

# AMERICAN BUSINESS BANK®

## AMERICAN BUSINESS BANK ANNOUNCES RECORD GROWTH IN 2018

*Net Interest Income increases 23% over prior year*

### Full Year 2018 Highlights

- **Total loans increased** \$330 million or 36%
- **Total deposits increased** \$334 million or 20%
- **Non-interest bearing demand deposits** were 50% of total deposits
- **Nonperforming assets to total assets negligible** at 0.07%
- **Continued status as well-capitalized**, the highest regulatory category

### Fourth Quarter 2018 Highlights

- **Net interest income increased** by \$5.2 million or 38% over the prior year quarter
- **Record net organic loan growth** of \$112 million or 39% annualized

Los Angeles, California, January 29, 2019. AMERICAN BUSINESS BANK (OTC Pink: AMBZ) today reported net income for the full year 2018 of \$16.4 million or \$2.09 per fully diluted share compared to net income of \$8.3 million or \$1.07 per fully diluted share for the full year 2017, an increase of 97%. The increase was related to record loan growth resulting in increased net interest income. The results for 2017 include a \$5.1 million (\$0.66 per fully diluted share) write-down of the net deferred tax asset due to the Tax Cuts and Job Acts of 2017 (Tax Reform Act). Comparing 2018 core net income of \$16 million to 2017 core net income of \$14.4 million, which excludes the write-down of the net deferred tax asset and gains/losses on securities and stock, results in an increase of 11%.

“The investment we made in hiring seasoned banking personnel in the fourth quarter of 2017 negatively affected earnings in the first half of 2018, that being said, the year has been transformational for the Bank. Despite our record growth, we remain true to our strategy of providing high touch business banking services to our customers. With our new relationship manager teams fully integrated, we expect loan and deposit growth to normalize to the low double digits in 2019,” said Leon Blankstein, ABB’s President, CEO and Director.

For the quarter ending December 31, 2018 net income was \$6.1 million or \$0.77 per fully diluted share, compared with a net loss of \$2.5 million or \$0.34 loss per fully diluted share for the fourth quarter of 2017 due to the effects of the Tax Reform Act signed in December of 2017. Another significant difference was net interest income increased \$5.2 million or 38% due to the strong loan growth funded by core deposit growth.

Net income for the fourth quarter of 2018 was \$6.1 million or \$0.77 per fully diluted share, compared with net income of \$4.1 million or \$0.53 per fully diluted share for the third quarter of 2018. The increases were due to increased net interest income of \$1.4 million with a decline in compensation and benefits of \$3 million from the third quarter.

The Bank’s net interest margin for 2018 was 3.41%, compared to 3.10% in the previous year, an increase of 0.31%. The Bank’s net interest margin for the fourth quarter of 2018 was 3.53%, compared to 3.02% for the fourth quarter of 2017, an increase of 0.51%. The increases were primarily due to average loans being a higher percentage of average earnings assets in 2018 than in 2017, as well as expansion in average loan yields for the periods compared. The loan to deposit ratio increased to 63% from 56% during the year.

The Bank's net interest margin for the fourth quarter of 2018 was 3.53%, compared to 3.46% in the third quarter of 2018. The increase was primarily due to expansion in average loan yields while cost of deposits remained steady compared to the prior quarter.

Net interest income increased for the fourth quarter over the third quarter of 2018 by \$1.4 million or 8%. For 2018, net interest income increased \$12.4 million or 23% due to an increase in average outstanding loans, a higher yield on loans and a low deposit beta for the periods compared. The yield on average loans increased to 4.80% for the fourth quarter of 2018 compared to 4.71% for the third quarter of 2018. The new loan production weighted average coupon was 5.01% in the quarter. The Bank's core deposits continue to be a strength with the cost of deposits at 0.18% for the most recent quarter, an increase of only 1 basis point over the prior quarter.

Non-interest income in 2018 was \$3.9 million, an increase of \$174,000, or 5% from \$3.7 million in the prior year. The Bank recorded a gain on sale of SBA loans of \$886,000 generated by the new SBA group in 2018. Additionally, Deposit and International fees increased \$411,000 from the prior year due to growth in commercial business customers.

Non-interest income was \$646,000 for the fourth quarter of 2018, a decrease of \$423,000 compared to the third quarter. Included in other non-interest income is a decline in the value of the Corporate owned life insurance (COLI) of \$323,000 which is invested in mutual funds. Its decline in value is offset by a benefit related to the deferred compensation plan (DCP) for directors and senior management. As the correlated DCP investment declines in value, the expense related to DCP decreases, thereby resulting in a benefit that offsets compensation expense. In the third quarter of 2018, other non-interest income increased due to the positive change in COLI value.

Non-interest expense increased for the year ending December 31, 2018 compared to the prior year with the hiring of new personnel in the fourth quarter of 2017 and additional hires throughout 2018 to support the Bank's growth. Furthermore, two new loan production offices were opened in 2018 as well as the Irvine office relocated to a larger facility.

Non-interest expense decreased \$3 million for the quarter ending December 31, 2018 compared to the prior quarter. This reduction was predominantly due to a non-cash decrease in compensation and benefits of \$2 million. The decline in the Bank's stock price resulted in a benefit in DCP expense during the fourth quarter. An additional DCP benefit of \$466,000 is correlated to the COLI decline of \$323,000.

Full time equivalent employees at December 31, 2018 were 191, an increase of 22 employees or 13% higher than a year ago, but only 3 more than at September 30, 2018. The Bank now has 30 relationship managers in seven offices.

Total assets increased \$284 million, or 15% from year end December 31, 2017 to \$2.2 billion which was driven by an increase in deposits.

Asset quality at December 31, 2018 remains excellent with non-performing assets to total assets of 0.07%, \$1.2 million in non-performing loans, and no Other Real Estate Owned (OREO). The largest nonaccrual is fully secured by real estate. At the end of the quarter, the allowance for loan losses stood at \$17.5 million, or 1.4% of total loans. For 2018, 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. The Bank has opened six Loan Production Offices in strategic areas including our North Orange County Office in Anaheim, our Orange County Office in Irvine, our South Bay Office in Torrance, our San Fernando Valley Office in the Warner Center, our Riverside County office in Corona and our Inland Empire Office 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.

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Figures in \$000, except per share amounts

**BALANCE SHEET (unaudited)**

	December 2018	September 2018	December 2017
<b>Assets:</b>			
Cash and Due from Banks	\$ 26,673	\$ 59,007	\$ 32,205
Interest Earning Deposits with Other Financial Institutions	76,599	62,497	9,701
<b>Investment Securities:</b>			
US Agencies	440,212	464,604	584,950
Mortgage Backed Securities	128,851	129,813	86,909
State and Municipals	77,460	79,396	169,803
US Treasuries	9,859	9,758	9,931
Corporate Bonds	1,971	1,976	3,394
Securities Available-for-Sale, at Fair Value	658,353	685,547	854,987
Securities Held-to-Maturity, at Amortized Cost	87,526	87,546	-
Federal Home Loan Bank Stock, at Cost	10,611	10,611	10,190
Total Investment Securities	756,490	783,704	865,177
<b>Gross Loans:</b>			
Commercial Real Estate	827,388	765,374	641,459
Commercial and Industrial	356,583	304,682	216,007
Residential Real Estate	62,835	64,853	59,665
Installment and Other	3,455	3,528	3,262
Total Gross Loans	1,250,261	1,138,437	920,393
Allowance for Loan and Lease Losses	(17,503)	(15,950)	(13,639)
Net Loans	1,232,758	1,122,487	906,754
Premises and Equipment	1,834	1,831	1,273
Other Assets	63,089	66,772	58,439
<b>Total Assets</b>	<b>\$ 2,157,443</b>	<b>\$ 2,096,298</b>	<b>\$ 1,873,549</b>
<b>Liabilities:</b>			
Non-Interest Bearing Demand Deposits	\$ 983,284	\$ 972,560	\$ 863,410
Interest Bearing Transaction Accounts	211,794	197,460	170,326
Money Market and Savings Deposits	728,237	672,047	563,610
Certificates of Deposit	50,443	73,239	42,390
Total Deposits	1,973,758	1,915,306	1,639,736
Federal Home Loan Bank Advances / Other Borrowings	-	1,000	62,000
Other Liabilities	18,618	25,048	19,010
<b>Total Liabilities</b>	<b>\$ 1,992,376</b>	<b>\$ 1,941,354</b>	<b>\$ 1,720,746</b>
<b>Shareholders' Equity:</b>			
Common Stock and Retained Earnings	\$ 182,164	\$ 175,616	\$ 160,880
Accumulated Other Comprehensive Income / (Loss)	(17,097)	(20,672)	(8,077)
<b>Total Shareholders' Equity</b>	<b>\$ 165,067</b>	<b>\$ 154,944</b>	<b>\$ 152,803</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,157,443</b>	<b>\$ 2,096,298</b>	<b>\$ 1,873,549</b>
Standby Letters of Credit	\$ 36,411	\$ 31,561	\$ 28,863
<b>Per Share Information:</b>			
Common Shares Outstanding	7,705,590	7,691,918	7,539,922
Book Value Per Share	\$ 21.42	\$ 20.14	\$ 20.27
Tangible Book Value Per Share	\$ 21.42	\$ 20.14	\$ 20.27

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Figures in \$000, except per share amounts

**INCOME STATEMENT (unaudited)**

	For the three months ended:		
	December 2018	September 2018	December 2017
<b>Interest Income:</b>			
Loans	\$ 14,124	\$ 13,156	\$ 9,701
Investment Securities	4,747	4,625	4,055
Interest Earning Deposits in Other Financial Institutions	868	414	300
Total Interest Income	19,739	18,195	14,056
<b>Interest Expense:</b>			
Interest Bearing Transaction Accounts	110	113	66
Money Market and Savings Deposits	725	587	297
Certificates of Deposits	97	96	40
Federal Home Loan Bank Advances / Other Borrowings	1	12	15
Total Interest Expense	933	808	418
Net Interest Income	18,806	17,387	13,638
Provision for Loan Losses	1,543	505	-
Net Interest Income after Provision for Loan Losses	17,263	16,882	13,638
<b>Non-Interest Income:</b>			
Deposit Fees	505	496	428
International Fees	281	237	185
Net Gains (Losses) on Sale of Investment Securities	(74)	(208)	(299)
Gains on Sale of SBA Loans	141	149	-
Other	(207)	395	477
Total Non-Interest Income	646	1,069	791
<b>Non-Interest Expense:</b>			
Compensation and Benefits	5,959	8,960	7,357
Occupancy and Equipment	792	874	650
Professional Services	1,269	1,042	1,467
Promotion Expenses	402	341	273
Other	1,130	1,274	1,211
Total Non-Interest Expense	9,552	12,491	10,958
Earnings before income taxes	8,357	5,460	3,471
Provision for Income Tax	2,262	1,318	6,006
<b>NET INCOME (LOSS)</b>	<b>\$ 6,095</b>	<b>\$ 4,142</b>	<b>\$ (2,535)</b>
<i>Add back:</i>			
After-Tax Net Gains (Losses) on Sale of Investment Securities	\$ 54	\$ 158	\$ (219)
After-Tax DCP ABB Stock Expense (Benefit)	\$ (1,199)	\$ 307	\$ (147)
Tax Reform Act Deferred Tax Asset Writeoff	\$ -	\$ -	\$ 5,139
<b>Core Net Income</b>	<b>\$ 4,950</b>	<b>\$ 4,607</b>	<b>\$ 2,238</b>
<b>Per Share Information:</b>			
Earnings Per Share - Basic	\$ 0.79	\$ 0.54	\$ (0.34)
Earnings Per Share - Diluted	\$ 0.77	\$ 0.53	\$ (0.34)
Core Earnings Per Share - Diluted	\$ 0.63	\$ 0.58	\$ 0.29
Weighted Average Shares - Basic	7,700,091	7,683,427	7,538,515
Weighted Average Shares - Diluted	7,881,465	7,885,205	7,538,515

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Figures in \$000, except per share amounts

**INCOME STATEMENT (unaudited)**

	For the twelve months ended:	
	December 2018	December 2017
<b><u>Interest Income:</u></b>		
Loans	\$ 49,738	\$ 36,943
Investment Securities	19,007	18,658
Interest Earning Deposits in Other Financial Institutions	1,420	720
Total Interest Income	70,165	56,321
<b><u>Interest Expense:</u></b>		
Interest Bearing Transaction Accounts	374	263
Money Market and Savings Deposits	2,100	969
Certificates of Deposits	331	152
Federal Home Loan Bank Advances / Other Borrowings	329	329
Total Interest Expense	3,134	1,713
Net Interest Income	67,031	54,608
Provision for Loan Losses	3,811	628
Net Interest Income after Provision for Loan Losses	63,220	53,980
<b><u>Non-Interest Income:</u></b>		
Deposit Fees	1,899	1,668
International Fees	932	752
Net Gains (Losses) on Sale of Investment Securities	(627)	(365)
Gains on Sale of SBA Loans	886	-
Other	833	1,694
Total Non-Interest Income	3,923	3,749
<b><u>Non-Interest Expense:</u></b>		
Compensation and Benefits	31,674	26,129
Occupancy and Equipment	3,253	2,669
Professional Services	4,658	4,149
Promotion Expenses	1,336	1,174
Other	4,583	5,413
Total Non-Interest Expense	45,504	39,534
Earnings before income taxes	21,639	18,195
Provision for Income Tax	5,246	9,876
<b>NET INCOME</b>	<b>\$ 16,393</b>	<b>\$ 8,319</b>
<i>Add back:</i>		
After-Tax Net Gains (Losses) on Sale of Investment Securities	\$ 475	\$ 167
After-Tax DCP ABB Stock Expense (Benefit)	\$ (890)	\$ 731
Tax Reform Act Deferred Tax Asset Writeoff	\$ -	\$ 5,139
<b>Core Net Income</b>	<b>\$ 15,978</b>	<b>\$ 14,356</b>
<b><u>Per Share Information:</u></b>		
Earnings Per Share - Basic	\$ 2.15	\$ 1.11
Earnings Per Share - Diluted	\$ 2.09	\$ 1.07
Core Earnings Per Share - Diluted	\$ 2.03	\$ 1.84
Weighted Average Shares - Basic	7,642,390	7,508,168
Weighted Average Shares - Diluted	7,860,712	7,799,952

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Figures in \$000

**SUPPLEMENTAL DATA (unaudited)**

	December 2018	September 2018	December 2017
<b>Performance Ratios:</b>			
<u>Quarterly:</u>			
Return on Average Assets (ROAA)	1.12%	0.80%	-0.54%
Core Return on Average Assets (ROAA)	0.91%	0.89%	0.48%
Return on Average Equity (ROAE)	15.52%	10.74%	-6.47%
Core Return on Average Equity (ROAE)	12.61%	11.95%	5.71%
<u>Year-to-Date</u>			
Return on Average Assets (ROAA)	0.80%	0.69%	0.45%
Core Return on Average Assets (ROAA)	0.78%	0.74%	0.78%
Return on Average Equity (ROAE)	10.65%	8.98%	5.60%
Core Return on Average Equity (ROAE)	10.38%	9.68%	9.66%
<b>Capital Adequacy:</b>			
Total Capital Ratio	14.09%	14.70%	16.51%
Common Equity Tier 1 Ratio	12.84%	13.45%	15.26%
Tier 1 Capital Ratio	12.84%	13.45%	15.26%
Tier 1 Leverage Ratio	8.33%	8.48%	8.55%
Tangible Common Equity / Tangible Assets	7.65%	7.39%	8.16%
<b>Asset Quality Overview</b>			
Non-Performing Loans	\$ 1,222	\$ 1,361	\$ 915
Loans 90+Days Past Due and Still Accruing	-	-	-
Total Non-Performing Loans	1,222	1,361	915
Restructured Loans	235	237	243
Other Real Estate Owned	-	-	-
ALLL / Gross Loans	1.40%	1.40%	1.48%
Non-Performing Loans / Total Loans *	0.12%	0.14%	0.13%
Non-Performing Assets / Total Assets *	0.07%	0.08%	0.06%
Net Charge-Offs (Recoveries) quarterly	\$ (10)	\$ (13)	\$ (1)
Net Charge-Offs (Recoveries) year-to-date	\$ (53)	\$ (43)	\$ (46)
Net Charge-Offs (Recoveries) year-to-date / Average Gross Loans	(0.00%)	(0.00%)	(0.01%)

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

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Figures in \$000

**QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)**

	For the three months ended:					
	December 2018			September 2018		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
<b>Interest Earning Assets:</b>						
Interest Earning Deposits with Other Financial Institutions	\$ 150,483	\$ 868	2.34%	\$ 80,898	\$ 414	2.08%
<b>Investment Securities:</b>						
US Agencies	459,879	1,886	1.64%	493,172	2,093	1.70%
Mortgage Backed Securities	137,272	957	2.79%	112,564	804	2.86%
State and Municipals	174,603	1,492	3.42%	175,161	1,496	3.41%
US Treasuries	10,059	37	1.46%	10,066	37	1.46%
Corporate Bonds	2,000	17	3.41%	2,000	16	3.30%
Securities Available-for-Sale and Held-to-Maturity	783,813	4,389	2.19%	792,963	4,446	2.19%
Federal Home Loan Bank Stock	10,611	358	13.50%	10,611	179	6.76%
<b>Total Investment Securities</b>	<b>794,424</b>	<b>4,747</b>	<b>2.34%</b>	<b>803,574</b>	<b>4,625</b>	<b>2.25%</b>
<b>Gross Loans:</b>						
Commercial Real Estate	782,799	9,164	4.64%	748,331	8,693	4.61%
Commercial and Industrial	317,882	4,031	5.03%	295,338	3,600	4.84%
Residential Real Estate	62,307	819	5.21%	61,767	784	5.04%
Installment and Other	4,245	110	10.32%	3,755	79	8.32%
<b>Total Gross Loans</b>	<b>1,167,233</b>	<b>14,124</b>	<b>4.80%</b>	<b>1,109,191</b>	<b>13,156</b>	<b>4.71%</b>
<b>Total Interest Earning Assets</b>	<b>\$ 2,112,140</b>	<b>\$ 19,739</b>	<b>3.66%</b>	<b>\$ 1,993,663</b>	<b>\$ 18,195</b>	<b>3.57%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	1,029,346	-	0.00%	956,243	-	0.00%
Interest Bearing Transaction Accounts	197,465	110	0.22%	201,146	113	0.22%
Money Market and Savings Deposits	712,486	725	0.40%	663,767	587	0.35%
Certificates of Deposit	64,269	97	0.60%	68,957	96	0.55%
<b>Total Deposits</b>	<b>2,003,566</b>	<b>932</b>	<b>0.18%</b>	<b>1,890,113</b>	<b>796</b>	<b>0.17%</b>
Federal Home Loan Bank Advances / Other Borrowings	402	1	1.48%	2,946	12	1.66%
<b>Total Interest Deposits and Borrowings</b>	<b>974,622</b>	<b>933</b>	<b>0.38%</b>	<b>936,816</b>	<b>808</b>	<b>0.34%</b>
<b>Total Deposits and Borrowings</b>	<b>\$ 2,003,969</b>	<b>\$ 933</b>	<b>0.18%</b>	<b>\$ 1,893,059</b>	<b>\$ 808</b>	<b>0.17%</b>
Net Interest Income		<u>\$ 18,806</u>			<u>\$ 17,387</u>	
Net Interest Rate Spread			<u>3.48%</u>			<u>3.40%</u>
Net Interest Margin			<u>3.53%</u>			<u>3.46%</u>



**American Business Bank**

Figures in \$000

**QUARTERLY AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)**

	For the three months ended:			December 2017		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
<b>Interest Earning Assets:</b>						
Interest Earning Deposits with Other Financial Institutions	\$ 150,483	\$ 868	2.34%	\$ 90,335	\$ 300	1.35%
<b>Investment Securities:</b>						
US Agencies	459,879	1,886	1.64%	560,796	2,078	1.48%
Mortgage Backed Securities	137,272	957	2.79%	84,089	346	1.65%
State and Municipals	174,603	1,492	3.42%	156,204	1,384	3.54%
US Treasuries	10,059	37	1.46%	10,086	37	1.46%
Corporate Bonds	2,000	17	3.41%	3,500	27	3.06%
Securities Available-for-Sale and Held-to-Maturity	783,813	4,389	2.19%	814,675	3,872	1.86%
Federal Home Loan Bank Stock	10,611	358	13.50%	10,190	183	7.18%
<b>Total Investment Securities</b>	<b>794,424</b>	<b>4,747</b>	<b>2.34%</b>	<b>824,865</b>	<b>4,055</b>	<b>1.92%</b>
<b>Gross Loans:</b>						
Commercial Real Estate	782,799	9,164	4.64%	616,685	6,829	4.39%
Commercial and Industrial	317,882	4,031	5.03%	201,087	2,163	4.27%
Residential Real Estate	62,307	819	5.21%	57,102	665	4.62%
Installment and Other	4,245	110	10.32%	3,781	44	4.63%
<b>Total Gross Loans</b>	<b>1,167,233</b>	<b>14,124</b>	<b>4.80%</b>	<b>878,655</b>	<b>9,701</b>	<b>4.38%</b>
<b>Total Interest Earning Assets</b>	<b>\$ 2,112,140</b>	<b>\$ 19,739</b>	<b>3.66%</b>	<b>\$ 1,793,855</b>	<b>\$ 14,056</b>	<b>3.07%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	1,029,346	-	0.00%	883,352	-	0.00%
Interest Bearing Transaction Accounts	197,465	110	0.22%	164,351	66	0.16%
Money Market and Savings Deposits	712,486	725	0.40%	598,275	297	0.20%
Certificates of Deposit	64,269	97	0.60%	44,583	40	0.36%
<b>Total Deposits</b>	<b>2,003,566</b>	<b>932</b>	<b>0.18%</b>	<b>1,690,561</b>	<b>403</b>	<b>0.09%</b>
Federal Home Loan Bank Advances / Other Borrowings	402	1	1.48%	4,239	15	1.41%
<b>Total Interest Deposits and Borrowings</b>	<b>974,622</b>	<b>933</b>	<b>0.38%</b>	<b>811,448</b>	<b>418</b>	<b>0.20%</b>
<b>Total Deposits and Borrowings</b>	<b>\$ 2,003,969</b>	<b>\$ 933</b>	<b>0.18%</b>	<b>\$ 1,694,800</b>	<b>\$ 418</b>	<b>0.10%</b>
Net Interest Income	<u>\$ 18,806</u>			<u>\$ 13,638</u>		
Net Interest Rate Spread			<u>3.48%</u>			<u>2.97%</u>
Net Interest Margin			<u>3.53%</u>			<u>3.02%</u>

**American Business Bank**

Figures in \$000

**YEAR-TO-DATE AVERAGE BALANCE SHEETS AND YIELD ANALYSIS (unaudited)**

	For the twelve months ended:			December 2017		
	Average Balance	Interest Inc/Exp	Average Yield/Rate	Average Balance	Interest Inc/Exp	Average Yield/Rate
<b>Interest Earning Assets:</b>						
Interest Earning Deposits with Other Financial Institutions	\$ 66,602	\$ 1,420	2.16%	\$ 50,593	\$ 720	1.44%
<b>Investment Securities:</b>						
US Agencies	515,083	8,740	1.70%	555,397	8,855	1.59%
Mortgage Backed Securities	108,563	2,975	2.74%	78,631	1,409	1.79%
State and Municipals	179,656	6,187	3.44%	202,962	7,507	3.70%
US Treasuries	10,069	148	1.47%	3,399	50	1.46%
Corporate Bonds	2,087	65	3.13%	5,439	156	2.86%
Securities Available-for-Sale and Held-to-Maturity	815,458	18,115	2.19%	845,828	17,977	2.10%
Federal Home Loan Bank Stock	10,486	892	8.49%	9,960	681	6.83%
<b>Total Investment Securities</b>	<b>825,944</b>	<b>19,007</b>	<b>2.27%</b>	<b>855,788</b>	<b>18,658</b>	<b>2.15%</b>
<b>Gross Loans:</b>						
Commercial Real Estate	722,717	32,851	4.55%	590,204	25,666	4.35%
Commercial and Industrial	282,141	13,380	4.74%	207,527	8,740	4.21%
Residential Real Estate	63,688	3,171	4.98%	52,521	2,388	4.55%
Installment and Other	3,779	338	8.91%	3,984	149	3.74%
<b>Total Gross Loans</b>	<b>1,072,325</b>	<b>49,738</b>	<b>4.64%</b>	<b>854,236</b>	<b>36,943</b>	<b>4.32%</b>
<b>Total Interest Earning Assets</b>	<b>\$ 1,964,871</b>	<b>\$ 70,165</b>	<b>3.52%</b>	<b>\$ 1,760,617</b>	<b>\$ 56,321</b>	<b>3.16%</b>
<b>Liabilities:</b>						
Non-Interest Bearing Demand Deposits	941,057	-	0.00%	851,634	-	0.00%
Interest Bearing Transaction Accounts	188,101	374	0.20%	170,602	263	0.15%
Money Market and Savings Deposits	650,134	2,100	0.32%	568,749	969	0.17%
Certificates of Deposit	63,085	331	0.53%	42,313	152	0.36%
<b>Total Deposits</b>	<b>1,842,377</b>	<b>2,805</b>	<b>0.15%</b>	<b>1,633,298</b>	<b>1,384</b>	<b>0.08%</b>
Federal Home Loan Bank Advances / Other Borrowings	20,037	329	1.64%	41,726	329	0.79%
<b>Total Interest Deposits and Borrowings</b>	<b>921,357</b>	<b>3,134</b>	<b>0.34%</b>	<b>823,390</b>	<b>1,713</b>	<b>0.21%</b>
<b>Total Deposits and Borrowings</b>	<b>\$ 1,862,414</b>	<b>\$ 3,134</b>	<b>0.17%</b>	<b>\$ 1,675,025</b>	<b>\$ 1,713</b>	<b>0.10%</b>
Net Interest Income	\$ 67,031			\$ 54,608		
Net Interest Rate Spread			3.35%			3.06%
Net Interest Margin			3.41%			3.10%