

HEADQUARTERS

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2nd Quarterly Report



www.americanbusinessbank.com

AMERICAN BUSINESS BANK®

Shareholders & Clients

American Business Bank reported record balance sheet growth and increased earnings for the second quarter of 2018.

Total assets grew by \$244 million (14%) from the same period last year, driven by our increase in core deposits of \$214 million. Notably, these are core customer deposits, reflecting an increase in American Business Bank's share of market in Southern California, and do not reflect brokered deposits of any kind.

During the quarter, total loans increased \$209 million, a 24% growth since June of last year. This brings our loan to deposit ratio to 60%, an all-time high for the bank. As always, our credit quality remains pristine, with negligible non-performing loans, no charge-offs and no REO. Meanwhile, our loan loss reserve sits at 1.41% of total loans, reflecting our commitment to a fortress balance sheet.

Net interest income for the quarter was up 18%, or \$2.4 million, over the same quarter last year. Total net interest income year-to-date increased \$3.8 million, a 14% growth over the first six months of 2017.

Earnings for the quarter were up 6% over the same quarter in 2017, while profits for the first half of 2018 were down slightly, as the bank continues to absorb the increased compensation expense for new staff hires made late last year. At \$6.1 million year to date, earnings are healthy and continue to improve as our investment in people pays off.

Once again, we thank our staff for their continued hard work during American Business Bank's unprecedented period of strong growth.



Leon I. Blankstein
President, CEO, Director



Balance Sheets

Unaudited – 000's omitted

June 30,	2018	2017
ASSETS:		
Cash and Cash Equivalents	\$ 96,625	\$ 60,621
Investment Securities	769,807	780,386
Gross Loans	1,093,535	884,774
Allowance for Loan Losses	<u>(15,431)</u>	<u>(13,324)</u>
Net Loans	1,078,104	871,450
Premises, Equipment and Other Assets	<u>76,716</u>	<u>65,165</u>
Total Assets	\$ 2,021,252	\$1,777,622
LIABILITIES:		
Deposits:		
Non-Interest Bearing		
Demand Deposits	\$ 905,552	\$ 829,775
Interest Bearing		
Transaction Accounts	203,068	185,063
Money Market and Savings Deposits	632,257	536,790
Certificates of Deposits	<u>67,032</u>	<u>42,690</u>
Total Deposits	1,807,909	1,594,318
Federal Home Loan Bank Advances/Other Borrowings	37,000	18,000
Other Liabilities	<u>21,686</u>	<u>13,059</u>
Total Liabilities	1,866,595	1,625,377
SHAREHOLDERS' EQUITY:		
Common Stock & Retained Earnings	\$ 170,673	\$ 157,691
Accumulated Other Comprehensive Income/(Loss)	<u>(16,016)</u>	<u>(5,446)</u>
Total Shareholders' Equity	<u>154,657</u>	<u>152,245</u>
Total Liabilities & Shareholders' Equity	\$ 2,021,252	\$1,777,622
Standby Letters of Credit	\$ 30,449	\$ 28,777

Income Statements

Unaudited – 000's omitted (three months ended)

June 30,	2018	2017
INTEREST INCOME:		
Loans	\$ 11,846	\$ 9,236
Investments	4,652	4,458
Interest Earning Deposits w/ Other Financial Institutions	<u>93</u>	<u>125</u>
Total Interest Income	16,591	13,819
INTEREST EXPENSE:		
Money Market and Savings Deposits	531	268
Certificates of Deposits	77	35
Federal Home Loan Bank Advances and Other Borrowings	<u>141</u>	<u>96</u>
Total Interest Expense	749	399
Net Interest Income	15,842	13,420
Provision for Loan Losses	<u>931</u>	<u>150</u>
Net Interest Income After Provision for Loan Losses	14,911	13,270
NON-INTEREST INCOME	1,502	914
NON-INTEREST EXPENSE	<u>11,577</u>	<u>9,404</u>
Earnings Before Income Taxes	4,836	4,780
Provision for Income Tax	<u>(1,106)</u>	<u>(1,266)</u>
NET INCOME (LOSS)	\$ 3,730	\$ 3,514
Earnings Per Share		
- Basic	\$ 0.49	\$ 0.47
Earnings Per Share		
- Diluted	\$ 0.48	\$ 0.45
Weighted Average Shares		
- Basic	7,616,766	7,515,680
Weighted Average Shares		
- Diluted	7,847,871	7,756,363



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.