

## EXPERIENCE THE MALAGA BANK DIFFERENCE

### FINANCIAL STRENGTH

- Ranked #1 Thrift in the U.S. by SNL Financial for the 12 months ended December 31, 2011. This is the 3rd consecutive annual recognition for Malaga Financial Corporation.\*

### PERSONALIZED SERVICE

- What our customers are saying:

"One of the things I've always appreciated at Malaga is the friendly and personal service."

*Ray Lewis*

"Your staff is always friendly and efficient."

*Rowe Prideuax*

"Very happy with Malaga Bank. Everyone goes out of their way to help."

*Kelly Burns*

### COMMUNITY PARTNER

- We live and work in the communities we serve. We support numerous non-profit organizations such as the Peninsula Education Foundation, Cancer Support Community, Grand Vision Foundation, Peninsula Friends of the Library, the Palos Verdes Art Center and Peninsula Land Conservancy. Our staff is very active in supporting the business communities through our local Chambers of Commerce.

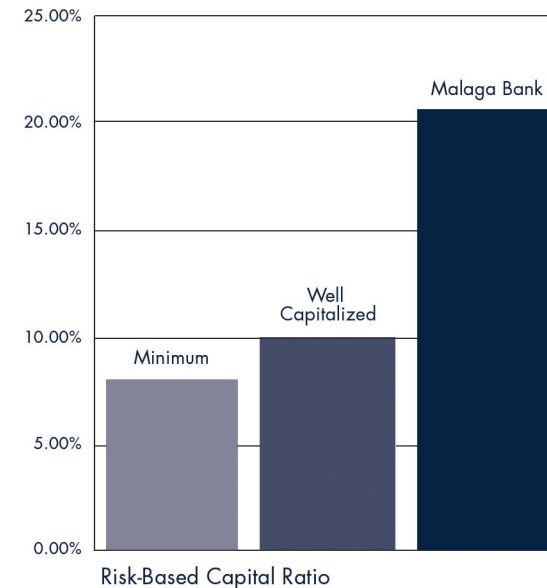
Malaga Bank is a wholly owned subsidiary of Malaga Financial Corporation whose common stock is traded under MLGF.

### MARCH 31, 2012 HIGHLIGHTS

- Record year-to-date earnings
- Net income for three months ended March 31, 2012 was \$3,253,000, an increase of \$347,000 or 12% from the three months ended March 31, 2011
- No foreclosures or real estate owned
- Allowance for loan losses was \$2.9 million or 0.37% of total loans
- Total assets were \$832 million
- Net loan portfolio was \$795 million
- Total retail deposits were \$502 million

Randy C. Bowers, President and CEO, remarked, "We are pleased to report record quarterly earnings in spite of continued weakness in the economy. Our loan portfolio is performing exceptionally well and we continue to maintain tight control over expenses. We are off to a strong start in 2012 and look forward to continuing to support our community, reward our shareholders and to provide a safe and friendly place to bank locally."

As of March 31, 2012, Malaga Bank was in compliance with all applicable regulatory capital requirements and was deemed "well-capitalized" under applicable regulations. Core capital and risk-based capital ratios were 12.58% and 20.69%, respectively, at March 31, 2012, significantly exceeding the minimum "well capitalized" requirements of 5% and 10% respectively.



This recognition is a direct result of the contributions of our dedicated staff and board of directors, in addition to our loyal shareholders and customers.



### STATEMENT OF CONDITION

March 31, 2012

Assets	
Cash & Investments	\$ 15,443,000
Loans Receivable, Net	795,147,000
FHLB Stock	11,128,000
Other Assets	<u>10,485,000</u>
	<u>\$ 832,203,000</u>
Liabilities & Capital	
Deposits	\$ 555,654,000
FHLB Advances	165,865,000
Other Liabilities	5,982,000
Capital	<u>104,702,000</u>
	<u>\$ 832,203,000</u>

### STATEMENT OF OPERATIONS

Three Months Ended March 31, 2012

Net Interest Income	\$ 7,973,000
Provision for Loan Losses	<u>(14,000)</u>
Net Interest Income after Provision for Loan losses	7,959,000
Other Operating Income	151,000
Other Operating Expense	<u>(2,535,000)</u>
Income Before Income Taxes	5,575,000
Income Tax Expense	<u>(2,322,000)</u>
Net Income	<u>\$ 3,253,000</u>

This unaudited statement is prepared in accordance with generally accepted accounting principles.

*Malaga Bank is the largest community bank headquartered in the South Bay area, with total assets of \$832 million.*