

HEADQUARTERS

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213.430.4000

REGIONAL OFFICES

Orange County

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949.261.1122

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970 West 190th Street, Suite 301
Torrance, California 90502
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Woodland Hills, California 91367
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Inland Empire

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Ontario, California 91764
909.919.2040

AMERICAN BUSINESS BANK®

2017

3rd Quarterly Report

WWW.AMERICANBUSINESSBANK.COM



SHAREHOLDERS & CLIENTS

American Business Bank is pleased to report a return to strong earnings growth during the third quarter of 2017.

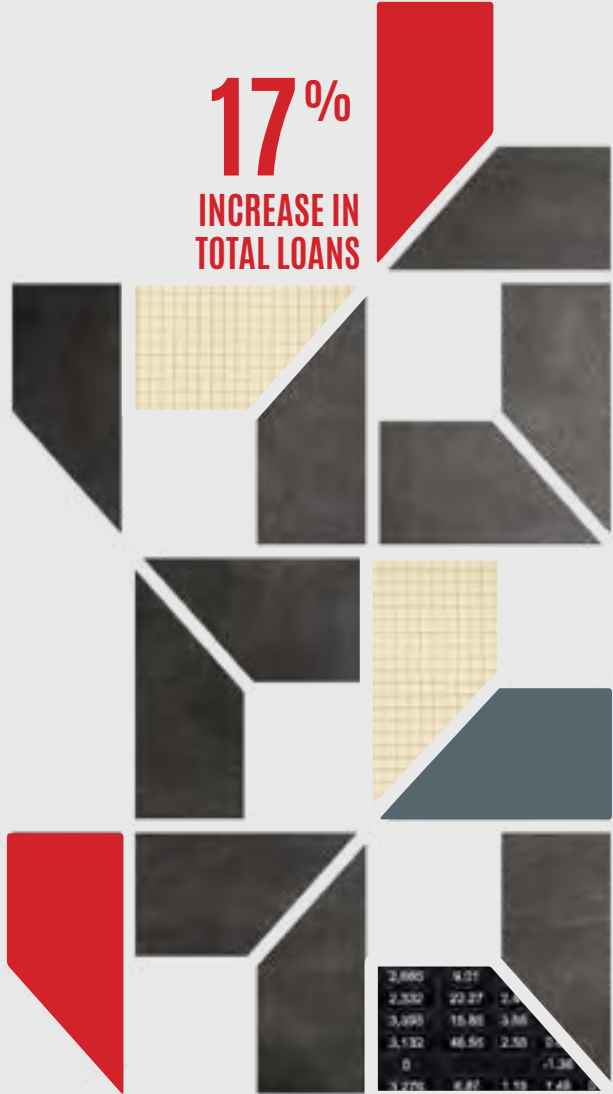
Total loans for the period grew 17% to \$865 million, reflecting a pickup in economic activity among our clients. At the same time, deposits fell by 1.5%, likewise, reflecting our clients' absorption of cash balances back into working capital, to support higher sales. Total assets finished the quarter at \$1.753 billion, and are comprised of government bonds and loans to customer whom we know well.

Earnings for the quarter were excellent. Net interest income, a measure of the bank's growing franchise value, grew 17% to \$14,150 million. This was partially offset by an increase in non-interest expense of \$1.27 million, primarily compensation, as the bank continues to attract quality bankers in Southern California. Net profit for the quarter was \$3.78 million, an increase of 18% over the same period last year. This brings total earnings for 2017 to \$10.85 million, a growth of 11% from 2016.

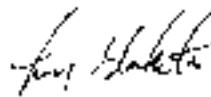
As always our balance sheet remains strong, with capital and reserves near the top of our peer group, charge-offs minimal and interest rate risk low. Our original commitment to maintain a fortress balance sheet remains a cornerstone of our culture. This will not change.

We are proud of these results and acknowledge that they reflect the hard work of some of the best bankers to be found anywhere.

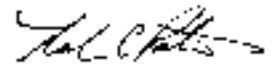
17%
**INCREASE IN
TOTAL LOANS**



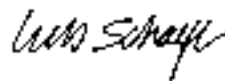
2,660	4.01		
2,330	22.27	2.4	
3,090	15.86	3.86	
3,132	46.50	2.50	
0			-1.36
1,726	2.87	1.19	1.48



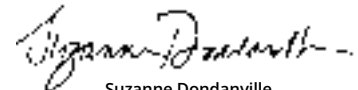
Leon I. Blankstein
President, CEO, Director



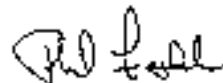
Robin C. Paterson
Executive Vice President, CCO, Director



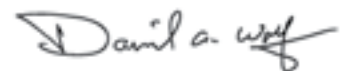
Wes E. Schaefer
*Executive Vice President,
CIO, Director*



Suzanne Dondanville
*Executive Vice President,
Chief Operations Officer*



Phil Feghali
*Executive Vice President,
Corporate Banking*



David A. Wolf
*Executive Vice President,
Corporate Banking*

Balance Sheet

Income Statement

(three months ended)

Unaudited – 000's omitted

September 30, **2017** **2016**

ASSETS

Investment Securities	\$ 752,024	\$ 937,799
Federal Funds Sold	19,000	-0
Loans and Leases (Net)	864,624	739,607
Cash, Checks in Process of Collection, Due from Banks	53,516	72,507
Premises, Equipment and Other Assets	<u>63,492</u>	<u>64,989</u>
Total Assets	<u>\$ 1,752,656</u>	<u>\$ 1,814,902</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Demand Deposits	\$ 795,930	\$ 812,627
Money Market Deposits	735,589	745,090
Savings & Time Deposits	<u>51,233</u>	<u>49,093</u>
Total Deposits	\$ 1,582,752	\$ 1,606,810
FHLB Borrowings & Overnights	2,000	51,000
Other Liabilities	12,822	13,219
Shareholders' Equity	<u>\$ 155,082</u>	<u>\$ 143,873</u>
Total Liabilities and Shareholders' Equity	<u>\$ 1,752,656</u>	<u>\$ 1,814,902</u>

Unaudited – 000's omitted

September 30, **2017** **2016**

INTEREST INCOME

Loans and Leases	\$ 9,771	\$ 8,057
Investment Securities	<u>4,760</u>	<u>4,265</u>
Total Interest Income	\$ 14,531	\$ 12,322

INTEREST EXPENSE

Money Market Deposits	\$ 330	\$ 280
Savings and Time Deposits	41	43
Repurchase Agreements/ Other Borrowings	<u>10</u>	<u>53</u>
Total Interest Expense	\$ 381	\$ 376
Net Interest Income	\$ 14,150	\$ 11,946
Provision for Loan Losses	<u>(300)</u>	<u>(25)</u>
Net Interest Income After Provision for Loan Losses	\$ 13,850	\$ 11,921

OTHER INCOME 696 494

OTHER EXPENSE 9,176 7,906

OPERATING INCOME \$ 5,370 \$ 4,509

Income Taxes (1,587) (1,299)

NET EARNINGS \$ 3,783 \$ 3,210

Earnings Per Share \$ 0.48 \$ 0.42

Less after tax gains/(loss)
on securities sold and DCP \$ (53) \$ 79

Core Net Earnings \$ 3,730 \$ 3,289

Core Earnings Per Share

- Diluted \$ 0.48 \$ 0.43

If you desire more detailed information,
contact Julie Nguyen, CFO at 213.430.4000



VISION & VALUES

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.