Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)
MALAGA FINANCIAL CORPORATION		72-1553309
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
JASNA PENICH	310-375-9000 EXT. 2013	JPENICH@MALAGABANK.COM
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
2514 VIA TEJON		PALOS VERDES ESTATES

8 Date of action	9 Classification and description
DECEMBER 29, 2023	5% COMMON STOCK DIVIDEND

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
561046	N/A	MLGF	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 November 10, 2023 Malaga Financial Corporation ("Company") announced a 5% stock dividend. The dividend was payable on December 29, 2023 to shareholders of record as of December 15, 2023. Cash-in-lieu was paid on fractional shares based on the stock's market value at the close of business on December 15, 2023.

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 5% increase in the number of shares that they held on December 15, 2023. Company had 8,548,178 shares of record on December 15, 2023. Therefore, as a result of this 5% stock dividend an additional 427,217 shares were issued on December 29, 2023 with the remaining 191.90 fractional 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 December 15, 2023 (record date) the market value of the Company's common stock was $23.50 per share 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.