HEADQUARTERS

Los Angeles

523 W. 6th Street, Suite 900 Los Angeles, California 90014 213.430.4000

REGIONAL OFFICES

Orange County

2030 Main Street, Suite 250 Irvine, California 92614 949.261.1122

North Orange County

2400 East Katella Ave, Suite 350 Anaheim, CA 92806 657.207.5750

South Bay

970 West 190th Street, Suite 301 Torrance, California 90502 310.808.1200

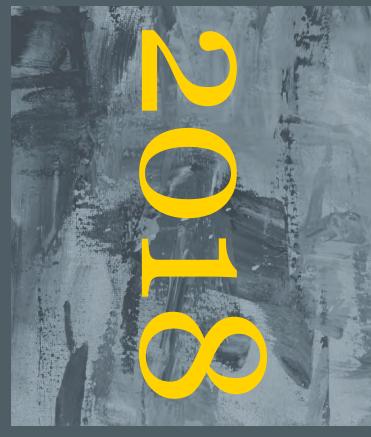
San Fernando Valley

21800 Oxnard Street, Suite 350 Woodland Hills, California 91367

818.884.0000

Inland Empire

3633 Inland Empire Blvd., Suite 720 Ontario, California 91764 909.919.2040



2nd Quarterly Report





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 Allowance for Loan Losses Net Loans		1,093,535 (15,431) 1,078,104	_	884,774 (13,324) 871,450	
Premises, Equipment and Other Assets Total Assets	\$ 2	76,716 2,021,252	\$1	65,165 ,777,622	
LIABILITIES:					
Deposits: Non-Interest Bearing Demand Deposits Interest Bearing	\$	905,552	\$	829,775	
Transaction Accounts Money Market and		203,068		185,063	
Savings Deposits		632,257		536,790	
Certificates of Deposits		<u>67,032</u> 1,807,909		42,690	
Total Deposits		1,807,909		,594,318	
Federal Home Loan Banl Advances/Other Borrowi Other Liabilities Total Liabilities	ngs	37,000 21,686 1,866,595		18,000 13,059 ,625,377	
SHAREHOLDERS' EQUITY:					
Common Stock & Retained Earnings Accumulated Other	\$	170,673	\$	157,691	
Comprehensive Income/(Lo	oss)	(16,016)		(5,446)	
Total Shareholders' Equ	uity .	154,657	_	152,245	
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 Investments Interest Earning Deposits w/	\$	11,846 4,652	\$	9,236 4,458		
Other Financial Institutions Total Interest Income		93 16,591		125 13,819		
INTEREST EXPENSE:						
Money Market and Savings Deposits		531		268		
Certificates of Deposits		77		35		
Federal Home Loan Bank Advances and Other Borrowings		1.41		06		
Total Interest Expense		<u>141</u> 749		96 399		
Net Interest Income		15,842		13,420		
Provision for Loan Losses		931		150		
Net Interest Income After Provision for Loan Losses		14,911		13,270		
NON-INTEREST INCOME		1,502		914		
NON-INTEREST EXPENSE	11,577			9.404		
Earnings Before Income Taxes		4,836		4,780		
Provision for Income Tax		(1,106)		(1,266)		
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	7,6	16,766	7,	515,680		
Weighted Average Shares - Diluted	7,847,871		7,	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:

- We build our bank one client relationship at a time.
- We select only the best companies to work with and provide them with the best service possible.
- 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.