

15%

*INCREASE
IN DEPOSITS*



TO OUR

SHAREHOLDERS & CLIENTS

American Business Bank is pleased to report double digit growth in assets, deposits and earnings for the first quarter 2016.

Deposits increased by 15% to \$1.5 billion. This funded growth in assets of \$235 million (16%), including an increase in loans outstanding of \$29 million and growth of our bond portfolio of \$186 million. Once again, we finished the quarter with no non performing loans, no REO and no charge offs. Our capital and reserves remain one of the strongest in our peer group, reflecting our continued commitment to our depositors' safety.

As a result of this solid balance sheet growth, our earnings grew 11%, to \$3.3 million for the quarter. These are solid, sustainable earnings that reflect improvements in operating efficiencies, along with continued growth in our share of this very desirable business banking market place.

This strong performance reflects the hard work and dedication of a fine group of bankers, and to them, we offer our most sincere thanks.



Leon I. Blankstein
PRESIDENT & CEO



Robin C. Paterson
EXECUTIVE VICE PRESIDENT



Wes E. Schaefer
VICE CHAIRMAN



Suzanne Dondanville
EXECUTIVE VICE PRESIDENT, OPERATIONS



Robert F. Schack
CHAIRMAN

INCOME STATEMENT

(three months ended)

Unaudited – 000's omitted

<i>MARCH 31,</i>	<i>2016</i>	<i>2015</i>
INTEREST INCOME		
Loans and Leases	\$ 7,579	\$ 7,098
Investment Securities	<u>5,005</u>	<u>3,827</u>
Total Interest Income	\$ 12,584	\$ 10,925
INTEREST EXPENSE		
Money Market and NOW Deposits	\$ 302	\$ 252
Savings and Time Deposits	52	67
Repurchase Agreements/ Other Borrowings	<u>16</u>	<u>26</u>
Total Interest Expense	<u>\$ 370</u>	<u>\$ 345</u>
Net Interest Income	\$ 12,214	\$ 10,580
Provision for Loan Losses	<u>(25)</u>	<u>(75)</u>
Net Interest Income After Provision for Loan Losses	\$ 12,189	\$ 10,505
OTHER INCOME	1,375	958
OTHER EXPENSE	<u>9,048</u>	<u>7,356</u>
OPERATING INCOME	\$ 4,516	\$ 4,107
Income Taxes	<u>(1,187)</u>	<u>(1,111)</u>
NET EARNINGS	\$ 3,329	\$ 2,996
Earnings Per Share	\$ 0.55	\$ 0.50
Less after tax gains on securities sold	\$ 86	\$ 134
Core Net Earnings	\$ 3,243	\$ 2,862
Core Earnings Per Share	\$ 0.54	\$ 0.48



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.

HEADQUARTERS

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