



AMERICAN BUSINESS BANK ANNOUNCES SECOND QUARTER

NET INCOME INCREASES 41% OVER PRIOR YEAR

Year-to-date Net Income increases 73% over prior year

Second Quarter 2019 Highlights

- **Total loans increased** \$231 million or 21% from a year ago
- **Total loans increased** \$67 million or 21% annualized from prior quarter
- **Total deposits increased** \$192 million or 11% from a year ago
- **Non-interest bearing demand deposits** were 49% of total deposits
- **Nonperforming assets to total assets negligible** at 0.06%
- **Net interest income increased** by \$3.2 million or 20% over the prior year quarter
- **Continued status as well-capitalized**, the highest regulatory category

Los Angeles, California, July 26, 2019. AMERICAN BUSINESS BANK (OTC Pink: "AMBZ" or the "BANK") today reported net income of \$5.3 million or \$0.65 per fully diluted share for the second quarter of 2019 as compared to \$3.7 million or \$0.48 per fully diluted share for the second quarter of 2018. The increase was primarily due to significant loan and deposit growth over the last year resulting in increased net interest income.

"The growth in the second quarter of 2019 was centered in the core of our business banking model where we focus on C&I and owner-occupied commercial real estate loans. Furthermore, this growth was spread across our seven strategic locations in the Southern California market we serve. We continue to win new relationships from the larger banks by providing solutions with the client's best interest at heart backed up by our superior service. With our increased earnings over last year, the Bank continues to improve its efficiency by leveraging technology in the back office. Furthermore, we made a small change to one of our benefit plans that created capital in the quarter that benefits all our stakeholders," said Leon Blankstein, ABB's President, CEO and Director.

For the quarter ended June 30, 2019, net income was \$5.3 million or \$0.65 per fully diluted share, compared with net income of \$5.4 million or \$0.67 per fully diluted share for the first quarter of 2019. The slight decrease in net income was mainly due to an \$838,000 increase in provision for loan losses offset by an \$870,000 decrease in salaries and employee benefits. The higher provision for loan losses was the result of a \$67 million increase in loans during the second quarter of 2019 which maintained the allowance for loan losses at 1.4% of loans. The decrease in salaries and employee benefits expense was mainly attributable to a \$698,000 decrease in deferred compensation plan (DCP) charge, of which \$465,000 was related to the DCP ABB stock fund. As of May 31, 2019, the Bank reclassified \$6.2 million of DCP liability to equity as a result of plan amendments that limit settlement of deferrals in the ABB stock fund to issuance of ABB common stock.

Net interest income increased for the second quarter of 2019 compared to the second quarter of 2018 by \$3.2 million or 20% due to an increase in average outstanding loans and a higher yield on loans and a low

deposit beta for the periods compared. The yield on average loans increased to 4.91% for the second quarter of 2019 compared to 4.55% for the second quarter of 2018. The Bank's deposit beta remains low with the cost of deposits at 0.24% for the second quarter of 2019, an increase of 10 basis points over the quarter a year ago.

Net interest income increased by \$222,000 for the second quarter of 2019 compared to the first quarter of 2019. For the second quarter of 2019, loan interest income increased \$767,000 or 20% annualized due to an increase in average outstanding loans and a higher yield on loans. The yield on average loans increased to 4.91% for the second quarter of 2019 compared to 4.89% for the first quarter of 2019. The new loan production weighted average coupon was 5.05% in the quarter. The Bank's cost of deposits was at 0.24% for the most recent quarter, an increase of only 3 basis points over the prior quarter.

The Bank's net interest margin for the second quarter of 2019 was 3.61%. This compares to 3.35% in the second quarter of 2018 and 3.62% for the first quarter of 2019 representing an increase of 0.26% and a negligible decrease of 0.01%, respectively. The increase from the second quarter of 2018 was primarily due to average loans being a higher percentage of average earnings assets as well as expansion in average loan yields, offset by a decrease in the average yield on investment securities. The Bank adopted a new accounting standard on January 1, 2019 that required the Bank to shorten the amortization periods for its municipal securities held at a premium to the earliest call date. Thus, the amount of premium amortization was accelerated which contributed to a lower average yield on the municipals portfolio compared to the second quarter of 2018. The Bank's net interest margin decreased from the first quarter of 2019 primarily due to a decrease in the average yields on the investment securities portfolio resulting from higher pay downs primarily on the SBA securities. Average loan yields expanded slightly by 0.02% from the first quarter of 2019. The Bank's core funding continues to be a strength with the cost of deposits of 0.24% and 0.21% for the second quarter and first quarter of 2019, respectively.

On a year-to-date basis, net income was \$10.7 million or \$1.32 per fully diluted share for the six months ended June 30, 2019, compared to \$6.2 million or \$0.79 per fully diluted share for the six months ended June 30, 2018. The increase was primarily due to significant loan growth between periods, coupled with a higher yield on loans and a low deposit beta resulting in increased net interest income. The shift to higher earning assets is represented by the consecutive increases in the Bank's loan to deposit ratio, from 60% for the second quarter of 2018 to 64% for the first quarter of 2019, to 66% for the second quarter of 2019. Net interest margin was 3.62% for the first six months of 2019, a 30 basis point expansion from 3.32% for the same period a year ago.

Non Interest Income

Non-interest income in the second quarter of 2019 was \$1.3 million. This compares to \$1.4 million in the second quarter of 2018 and \$1.5 million for the first quarter of 2019. The decrease from the second quarter of 2018 was due to a \$330,000 decline in gain on sale of SBA loans as the Bank has started to portfolio certain SBA loans to add to its interest earning asset base. Compared to the first quarter of 2019, non-interest income also decreased primarily due to a \$145,000 net loss on the sale of investment securities realized in the recent quarter, as a result of repositioning the investment securities portfolio to lengthen the duration to protect from downward pressure on net interest income.

On a year-to-date basis, non-interest income for the six months ended June 30, 2019 was \$2.8 million, an increase of \$606,000, or 27%, from \$2.2 million for the same period a year ago. The increase is mainly attributable to a positive \$176,000 increase in the value of corporate owned life insurance (COLI) and a \$200,000 reduction in realized losses on the sale of investment securities. The change in COLI value is offset by a corresponding non-cash charge (credit) to compensation and benefits expense, which is included in non-interest expense. Additionally, Deposit and International Fees increased \$246,000 from the period a

year ago due to growth in commercial business customers. These increases were offset by a \$357,000 decline in gain on sale of SBA loans as the Bank has started to portfolio certain SBA loans to add to its interest earning asset base in 2019.

Non Interest Expense

Non-interest expense increased \$829,000 for the quarter ended June 30, 2019 compared to the same quarter a year ago. The increase was predominantly due to a \$612,000 increase in salaries expense and a \$194,000 increase in occupancy and equipment expense. The increase in salaries expense is directionally consistent with higher full time equivalent employees at June 30, 2019 over the prior year. Additionally, occupancy and equipment expense primarily increased due to the lease agreement for the new Los Angeles headquarters and the relocation that took place in June 2019. The previous headquarters lease expired in June 2019. The efficiency ratio declined to 60% for the second quarter of 2019 compared to 66% for the second quarter of 2018.

Compared to the first quarter of 2019, non-interest expense decreased \$721,000 primarily due to an \$870,000 decrease in salaries and employee benefits expense. The DCP liability decreased during the most recent quarter and resulted in a \$698,000 reduction to salaries and employee benefits expense, of which \$465,000 of the reduction was related to the DCP ABB stock fund. The decrease in the Bank's stock price resulted in a credit to DCP expense of \$465,000 during the first two months of the most recent quarter. Beginning in June of 2019, the Bank is no longer required to mark-to-market its DCP obligation related to the ABB stock fund under US GAAP. An additional credit to DCP expense is correlated to the negative change in COLI value of \$247,000 in the second quarter of 2019. The remaining decrease in salaries and employee benefits expense was due to lower employer payroll taxes paid in the second quarter of 2019.

On a year-to-date basis, non-interest expense for the six months ended June 30, 2019 increased \$1.9 million compared to the same period a year ago, predominantly due to a \$1.3 million increase in salaries and employee benefits expense. The DCP liability increased during the six months ended June 30, 2019 and resulted in a \$798,000 charge to salaries and employee benefits expense, of which \$543,000 of the increase was related to the DCP ABB stock fund. The remaining increase in salaries and employee benefits expense is attributable to a larger workforce. The efficiency ratio was 62% and 70% for the six months ended June 30, 2019 and 2018, respectively.

Full time equivalent employees at June 30, 2019 were 191, an increase of seven employees or 4% higher than a year ago, but only two more than at March 31, 2019. The Bank now has 29 relationship managers in seven offices.

Balance Sheet

Total assets increased \$64 million, or 6% annualized from year-end December 31, 2018 to \$2.2 billion. Total loans increased \$75 million to \$1.3 billion, or 12% annualized growth from year-end primarily in owner occupied real estate. This resulted in an increase in the loan to deposit ratio to 66% from 63% during the year. In the second quarter of 2019, the Bank grew loans by \$67 million and deposits by \$20 million. At June 30, 2019, non-interest bearing deposits represented 49% of total deposits.

From a year ago, total assets increased \$200 million or 10%, from June 30, 2018. This was driven by an increase in deposits of \$192 million, or 11% over the twelve months. Total loans increased \$231 million, or 21% from a year ago. This resulted in an increase in the loan to deposit ratio to 66% from 60% a year ago.

Asset quality at June 30, 2019 remains excellent with non-performing assets to total assets of 0.06%, \$1.0 million in non-performing loans, and no Other Real Estate Owned (OREO). The largest nonaccrual loan is

fully secured by real estate. At the end of the quarter, the allowance for loan losses stood at \$18.5 million, or 1.4% of total loans. For the first six months of 2019, the Bank had no charge offs.

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 six 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 and Inland Empire in Ontario.

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.

Contact: Karen Schoenbaum
EVP/CFO
(213) 430-4000
www.americanbb.bank

American Business Bank
Figures in \$000, except share and per share amounts
BALANCE SHEETS (unaudited)

	June 2019	March 2019	December 2018	June 2018
Assets:				
Cash and Due from Banks	\$ 66,605	\$ 54,418	\$ 26,673	\$ 54,916
Interest Earning Deposits in Other Financial Institutions	10,313	28,428	76,599	41,709
Investment Securities:				
US Agencies	376,573	415,682	440,212	504,722
Mortgage Backed Securities	194,735	181,978	128,851	86,795
State and Municipals	72,117	80,914	77,460	166,504
US Treasuries	9,991	9,878	9,859	9,791
Corporate Bonds	7,919	1,972	1,971	1,995
Securities Available-for-Sale, at Fair Value	661,335	690,424	658,353	769,807
Securities Held-to-Maturity, at Amortized Cost	87,121	87,325	87,526	-
Federal Home Loan Bank Stock, at Cost	10,356	10,356	10,356	10,356
Total Investment Securities	758,812	788,105	756,235	780,163
Loans Receivable:				
Commercial Real Estate	893,866	836,069	827,388	733,183
Commercial and Industrial	365,834	359,548	356,583	295,127
Residential Real Estate	61,116	58,340	62,835	61,807
Installment and Other	4,026	3,715	3,455	3,418
Total Loans Receivable	1,324,842	1,257,672	1,250,261	1,093,535
Allowance for Loan Losses	(18,548)	(17,608)	(17,503)	(15,431)
Loans Receivable, Net	1,306,294	1,240,064	1,232,758	1,078,104
Furniture, Equipment and Leasehold Improvements, Net	6,453	3,044	1,834	1,816
Other Assets	73,005	76,503	63,344	64,544
Total Assets	\$ 2,221,482	\$ 2,190,562	\$ 2,157,443	\$ 2,021,252
Liabilities:				
Non-Interest Bearing Demand Deposits	\$ 988,259	\$ 988,196	\$ 983,284	\$ 905,552
Interest Bearing Transaction Accounts	202,465	187,838	211,794	203,068
Money Market and Savings Deposits	749,979	722,043	728,237	632,257
Certificates of Deposit	59,524	81,934	50,443	67,032
Total Deposits	2,000,227	1,980,011	1,973,758	1,807,909
Federal Home Loan Bank Advances / Other Borrowings	-	-	-	37,000
Other Liabilities	29,191	36,678	18,618	21,686
Total Liabilities	\$ 2,029,418	\$ 2,016,689	\$ 1,992,376	\$ 1,866,595
Shareholders' Equity:				
Common Stock and Retained Earnings	\$ 197,966	\$ 185,556	\$ 182,164	\$ 170,673
Accumulated Other Comprehensive Income / (Loss)	(5,902)	(11,683)	(17,097)	(16,016)
Total Shareholders' Equity	\$ 192,064	\$ 173,873	\$ 165,067	\$ 154,657
Total Liabilities and Shareholders' Equity	\$ 2,221,482	\$ 2,190,562	\$ 2,157,443	\$ 2,021,252
Standby Letters of Credit	\$ 40,346	\$ 38,106	\$ 36,411	\$ 30,449
Per Share Information:				
Common Shares Outstanding	7,794,212	7,745,979	7,705,590	7,663,057
Book Value Per Share	\$ 24.64	\$ 22.45	\$ 21.42	\$ 20.18
Tangible Book Value Per Share	\$ 24.64	\$ 22.45	\$ 21.42	\$ 20.18

American Business Bank

Figures in \$000, except share and per share amounts

INCOME STATEMENTS (unaudited)

	For the three months ended:		
	June 2019	March 2019	June 2018
Interest Income:			
Interest and Fees on Loans	\$ 15,845	\$ 15,078	\$ 11,846
Interest on Investment Securities	4,145	4,273	4,652
Interest on Interest Earning Deposits in Other Financial Institutions	263	503	93
Total Interest Income	20,253	19,854	16,591
Interest Expense:			
Interest on Interest Bearing Transaction Accounts	107	104	76
Interest on Money Market and Savings Deposits	956	807	455
Interest on Certificates of Deposits	116	105	77
Interest on Federal Home Loan Bank Advances and Other Borrowings	14	-	141
Total Interest Expense	1,193	1,016	749
Net Interest Income	19,060	18,838	15,842
Provision for Loan Losses	928	90	931
Net Interest Income after Provision for Loan Losses	18,132	18,748	14,911
Non-Interest Income:			
Deposit Fees	543	503	474
International Fees	254	259	220
Gain (Loss) on Sale of Investment Securities, Net	(145)	-	(149)
Gain on Sale of SBA Loans, Net	161	79	491
Other	529	632	359
Total Non-Interest Income	1,342	1,473	1,395
Non-Interest Expense:			
Salaries and Employee Benefits	8,574	9,444	7,962
Occupancy and Equipment	1,047	1,021	853
Professional Services	1,196	1,197	1,207
Promotion Expenses	322	264	321
Other	1,160	1,094	1,127
Total Non-Interest Expense	12,299	13,020	11,470
Earnings before income taxes	7,175	7,201	4,836
Income Tax Expense	1,906	1,800	1,106
NET INCOME	\$ 5,269	\$ 5,401	\$ 3,730
<i>Add back:</i>			
After-Tax Gain (Loss) on Sale of Investment Securities, Net	\$ 107	\$ -	\$ 115
After-Tax DCP ABB Stock Expense (Benefit)	\$ 52	\$ 402	\$ (28)
Core Net Income	\$ 5,428	\$ 5,803	\$ 3,817
Per Share Information:			
Earnings Per Share - Basic	\$ 0.66	\$ 0.70	\$ 0.49
Earnings Per Share - Diluted	\$ 0.65	\$ 0.67	\$ 0.48
Core Earnings Per Share - Diluted	\$ 0.67	\$ 0.72	\$ 0.49
Weighted Average Shares - Basic	7,947,731	7,722,461	7,616,766
Weighted Average Shares - Diluted	8,079,466	8,033,433	7,847,871

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

	For the six months ended:	
	June 2019	June 2018
<u>Interest Income:</u>		
Interest and Fees on Loans	\$ 30,922	\$ 22,458
Interest on Investment Securities	8,419	9,635
Interest on Interest Earning Deposits in Other Financial Institutions	766	138
Total Interest Income	40,107	32,231
<u>Interest Expense:</u>		
Interest on Interest Bearing Transaction Accounts	210	151
Interest on Money Market and Savings Deposits	1,763	789
Interest on Certificates of Deposits	221	138
Interest on Federal Home Loan Bank Advances and Other Borrowings	14	315
Total Interest Expense	2,208	1,393
Net Interest Income	37,899	30,838
Provision for Loan Losses	1,018	1,763
Net Interest Income after Provision for Loan Losses	36,881	29,075
<u>Non-Interest Income:</u>		
Deposit Fees	1,045	898
International Fees	513	414
Gain (Loss) on Sale of Investment Securities, Net	(145)	(345)
Gain on Sale of SBA Loans, Net	239	596
Other	1,161	644
Total Non-Interest Income	2,813	2,207
<u>Non-Interest Expense:</u>		
Salaries and Employee Benefits	18,017	16,755
Occupancy and Equipment	2,068	1,586
Professional Services	2,394	2,346
Promotion Expenses	586	592
Other	2,253	2,181
Total Non-Interest Expense	25,318	23,460
Earnings before income taxes	14,376	7,822
Income Tax Expense	3,706	1,665
<u>NET INCOME</u>	\$ 10,670	\$ 6,157
<u>Add back:</u>		
After-Tax Net Gains (Losses) on Sale of Investment Securities	\$ 108	\$ 271
After-Tax DCP ABB Stock Expense (Benefit)	\$ 451	\$ 51
<u>Core Net Income</u>	\$ 11,229	\$ 6,479
<u>Per Share Information:</u>		
Earnings Per Share - Basic	\$ 1.35	\$ 0.81
Earnings Per Share - Diluted	\$ 1.32	\$ 0.79
Core Earnings Per Share - Diluted	\$ 1.39	\$ 0.83
Weighted Average Shares - Basic	7,923,375	7,593,022
Weighted Average Shares - Diluted	8,068,298	7,838,821

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

	For the three months ended:					
	June 2019			March 2019		
	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	\$ 43,368	\$ 263	2.46%	\$ 82,027	\$ 503	2.49%
Investment Securities:						
US Agencies	402,437	1,449	1.44%	433,799	1,757	1.62%
Mortgage Backed Securities	191,710	1,362	2.84%	148,059	1,118	3.02%
State and Municipals	163,565	1,096	2.68%	172,411	1,161	2.69%
US Treasuries	10,046	37	1.49%	10,052	37	1.48%
Corporate Bonds	2,720	24	3.46%	2,000	18	3.63%
Securities Available-for-Sale and Held-to-Maturity	770,478	3,968	2.06%	766,321	4,091	2.14%
Federal Home Loan Bank Stock	10,356	177	6.84%	10,356	182	7.03%
Total Investment Securities	780,834	4,145	2.12%	776,677	4,273	2.20%
Loans Receivable:						
Commercial Real Estate	870,023	10,289	4.74%	831,259	9,656	4.71%
Commercial and Industrial	359,009	4,712	5.26%	353,660	4,599	5.27%
Residential Real Estate	60,345	808	5.37%	59,928	788	5.33%
Installment and Other	4,996	36	2.91%	4,685	35	3.01%
Total Loans Receivable	1,294,373	15,845	4.91%	1,249,532	15,078	4.89%
Total Interest Earning Assets	\$ 2,118,575	\$ 20,253	3.78%	\$ 2,108,236	\$ 19,854	3.77%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,006,872	-	0.00%	996,040	-	0.00%
Interest Bearing Transaction Accounts	198,638	107	0.22%	198,809	104	0.21%
Money Market and Savings Deposits	723,827	956	0.53%	736,155	807	0.44%
Certificates of Deposit	69,674	116	0.67%	64,601	105	0.66%
Total Deposits	1,999,011	1,179	0.24%	1,995,605	1,016	0.21%
Federal Home Loan Bank Advances / Other Borrowings	2,049	14	2.66%	-	-	0.00%
Total Interest Deposits and Borrowings	994,188	1,193	0.48%	999,565	1,016	0.41%
Total Deposits and Borrowings	\$ 2,001,060	\$ 1,193	0.24%	\$ 1,995,606	\$ 1,016	0.21%
Net Interest Income						
		\$ 19,060			\$ 18,838	
Net Interest Rate Spread						
			3.54%			3.56%
Net Interest Margin						
			3.61%			3.62%

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

For the three months ended:						
	June 2019			June 2018		
	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	\$ 43,368	\$ 263	2.46%	\$ 21,686	\$ 93	1.74%
Investment Securities:						
US Agencies	402,437	1,449	1.44%	528,777	2,180	1.65%
Mortgage Backed Securities	191,710	1,362	2.84%	92,146	627	2.72%
State and Municipals	163,565	1,096	2.68%	187,246	1,621	3.46%
US Treasuries	10,046	37	1.49%	10,073	37	1.49%
Corporate Bonds	2,720	24	3.46%	2,000	16	3.12%
Securities Available-for-Sale and Held-to-Maturity	770,478	3,968	2.06%	820,242	4,481	2.19%
Federal Home Loan Bank Stock	10,356	177	6.84%	10,269	171	6.66%
Total Investment Securities	780,834	4,145	2.12%	830,511	4,652	2.24%
Loans Receivable:						
Commercial Real Estate	870,023	10,289	4.74%	698,804	7,801	4.48%
Commercial and Industrial	359,009	4,712	5.26%	275,934	3,156	4.59%
Residential Real Estate	60,345	808	5.37%	66,101	811	4.92%
Installment and Other	4,996	36	2.91%	3,719	78	8.36%
Total Loans Receivable	1,294,373	15,845	4.91%	1,044,558	11,846	4.55%
Total Interest Earning Assets	\$ 2,118,575	\$ 20,253	3.78%	\$ 1,896,755	\$ 16,591	3.46%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,006,872	-	0.00%	895,336	-	0.00%
Interest Bearing Transaction Accounts	198,638	107	0.22%	180,292	76	0.17%
Money Market and Savings Deposits	723,827	956	0.53%	629,622	455	0.29%
Certificates of Deposit	69,674	116	0.67%	62,415	77	0.49%
Total Deposits	1,999,011	1,179	0.24%	1,767,665	608	0.14%
Federal Home Loan Bank Advances / Other Borrowings	2,049	14	2.66%	30,648	141	1.84%
Total Interest Deposits and Borrowings	994,188	1,193	0.48%	902,977	749	0.33%
Total Deposits and Borrowings	\$ 2,001,060	\$ 1,193	0.24%	\$ 1,798,312	\$ 749	0.17%
Net Interest Income	\$ 19,060			\$ 15,842		
Net Interest Rate Spread	3.54%			3.29%		
Net Interest Margin	3.61%			3.35%		

American Business Bank
Figures in \$000
YEAR-TO-DATE AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)

For the six months ended:						
	June 2019			June 2018		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
Interest Earning Assets:						
Interest Earning Deposits with Other Financial Institutions	\$ 62,591	\$ 766	2.48%	\$ 16,700	\$ 138	1.67%
Investment Securities:						
US Agencies	418,032	3,206	1.53%	554,279	4,761	1.72%
Mortgage Backed Securities	170,005	2,481	2.92%	91,937	1,214	2.64%
State and Municipals	167,964	2,256	2.69%	184,509	3,201	3.47%
US Treasuries	10,049	74	1.48%	10,076	74	1.48%
Corporate Bonds	2,362	42	3.53%	2,176	32	2.93%
Securities Available-for-Sale and Held-to-Maturity	768,412	8,059	2.10%	842,977	9,282	2.20%
Federal Home Loan Bank Stock	10,356	360	6.94%	10,104	353	7.00%
Total Investment Securities	778,768	8,419	2.16%	853,081	9,635	2.26%
Loans Receivable:						
Commercial Real Estate	850,748	19,944	4.73%	679,159	14,994	4.45%
Commercial and Industrial	356,349	9,311	5.27%	257,267	5,748	4.51%
Residential Real Estate	60,138	1,596	5.35%	65,367	1,568	4.84%
Installment and Other	4,841	71	2.96%	3,555	148	8.37%
Total Loans Receivable	1,272,076	30,922	4.90%	1,005,348	22,458	4.50%
Total Interest Earning Assets	\$ 2,113,435	\$ 40,107	3.77%	\$ 1,875,129	\$ 32,231	3.42%
Liabilities:						
Non-Interest Bearing Demand Deposits	1,001,486	-	0.00%	888,462	-	0.00%
Interest Bearing Transaction Accounts	198,723	210	0.21%	176,711	151	0.17%
Money Market and Savings Deposits	729,957	1,763	0.49%	611,511	789	0.26%
Certificates of Deposit	67,152	221	0.66%	59,498	138	0.47%
Total Deposits	1,997,318	2,194	0.22%	1,736,182	1,078	0.13%
Federal Home Loan Bank Advances / Other Borrowings	1,030	14	2.66%	38,704	315	1.64%
Total Interest Deposits and Borrowings	996,862	2,208	0.45%	886,424	1,393	0.32%
Total Deposits and Borrowings	\$ 1,998,348	\$ 2,208	0.22%	\$ 1,774,886	\$ 1,393	0.16%
Net Interest Income		\$ 37,899			\$ 30,838	
Net Interest Rate Spread			3.55%			3.26%
Net Interest Margin			3.62%			3.32%

American Business Bank

Figures in \$000

SUPPLEMENTAL DATA (unaudited)

	June 2019	March 2019	December 2018	June 2018
<u>Performance Ratios:</u>				
<u>Quarterly:</u>				
Return on Average Assets (ROAA)	0.95%	0.99%	1.12%	0.76%
Core Return on Average Assets (ROAA)	0.98%	1.06%	0.91%	0.77%
Return on Average Equity (ROAE)	11.74%	12.88%	15.52%	9.81%
Core Return on Average Equity (ROAE)	12.09%	13.84%	12.61%	10.05%
Efficiency Ratio	59.86%	64.10%	48.92%	65.97%
Core Efficiency Ratio	59.51%	61.46%	57.34%	66.17%
<u>Year-to-Date</u>				
Return on Average Assets (ROAA)	0.97%	0.99%	0.80%	0.63%
Core Return on Average Assets (ROAA)	1.02%	1.06%	0.78%	0.67%
Return on Average Equity (ROAE)	12.29%	12.88%	10.65%	8.09%
Core Return on Average Equity (ROAE)	12.93%	13.84%	10.38%	8.52%
Efficiency Ratio	61.97%	64.10%	63.57%	70.26%
Core Efficiency Ratio	60.48%	61.46%	65.21%	70.07%
<u>Capital Adequacy:</u>				
Total Risk Based Capital Ratio	14.37%	14.15%	14.09%	14.92%
Common Equity Tier 1 Capital Ratio	13.12%	12.90%	12.84%	13.67%
Tier 1 Risk Based Capital Ratio	13.12%	12.90%	12.84%	13.67%
Tier 1 Leverage Ratio	8.94%	8.46%	8.33%	8.66%
Tangible Common Equity / Tangible Assets	8.65%	7.94%	7.65%	7.65%
<u>Asset Quality Overview</u>				
Non-Performing Loans	\$ 1,047	\$ 1,222	\$ 1,222	\$ 2,115
Loans 90+Days Past Due and Still Accruing	-	-	-	-
Total Non-Performing Loans	1,047	1,222	1,222	2,115
Restructured Loans	231	233	235	239
Other Real Estate Owned	-	-	-	-
ALLL / Loans Receivable	1.40%	1.40%	1.40%	1.41%
Non-Performing Loans / Total Loans Receivable *	0.10%	0.12%	0.12%	0.22%
Non-Performing Assets / Total Assets *	0.06%	0.07%	0.07%	0.12%
Net Charge-Offs (Recoveries) quarterly	\$ (12)	\$ (15)	\$ (10)	\$ (14)
Net Charge-Offs (Recoveries) year-to-date	\$ (27)	\$ (15)	\$ (53)	\$ (30)
Net Charge-Offs (Recoveries) year-to-date / Average Loans Receivable	(0.00%)	(0.00%)	(0.00%)	(0.00%)

* Includes non-accrual loans, accruing loans past due 90+ days and Troubled Debt Restructurings (TDRs).