



13%

INCREASE IN
TOTAL ASSETS

TO OUR

SHAREHOLDERS & CLIENTS

American Business Bank continued to grow in both size and strength during the third quarter of 2016.

Total assets grew 13%, to \$1.815 billion, including loan growth of \$81 million, or 12% over the same period last year. Funding this expansion was a 10% increase in deposits, to \$1.607 billion. Once again, this balance sheet expansion reflects our continued growth in market share, which is a cornerstone of our business model.

Earnings for the third quarter were \$3.210 million, a 4.4% increase in profits over last year, bringing our nine-month profit to \$9.817 million, an increase of 8%. Total revenues for the first nine months ended September 30th were \$41.511 million, a 14% increase from last year, reflecting continued organic growth and dedication to banking fundamentals. The earnings story for 2016 is simple. Management has chosen to strengthen our necessary operational and compliance infrastructure, which is expensive.

Nonetheless, our great staff has shown the ability to adapt to significant internal changes, while keeping their eyes on our most important constituents - our clients. For this, 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



BALANCE SHEET

Unaudited – 000's omitted

<i>SEPTEMBER 30,</i>	<i>2016</i>	<i>2015</i>
ASSETS		
Investment Securities	\$ 937,799	\$ 820,719
Federal Funds Sold	- 0	23,000
Loans and Leases (Net)	739,607	658,857
Cash, Checks in Process of Collection, Due from Banks	72,507	48,251
Premises, Equipment and Other Assets	<u>64,989</u>	<u>58,734</u>
Total Assets	<u>\$ 1,814,902</u>	<u>\$1,609,561</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Demand Deposits	\$ 812,627	\$ 763,224
Money Market and NOW Deposits	745,090	636,872
Savings & Time Deposits	<u>49,093</u>	<u>64,748</u>
Total Deposits	\$ 1,606,810	\$1,464,844
FHLB Borrowings & Overnights	51,000	5,000
Other Liabilities	13,219	11,340
Shareholders' Equity	<u>\$ 143,873</u>	<u>\$ 128,377</u>
Total Liabilities and Shareholders' Equity	<u>\$1,814,902</u>	<u>\$1,609,561</u>

INCOME STATEMENT

(three months ended)

Unaudited – 000's omitted

<i>SEPTEMBER 30,</i>	<i>2016</i>	<i>2015</i>
INTEREST INCOME		
Loans and Leases	\$ 8,057	\$ 7,383
Investment Securities	<u>4,265</u>	<u>4,313</u>
Total Interest Income	\$ 12,322	\$11,696
INTEREST EXPENSE		
Money Market and NOW Deposits	\$ 280	\$ 254
Savings and Time Deposits	43	61
Repurchase Agreements/ Other Borrowings	<u>53</u>	<u>12</u>
Total Interest Expense	\$ 376	\$ 327
Net Interest Income	\$ 11,946	\$11,369
Provision for Loan Losses	<u>(25)</u>	<u>(25)</u>
Net Interest Income After Provision for Loan Losses	\$ 11,921	\$11,344
OTHER INCOME	494	706
OTHER EXPENSE	<u>7,906</u>	<u>8,065</u>
OPERATING INCOME	\$ 4,509	\$ 3,985
Income Taxes	<u>(1,299)</u>	<u>(910)</u>
NET EARNINGS	\$ 3,210	\$ 3,075
Earnings Per Share	\$ 0.48	\$ 0.47
Less after tax gains on securities sold	\$ -00	\$ 82
Core Net Earnings	\$ 3,210	\$ 2,993
Core Earnings Per Share	\$ 0.48	\$ 0.45

/// If you desire more detailed information, contact Julie Nguyen 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.
