

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. Malaga Bank was awarded their premier Top 5-Star rating for the 47th consecutive quarter in September 2019.

PERSONALIZED SERVICE

✿ We're honored to be voted South Bay's Best Bank again for 2019. This is the 4th year we have received this recognition. We're 34 years local and here to stay, and we appreciate that our community centered culture is what enables us to contribute to South Bay's economic growth and unique business identity.

COMMUNITY PARTNER

✿ Our employees live and work in the communities we serve. We support numerous non-profit organizations benefitting the members of our communities and spanning a wide variety of needs including local education, at-risk youth, healthcare mediation and countless others. Our staff is also very active in supporting the business communities through our local Chambers of Commerce.

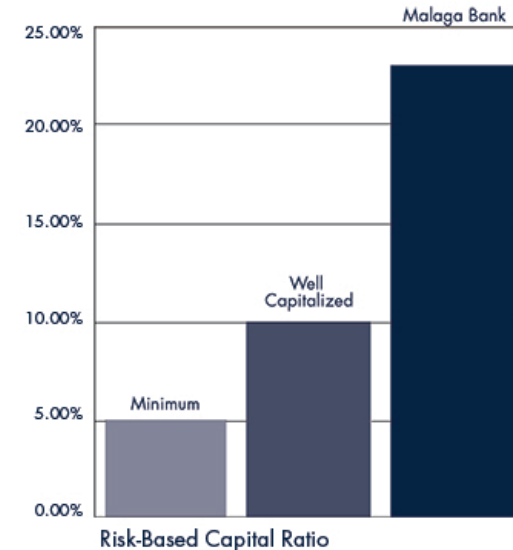
Malaga Bank is a wholly owned subsidiary of Malaga Financial Corporation whose common stock is traded under MLGF.

SEPTEMBER 30, 2019 HIGHLIGHTS

- Net income for the nine months ended September 30, 2019 was \$11.5 million
- No foreclosures or real estate owned
- Allowance for credit losses was \$3.5 million or 0.31% of total loans
- Total assets were \$1.231 billion
- Net loan portfolio was \$1.124 billion
- Total deposits were \$777 million

Randy C. Bowers, Chairman, President and CEO, commented, "The 3rd quarter continued to be challenging. Competition for deposits intensified while rates on loan originations continued to decline. Growth in the loan portfolio was strong and helped to mitigate the effects of further flattening of the yield curve. Our capital levels are strong, quality remains excellent and our efficiency ratio continues to be one of the best in the industry. We are optimistic as we approach the 4th quarter and the new year."

As of September 30, 2019, 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 13.01% and 22.90%, respectively, at September 30, 2019, 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 September 30, 2019

Assets	
Cash & Investments	\$ 80,088,000
Loans Receivable, Net	1,123,693,000
FHLB Stock	7,830,000
Other Assets	19,732,000
	<u>\$ 1,231,343,000</u>
Liabilities & Capital	
Deposits	\$ 777,390,000
FHLB Advances	290,000,000
Other Liabilities	10,525,000
Capital	153,428,000
	<u>\$ 1,231,343,000</u>

STATEMENT OF OPERATIONS Nine Months Ended September 30, 2019

Net Interest Income	\$ 24,758,000
Provision for Credit Losses	(300,000)
Net Interest Income after Provision for Credit Losses	24,458,000
Other Operating Income	664,000
Other Operating Expense	(8,725,000)
Income Before Income Taxes	16,397,000
Income Tax Expense	(4,864,000)
Net Income	<u>\$ 11,533,000</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 \$1.231 billion.