

HEADQUARTERS

LOS ANGELES

523 W. 6th Street, Suite 900
Los Angeles, California 90014
213.430.4000

REGIONAL OFFICES

ORANGE COUNTY

18101 Von Karman Ave., Suite 450
Irvine, California 92612
949.261.1122

SOUTH BAY

970 West 190th Street, Suite 301
Torrance, California 90502
310.808.1200

SAN FERNANDO VALLEY

21800 Oxnard Street, Suite 350
Woodland Hills, California 91367
818.884.0000

INLAND EMPIRE

3633 Inland Empire Blvd., Suite 720
Ontario, California 91764
909.919.2040

WWW.AMERICANBUSINESSBANK.COM



09%

INCREASE IN
TOTAL ASSETS



TO OUR

SHAREHOLDERS & CLIENTS

The second quarter of 2016 reflected continued growth for American Business Bank.

Total assets increased 9% to \$1.664 billion, including an 11% increase in our loan portfolio, to \$728 million. Total deposits also showed strong growth, finishing at \$1.504 billion, or 8% over the same period in 2015. As always, our asset quality remains strong, with no charge-offs, no REO and negligible non-performing loans at quarter end. Our deposit base, likewise, reflects quality, core relationship deposits and no brokered funds of any kind.

Earnings for the quarter were \$3.278 million, a 5.7% increase over the same period last year, bringing our six-month results to \$6.607 million, an 8% increase over the first half of 2015. While these are strong results, they reflect some non-recurring expenses relating to the future professionalism of our compliance functions. As costly as these expenditures are, we view these as investments in our future and have chosen to take them this year.

We are proud of these results, as they reflect the continued strength of our business model. Despite the distractions of 2015's operating system changeover, and 2016's investment in compliance, our people have managed to continue to grow the bank, with solid, core business relationships. To them, we offer our most sincere thanks.



Robin C. Paterson
EXECUTIVE VICE PRESIDENT



Wes E. Schaefer
EXECUTIVE VICE PRESIDENT



Robert F. Schack
CHAIRMAN



Leon I. Blankstein
PRESIDENT & CEO



Suzanne Dondanville
EXECUTIVE VICE PRESIDENT, OPERATIONS

INCOME STATEMENT

(three months ended)

Unaudited – 000's omitted

<i>JUNE 30,</i>	<i>2016</i>	<i>2015</i>
INTEREST INCOME		
Loans and Leases	\$ 7,820	\$ 7,227
Investment Securities	<u>4,461</u>	<u>3,752</u>
Total Interest Income	\$ 12,281	\$ 10,979
INTEREST EXPENSE		
Money Market and NOW Deposits	\$ 299	\$ 251
Savings and Time Deposits	46	64
Repurchase Agreements/ Other Borrowings	<u>30</u>	<u>13</u>
Total Interest Expense	<u>\$ 375</u>	<u>\$ 328</u>
Net Interest Income	\$ 11,906	\$ 10,651
Provision for Loan Losses	<u>(25)</u>	<u>(25)</u>
Net Interest Income After Provision for Loan Losses	\$ 11,881	\$ 10,626
OTHER INCOME	2,458	1,009
OTHER EXPENSE	<u>9,715</u>	<u>7,569</u>
OPERATING INCOME	\$ 4,624	\$ 4,066
Income Taxes	<u>(1,346)</u>	<u>(966)</u>
NET EARNINGS	\$ 3,278	\$ 3,100
Earnings Per Share	\$ 0.49	\$ 0.47
Less after tax gains on securities sold	\$ 1,259	\$ 395
Core Net Earnings	\$ 2,019	\$ 2,705
Core Earnings Per Share	\$ 0.30	\$ 0.41



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.
