

EXPERIENCE THE MALAGA BANK DIFFERENCE

FINANCIAL STRENGTH

- For over ten years Malaga Bank has been consistently recommended by one of the nation's leading independent bank rating and research firms, BauerFinancial Inc. In March 2014, Malaga Bank was awarded their premier Top 5-Star rating for the 25th consecutive quarter.

PERSONALIZED SERVICE

- What our customers are saying:

"I've been here for years. Great service! Great employees!"

Denyce Freeman, Rolling Hills Estates

COMMUNITY PARTNER

- We live and work in the communities we serve. We support numerous non-profit organizations such as the Peninsula Education Foundation, Boys & Girls Club of the Los Angeles Harbor, Cancer Support Community, Grand Vision Foundation, Peninsula Friends of the Library, and the Palos Verdes Art Center. 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.

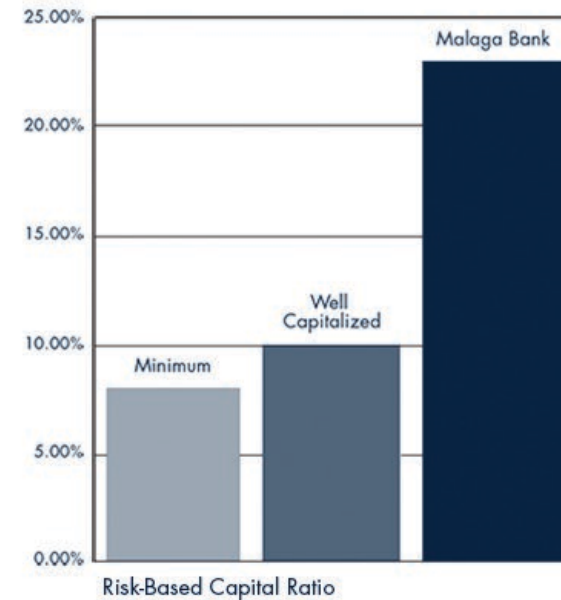
MARCH 31, 2014 HIGHLIGHTS

- Net income for the three months ended March 31, 2014 was \$2.9 million
- No foreclosures or real estate owned
- Allowance for loan losses was \$2.9 million or 0.34% of total loans
- Total assets were \$910 million
- Net loan portfolio was \$841 million
- Total deposits were \$660 million

Randy C. Bowers, President and CEO, remarked, "We are pleased to report earnings are strong and stable and our overall financial health is 'superior' as evidenced by our 25 consecutive quarters of 5 star ratings from Bauer Financial, Inc. 'Five stars is [their] highest rating and an indication that our institution is one of the strongest in the United States.' A primary contributor to that success is how our team of associates continues to provide exceptional service to our clients.

As we begin our 30th year serving the South Bay we look forward to continuing to support our community and its various organizations, reward our shareholders and to provide a safe and friendly place to encourage banking locally."

As of March 31, 2014, 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 13.20% and 22.90%, respectively, at March 31, 2014 significantly exceeding the minimum "well capitalized" requirements of 5% and 10% respectively.



We are proud of our strength, our exceptional team of bankers and our leadership in the communities we serve. We appreciate the support provided by our customers and Board of Directors as well as the continued hard work of our staff.



STATEMENT OF CONDITION March 31, 2014

Assets	
Cash & Investments	\$ 54,538,000
Loans Receivable, Net	840,662,000
FHLB Stock	5,844,000
Other Assets	<u>8,465,000</u>
	<u>\$ 909,509,000</u>

Liabilities & Capital

Deposits	\$ 660,458,000
FHLB Advances	124,336,000
Other Liabilities	4,693,000
Capital	<u>120,022,000</u>
	<u>\$ 909,509,000</u>

STATEMENT OF OPERATIONS Three Months Ended March 31, 2014

Net Interest Income	\$ 7,678,000
Provision for Loan Losses	<u>(12,000)</u>
Net Interest Income after Provision for Loan losses	7,666,000
Other Operating Income	142,000
Other Operating Expense	<u>(2,765,000)</u>
Income Before Income Taxes	5,043,000
Income Tax Expense	<u>(2,122,000)</u>
Net Income	<u>\$ 2,921,000</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 \$910 million.