

Q4 GDP Growth Up 2.9%

By Harlan Green / Special to VOICE

FOURTH QUARTER GROSS DOMESTIC PRODUCT, the total value of the country's production consisting of the purchases of domestically-produced goods and services by individuals, businesses, foreigners, and government entities, rose to 2.9 percent from 2.6 percent in its third and final revision by the Commerce Department, finishing off 2017 with a bang and raising total GDP growth in 2017 to 2.6 percent.

It was mostly consumer spending, up four percent, but personal incomes are rising faster as well, which will boost spending and continued good growth

in 2018. This is because Real Disposable Income (less inflation and taxes) rose 0.4 percent pushing the annual increase to more than two percent.

"The strongest news in the report comes from the wages and salaries component of personal income which posted a fourth straight sharp gain, at 0.5 percent," *Econoday* reported. This helped total income which rose 0.4 percent for a third straight month and also helped the savings rate which rose two tenths to a still modest 3.4 percent."

This measure includes all forms of compensation including employer contributions to medical



insurance and pensions, and has been showing more life than average hourly earnings, which is part of the monthly employment report and is the most closely watched of all wage measures.

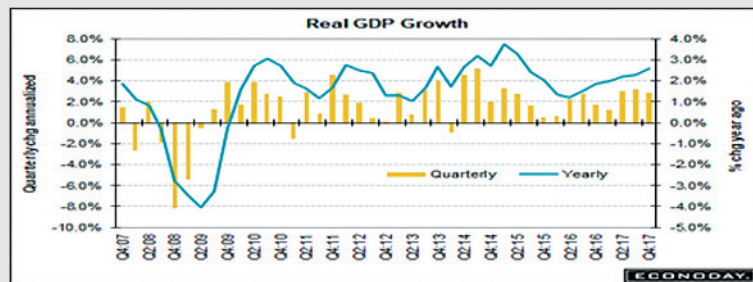
However, it did nothing to inflation, as the GDP's price index rose 2.3 percent Q/Q, but is up just 1.8 percent annually, as is the Fed's preferred Personal Consumption (PCE) index. So still no inflation, even though wage and salaries are beginning to surge.

The Fed has said it will probably raise their interest rate twice more this year, which will put the Prime Rate at 5.25 percent, raising credit card rates and

crimping consumer borrowing.

But with wages soaring, that may not slow down consumer spending or the growing foreign trade deficit. The goods deficit from countries such as China is now \$75B/year in February and growing. So why is this administration pushing for trade tariffs, which is already instigating a trade war, and making those same goods more expensive to Americans?

No one believes this will reduce the trade deficit, either, as the manufactured goods we export will become more expensive, as well, reducing the demand for exports.



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Expansion Increases Earnings of American Riviera Bank

THE FIRST QUARTER EARNINGS OF AMERICAN RIVIERA BANK resulted in a 41 percent increase in net income compared to the first quarter of 2017. Comparing the two first quarters, there was an unaudited net income of \$1,352,000 (\$0.31 per share) for the first three months of 2018 and there was \$956,000 (\$0.22 per share) reported for the first three months of 2017.

"American Riviera Bank started 2018 strong, with significant loan and deposit origination this quarter. Our expansion into San Luis Obispo County has significantly contributed to our growth. In the first quarter of 2018 we opened our full service branch in Paso Robles and we are dedicated to servicing the banking needs of the entire Central Coast," stated Jeff DeVine, President and Chief Executive Officer, in an

announcement this week.

According to American Riviera Bank, the annualized return on average assets of 1.09% and return on average equity of 10.27% represents an increase from the 0.91% and 7.88%, respectively, achieved for the same reporting period the prior year. The Bank experienced significant organic growth in the last year, reporting \$540 million in total assets as of March 31, 2018. Asset growth was made possible by total deposits increasing 15% from March 31, 2017, reaching \$472 million, March 31st, 2018. Checking accounts, comprised of non-interest bearing demand deposits and interest bearing NOW accounts, increased by 27% from the same reporting period last year. Deposit origination volume is noteworthy, with the Bank opening over 570 new accounts at four locations year to date 2018.

Loan demand remained strong,

with total loans increasing 13% from March 31, 2017, reaching \$432 million, March 31, 2018, with no loans that were 90 days or more past due and no other real estate owned. The Bank reported an annualized net interest margin of 4.50% for the first three months ending March 31, 2018.

As of March 31, 2018, American Riviera Bank maintained a strong capital position with a Tier 1 Capital Ratio of 11%; well above the regulatory guideline of 8% for well capitalized institutions. As of March 31st, the tangible book value per share of American Riviera Bank common

stock is \$11.44, a 9% increase from \$10.51 at March 31, 2017.

American Riviera Bank (OTC Markets: ARBV) is a full-service community bank focused on serving the lending and deposit needs of businesses and consumers on the Central Coast of California. The state-chartered bank opened for business on July 18, 2006, with the support of local shareholders. Full-service branches are located at 1033 Anacapa Street in Santa Barbara, 525 San Ysidro Road in Montecito, 5880 Calle Real in Goleta, and 1601 Spring Street in Paso Robles with a residential loan production office located at 18 East Figueroa in Santa Barbara. www.americanrivierabank.com

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