

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
American Business Bank		91-1907220	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Karen Schoenbaum	213-430-4000	kschoenbaum@americanbb.bank	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
400 S. Hope Street, Suite 300		Los Angeles, CA 90071	
8 Date of action		9 Classification and description	
July 22, 2021		10% stock dividend	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
02475L105	N/A	AMBZ	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On June 22, 2021, American Business Bank approved a 10% stock dividend per common share. The stock dividend is payable on July 22, 2021 to shareholders on record as of June 23, 2021. Cash in lieu was paid on fractional shares based on the stock's market value on the close of business on June 23, 2021.

Please contact your tax advisor if you have questions about the tax implications of cash paid for fractional shares.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Each shareholder received a 10% increase in the number of shares held on June 23, 2021. On the record date of June 23, 2021, there were 7,998,936 shares outstanding. As a result of the 10% stock dividend, an additional 799,806 shares were issued on July 22, 2021 with the remaining 87.6 shares paid in cash.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ On June 23, 2021, the market value of American Business Bank's common stock was \$41.70 prior to the stock dividend paid. The change in basis to the individual shareholder as a result of this stock dividend would be calculated by taking the adjusted basis of the old stock (that is of the stock on which the dividend was distributed) and allocating it between the old and new stock on the date of distribution. This organizational action would result in a decrease per share basis and an increase in the number of shares held by each taxpayer.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The stock dividend is a non-taxable event to shareholders pursuant to Internal Revenue Code section 305(a), which states that gross income does not include the amount of any distribution of the stock of a corporation made by such corporation to its shareholders with respect to its stock. Pursuant to the Internal Revenue Code section 307(a), a distribution to which section 305(a) applies, then the basis of such new stock and of the stock with respect to which it is distributed (referred to in this section as "old stock"), respectively, shall, in the shareholder's hands, be determined by allocating between the old stock and the new stock the adjusted basis of the old stock.

Cash in lieu of fractional shares issued is a taxable event.

18 Can any resulting loss be recognized? ▶ No resulting loss is recognized on the date of distribution to each shareholder.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The 10% stock dividend was issued to shareholders of record on June 23, 2021 and payable on July 22, 2021

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Karen Schoenbaum Date ▶ 8/25/21

Print your name ▶ Karen Schoenbaum Title ▶ Chief Financial Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.