		
Demand Deposits	\$ 876,164	\$ 795,132
Interest Bearing		
Transaction Accounts	179,876	178,862
Money Market and Savings Deposits	613,881	537,464
Certificates of Deposits	<u>57,544</u>	<u>39,455</u>
Total Deposits	1,727,465	1,550,913
Federal Home Loan Bank Advances/Other Borrowings	32,000	118,000
Other Liabilities	<u>20,336</u>	<u>9,305</u>
Total Liabilities	1,779,801	1,678,218

SHAREHOLDERS' EQUITY:

Common Stock & Retained Earnings	\$ 165,750	\$ 153,315
Accumulated Other Comprehensive Income/(Loss)	<u>(12,613)</u>	<u>(12,563)</u>
Total Shareholders' Equity	<u>153,137</u>	<u>140,752</u>
Total Liabilities & Shareholders' Equity	\$ 1,932,938	\$1,818,970

Standby Letters of Credit	\$ 29,220	\$ 28,818
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Income Statement

Unaudited – 000's omitted (three months ended)

March 31, **2018** **2017**

INTEREST INCOME:

Loans	\$ 10,612	\$ 8,392
Investments	<u>5,028</u>	<u>5,679</u>
Total Interest Income	15,640	14,071

INTEREST EXPENSE:

Money Market and Savings Deposits	407	270
Certificates of Deposits	62	36
Federal Home Loan Bank Advances and Other Borrowings	<u>175</u>	<u>208</u>
Total Interest Expense	644	515
Net Interest Income	14,996	13,557
Provision for Loan Losses	<u>(832)</u>	<u>(178)</u>

Net Interest Income After Provision for Loan Losses	14,164	13,379
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NON-INTEREST INCOME 935 1,045

NON-INTEREST EXPENSE 12,114 9,850

Earnings Before Income Taxes	2,985	4,574
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Provision for Income Tax (559) (1,017)

NET INCOME (LOSS) \$ 2,426 \$ 3,557

Earnings Per Share - Basic \$ 0.32 \$ 0.48

Earnings Per Share - Diluted \$ 0.31 \$ 0.46

Weighted Average Shares - Basic 7,569,277 7,457,949

Weighted Average Shares - Diluted 7,830,162 7,709,102



American Business Bank specializes in business banking, a specifically-defined niche that our leadership team understands very well. Our clients are typically privately owned, and have annual sales between \$5 million and \$200 million.

As a leading independent bank, American Business Bank is committed to old-fashioned banking:

- 1** | We build our bank one client relationship at a time.
- 2** | We select only the best companies to work with and provide them with the best service possible.
- 3** | We hire and develop only the best bankers.



The result of this fundamental banking strategy is that we continue to grow, despite the ongoing challenges being experienced by the banking industry. This is one of the reasons why American Business Bank is one of the most successful banks in California today.