## Form **8937**

(December 2017)

## Report of Organizational Actions Affecting Basis of Securities

Department of the Treasury
Internal Revenue Service ► See separate instructions.

OMB No. 1545-0123

Reporting Issuer Issuer's employer identification number (EIN) Issuer's name 72-1553309 MALAGA FINANCIAL CORPORATION 3 Name of contact for additional information Telephone No. of contact Email address of contact JASNA PENICH JPENICH@MALAGABANK.COM 310-375-9000 EXT 2013 Number and street (or P.O. box if mail is not delivered to street address) of contact City, town, or post office, state, and ZIP code of contact 2514 VIA TEJON PALOS VERDES ESTATES, CA 90274 Date of action Classification and description 5% COMMON STOCK DIVIDEND **DECEMBER 29, 2020** CUSIP number Serial Number(s) 12 Ticker symbol 13 Account number(s) 561046 **MLGF** N/A N/A Organizational Action Attach additional statements if needed. See back of form for additional questions 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 13, 2020, Malaga Financial Corporation ("Company") announced a 5% stock dividend. The dividend was payable on December 29 2020 to shareholders of record as of December 14, 2020. Cash-in-lieu was paid on fractional shares based on the stock's market value at the close of business on December 14, 2020 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 14, 2020. Company had 7,329,412 shares of record on December 14, 2020. Therefore, as a result of this 5% stock dividend an additional 366,239 shares were issued on December 29, 2020 with the remaining 231.60 fractional shares paid in cash. 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 14, 2020, (record date) the market value of the Company's common stock was \$24.00 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.

Cat. No. 37752P

Pa	rt II	Organizational Action (continued)			
		e applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►  I Revenue Code sections 302 and 307			
		resulting loss be recognized? ► ting loss is recognized on the date of distribution to each sha	reholder.		
		any other information necessary to implement the adjustmen stock dividend was issued to shareholders of record on Dece			
Sigr		Under penalties of perjury, I declare that I have examined this return, include belief, it is true, correct, and complete. Declaration of preparer (other than of the control of the contr			
Here	9	Signature Jasna Penich	Date ▶	12/29/2020	
		V			
		Print your name ► JASNA PENICH		VP/CFO	
Paid Prep	arer	Print/Type preparer's name Preparer's sign	ature Date	Check ☐ if self-employed	
Use		Firm's name ▶	•	Firm's EIN ▶	
		Firm's address ▶		Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054