

The logo for Malaga Financial Corporation is centered within a black rectangular border. It features the word "MALAGA" in a large, bold, serif font, with "FINANCIAL CORPORATION" in a smaller, all-caps, sans-serif font directly below it.

MALAGA
FINANCIAL CORPORATION

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
to be held June 23, 2022
AND
PROXY STATEMENT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

to be held Thursday, June 23, 2022

TO THE SHAREHOLDERS OF MALAGA FINANCIAL CORPORATION:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Malaga Financial Corporation (“MFC”) will be held at the Malaga Bank corporate office, 2514 Via Tejon, Palos Verdes Estates, CA 90274, on Thursday, June 23, 2022, at 10:00 A.M., for the following purposes as further described in the accompanying Proxy Statement:

1. The election of nine directors to hold office until the next Annual Meeting and their successors are duly elected and qualified. The nominees to be presented by the Board of Directors for election are Christopher M. Adishian, Randy C. Bowers, Raymond L. Craemer, Jerry A. Donahue, Herbert. C. L. Lee, Richard A. Oas, Jasna Penich, Andrew C. T. Sheng and Doug Wible; and
2. To transact such other business as may properly come before the Annual Meeting and any adjournment or adjournments thereof.

The Bylaws of MFC provide for the nomination of directors in the following manner:

Nominations for Director. Nominations for election of members of the Board of Directors may be made by the Board of Directors or by any shareholder of any outstanding class of voting stock of the Corporation entitled to vote for the election of directors. Notice of intention to make any nominations, other than by the Board of Directors, shall be made in writing and shall be received by the President of the Corporation no more than 60 days prior to any meeting of shareholders called for the election of directors nor more than 10 days after the date the notice of such meeting is sent to shareholders pursuant to these Bylaws; provided, however, that if 10 days’ notice of the meeting is given to shareholders, such notice of intention to nominate shall be received by the President of the Corporation not later than the time fixed in the notice of the meeting for the opening of the meeting. Such notification shall contain the following information to the extent known to the notifying shareholder:

- (a) the name and address of each proposed nominee;
- (b) the principal occupation of each proposed nominee;
- (c) the number of shares of voting stock of the Corporation owned by each proposed nominee;
- (d) the name and residence address of the notifying shareholder; and
- (e) the number of shares of voting stock of the Corporation owned by the notifying shareholder.

Nominations not made in accordance herewith may be disregarded by the Chairman of the meeting, and the Inspector of Election shall then disregard all votes cast for each such nominee.

Only Shareholders of record as of the close of business on April 29, 2022 will be entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

2514 Via Tejon
Palos Verdes Estates, California 90274
May 13, 2022

By Order of the Board of Directors



Jerry A. Donahue
Secretary

WE URGE YOU TO SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. YOU MAY ATTEND THE MEETING IN PERSON AND YOUR PROXY WILL NOT BE USED IF YOU ARE PRESENT AND PREFER TO VOTE IN PERSON. THE PROXY MAY BE REVOKED AT ANY TIME PRIOR TO ITS EXERCISE.

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS

June 23, 2022

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Malaga Financial Corporation (“MFC”) for use at the Annual Meeting of Shareholders (the “Annual Meeting”) of MFC to be held at the Malaga Bank corporate office, 2514 Via Tejon, Palos Verdes Estates, CA 90274 on Thursday, June 23, 2022 at 10:00 a.m., and at any adjournment or adjournments thereof. The solicitation of the Proxy accompanying this Proxy Statement is made by the Board of Directors of MFC and the costs of such solicitation will be borne by MFC. This Proxy Statement and the accompanying Annual Report, notice and form of Proxy are being mailed to the Shareholders on or about May 13, 2022.

A form of Proxy for use at the Annual Meeting is enclosed. Any Shareholder who executes and delivers a Proxy has the right to revoke it at any time before it is exercised by filing with the Secretary of MFC an instrument revoking the Proxy or filing a duly executed Proxy bearing a later date. In addition, the Proxy will be revoked if the Shareholder executing the Proxy is present at the Annual Meeting and elects to vote in person. Subject to such revocation, all shares represented by a properly signed Proxy received in time for the Annual Meeting will be voted by the Proxies in accordance with the instructions on the Proxy. If no instruction is made, the shares represented by the Proxy will be voted “For” the election of the director nominees described in this Proxy Statement.

VOTING SECURITIES

As of April 29, 2022, the record date for the purpose of determining the Shareholders entitled to notice of and to vote at the Annual Meeting, there were outstanding 8,141,328 shares of MFC’s Common Stock. MFC has no other class of shares outstanding.

Each Shareholder of record is entitled to one vote for each share of Common Stock on all matters considered at the Annual Meeting, except the election of directors, for which Shareholders have cumulative voting rights. If any Shareholder gives notice at the Annual Meeting, prior to the voting for election of directors, that he or she intends to cumulate his or her votes, every Shareholder may cumulate his or her votes. In the event of cumulative voting, each Shareholder will be entitled to cast a number of votes equal to the number of directors to be elected multiplied by the number of his or her votes in favor of any candidate nominated prior to the voting, or to distribute his or her votes among as many candidates so nominated as he or she chooses. The candidates receiving the highest number of votes, up to the number of directors to be elected (nine), will be elected.

ELECTION OF DIRECTORS

In accordance with the Bylaws of MFC, MFC’s directors are elected at each Annual Meeting of Shareholders and hold office until the next election of directors and their successors are duly elected. The Bylaws of MFC provide that the Board of Directors shall consist of not fewer than five or more than nine directors as determined from time to time by the Board of Directors. The Board of Directors has currently fixed the number of directors at nine.

The Board of Directors has nominated the persons set forth below. If one or more other persons are nominated to be directors, the proxy holders named in the accompanying Proxy may cumulate votes in favor of one or more of the nominees named below, to the exclusion of the others, as such proxy holders in their discretion determine.

The procedures to be followed in nominating candidates for election to the Board of Directors are set forth in the “Notice of Annual Meeting of Shareholders” accompanying this Proxy Statement. Any Shareholder desiring to nominate a candidate other than the candidates nominated by the Board of Directors must comply with those procedures.

All nominees have advised MFC that they are able and willing to serve as directors. However, if any nominee becomes unable or unwilling to serve, the persons named in the accompanying Proxy will vote for any other person nominated by the Board of Directors, who if elected will serve in place of the nominee unable or unwilling to serve as described above.

The Board of Directors of MFC directs MFC, as the sole shareholder of Malaga Bank, to appoint the directors of Malaga Bank. Currently, all nine directors of MFC also serve as the directors of Malaga Bank. It is anticipated that these current nine nominees for directors of MFC will, if elected, be appointed to continue to serve as directors of Malaga Bank.

The nominees have furnished the following information to MFC:

Name	Age	Director of MFC Since (1)	Principal Occupation
Christopher M. Adishian	53	2020	Mr. Adishian has been an attorney in the South Bay area for more than the last five years.
Randy C. Bowers	72	2015	Mr. Bowers has served as President and Chief Executive Officer of Malaga Financial Corporation and Malaga Bank for more than the last five years and Chairman since July 2019.
Raymond L. Craemer	77	2002	Dr. Craemer has been an orthopedic surgeon in Torrance for more than the last five years.
Jerry A. Donahue	84	2002	Mr. Donahue has been a Principal of Del Amo Construction, Inc. in Torrance for more than the last five years.
Herbert Lee	50	2020	Mr. Lee has been a Principal of Orchard Décor, Inc. in Torrance for more than the last five years.
Richard A. Oas	83	2002	Dr. Oas was a Diagnostic Radiologist and a member of Memrad Medical Group, Inc. in Long Beach until he retired in 2002.
Jasna Penich	64	2020	Ms. Penich has served as Executive Vice President and Chief Financial Officer of Malaga Financial Corporation and Malaga Bank for more than the last five years.
Andrew C. T. Sheng	49	2016	Dr. Sheng has been a dentist in San Pedro for more than the last five years.
Doug Wible	64	2013	Mr. Wible has served as President of POWER Ministry for more than the last five years.

(1) Dr. Craemer, Dr. Oas and Mr. Donahue have served as directors of Malaga Bank since it opened in 1985.

Mr. Bowers serves as Chairman of the Board of MFC and Malaga Bank.

During the year ended December 31, 2021, the Board of Directors of MFC held four meetings and the Board of Directors of Malaga Bank held 12 meetings. Each director during 2021 attended at least 75% of the meetings.

Review of various matters relating to financial statements is addressed by all of the MFC Board of Directors. Malaga Bank's Audit Committee consists of Dr. Craemer, Dr. Oas, Dr. Sheng, Herbert Lee and Mr. Donahue. Dr. Sheng serves as Chairman. The Malaga Bank Audit Committee's functions include the review of various matters relating to internal audit procedures. The Malaga Bank Audit Committee met three times during 2021.

Malaga Bank has a Compensation Committee consisting of all external board members. The Compensation Committee's primary function is to set compensation of executive officers. The Compensation Committee met one time during 2021.

OTHER INFORMATION

Security Ownership

As of the date of the record date, the directors of MFC beneficially owned approximately 57% of the outstanding MFC Common Stock entitled to vote at the Annual Meeting.

Executive Officers

The following table sets forth certain information regarding the executive officers of MFC and Malaga Bank. Each executive officer serves at the pleasure of the Boards of Directors of MFC and Malaga Bank.

Name	Age	Office	Officer of MFC or Malaga Bank Since
Randy C. Bowers	72	Chairman, President and Chief Executive Officer of MFC and Malaga Bank	2002
Jasna Penich	64	Executive Vice President and Chief Financial Officer of MFC and Malaga Bank	2008
John Tellenbach	55	Senior Vice President and Chief Credit Officer of Malaga Bank	2015
Donald Lee	38	Senior Vice President and Chief Risk/BSA Officer of Malaga Bank	2021

Compensation of Directors and Executive Officers

Each Director of MFC receives \$1,250 for each Board meeting attended and an annual retainer of \$10,000. The Director serving as Corporate Secretary receives an additional \$250 per meeting. MFC directors' fees totaled \$99,000 for services in 2021. Directors who are also officers of MFC (Randy Bowers and Jasna Penich) do not receive any separate compensation for serving as directors of MFC.

Each Director of Malaga Bank receives \$2,500 for each Board meeting attended, \$500 for each loan committee meeting, \$600 for each compensation and audit committee meeting attended and a \$15,000 annual retainer. The Director serving as Corporate Secretary receives an additional \$250 per meeting. Malaga Bank directors' fees totaled \$375,100 for services in 2021. Directors who are also officers of Malaga Bank (Randy Bowers and Jasna Penich) do not receive any separate compensation for serving as a directors of Malaga Bank.

The cash compensation accrued by MFC for the executive officers of MFC and Malaga Bank as a group (four persons) for the year ended December 31, 2021 was \$2,018,978. Compensation includes salaries, bonuses, automobile allowances and Company-paid matching contributions to 401(k) plans.

Mr. Bowers and Ms. Penich are each a party to an agreement with Malaga Bank that provides that the Bank will make a payment to him or her in the amount of 24 months annual compensation upon a change of control of the Bank (as defined in the agreement).

Stock Option Plan

MFC has one stock option plan, the 2017 Stock Option Plan (the "Plan"). The Plan authorizes MFC to issue to officers, directors, employees, and consultants of MFC and Malaga Bank up to 395,647 shares of common stock upon exercise of options. The exercise price of each option granted may not be less than the fair market value of the common stock on the date of grant and the term of any option may not exceed 10 years. The Plan expires on December 31, 2026. No options have been granted under the Plan.

As of December 31, 2021, there were outstanding options to purchase 35,223 shares of common stock at a weighted average exercise price of \$20.48 per share that had been granted under prior option plans that have terminated.

RELATED PARTY TRANSACTIONS

MFC from time to time makes loans to its directors and executive officers and their affiliates. All of these loans which either were made or were outstanding in 2021 were made in the ordinary course of business, on substantially the terms, including interest rates and collateral, as those prevailing at the time from comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. None of these loans is either past due or otherwise in default.

INDEPENDENT AUDITORS

Moss Adams LLP audited MFC's financial statements for the years ended December 31, 2021 and 2020. The Board of Directors expects that representatives of Moss Adams will be present at the Annual Meeting to respond to appropriate questions from Shareholders, and the Board will provide these representatives with an opportunity to make a statement if they desire to do so.

ADDITIONAL MATTERS

The Board of Directors is not aware of any matters to be presented to the Shareholders at the Annual Meeting other than as described in this Proxy Statement. However, in the event any such matter is properly presented, the persons named in the accompanying Proxy will vote on those matters in accordance with the direction of a majority of the members of the Board of Directors present at the Annual Meeting.

ANNUAL REPORT TO SHAREHOLDERS

The Annual Report to Shareholders, which includes financial statements for the years ended December 31, 2021 and 2020, has been mailed to Shareholders along with this Proxy Statement. The Annual Report is not to be considered part of the soliciting material.

GENERAL

In addition to the use of mails, Proxies may be solicited personally or by telephone, by directors, officers or employees of MFC. They will not be compensated for their services other than in the normal course of business.

2514 Via Tejon
Palos Verdes Estates, California 90274
May 13, 2022

By Order of the Board of Directors



Jerry A. Donahue
Secretary

MALAGA FINANCIAL CORPORATION

2514 Via Tejon, Palos Verdes Estates, CA 90274