



PUBLIC DISCLOSURE

April 12, 2021

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Malaga Bank, FSB
Charter Number 708089

2514 Via Tejon
Palos Verdes Estates, CA 90274

Office of the Comptroller of the Currency

Santa Ana Field Office
1551 N. Tustin Avenue, Suite 1050
Santa Ana, CA 92705

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Outstanding

The community development test is rated: Outstanding

The overall performance of Malaga Bank, FSB (Malaga or bank) reflects excellent responsiveness to community credit needs. The major factors that support this rating include:

- The Lending Test rating is based on the bank's record of performance in meeting the credit needs of its assessment area (AA) during the evaluation period through its lending activities.
 - The loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and business strategy.
 - The bank originated a substantial majority of its loans within its AA.
 - The geographic distribution of loans reflects excellent distribution throughout the bank's AA.
- The Community Development (CD) Test rating is based on the aggregate assessment of the bank's community development activities for loans, investments, and services in the bank's AA.
 - The bank's CD activities demonstrate an excellent level of responsiveness based on available opportunities in the AA during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is more than reasonable.

OCC examiners analyzed the bank's quarterly average LTD ratio for the 13 quarters since the previous CRA examination through December 31, 2020. Malaga's average LTD ratio was 135.8 percent, with a high of 145.5 percent and a low of 125.6 percent. For purposes of comparison, we selected five financial institutions that are considered direct competitors of Malaga for loans and deposits in its AA. The combined quarterly average LTD ratio for these institutions over the same period was 108.5 percent. The average LTD ratios ranged from a high of 126.9 percent to a low of 90.5 percent.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated and purchased 87.7 percent of the number and 88.0 percent of the dollar volume of loans inside the it's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. Lending Test conclusions are based upon loans originated and purchased inside the bank's AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	95	88.8	12	11.2	107	105,891	89.8	12,080	10.2	117,971
2019	128	86.5	20	13.5	148	173,283	85.5	29,373	14.5	202,656
2020	91	88.4	12	11.7	103	137,897	89.8	15,675	10.2	153,572
Total	314	87.7	44	12.3	358	417,071	88.0	57,128	12.0	474,199
<i>Source: Evaluation Period: 1/1/2018 - 12/31/2020 Bank Data. Due to rounding, totals may not equal 100.0%.</i>										

Description of Institution

Malaga Bank, FSB is a locally owned, independent, full- service community bank headquartered in Palos Verdes Estates, California. The bank was established in March 1985 as Malaga Savings and Loan Association. The bank's name was changed to Malaga Bank, State Savings Bank in March 1990. The name was changed again in June 2004 to Malaga Bank, FSB. Malaga is a wholly-owned subsidiary of Malaga Financial Corporation, a one-bank holding company. Malaga has no affiliate relationships.

The bank operates five full-service branches in Los Angeles County, located in Palos Verdes Estates, Rolling Hills Estates, San Pedro, and two in Torrance. There is also a Loan Production Office (LPO) located in Torrance near the Torrance Skypark branch. During the evaluation period management did not open or close any branches. All five branches are located in upper-income census tracts (CTs).

The bank offers traditional lending products with an emphasis on multifamily residential real estate loans. Additional loan products include 1-4 residential unit investment property loans, commercial real estate loans, business loans and lines of credit, and construction loans. Consumer and retail lending activities include home equity lines of credit (HELOCs), personal loans, and overdraft lines of credit.

The bank also offers traditional banking services. All the branches offer automated teller machines (ATMs), night depository services, and safe deposit box services, except the Torrance Skypark branch. Branches are open for business Monday through Thursday from 9:00 AM to 5:00 PM, Friday from 9:00 AM to 6:00 PM, and Saturday from 9:00 AM to 1:30 PM, except the Torrance Skypark branch, which closes at 5:00 PM on Friday and does not have Saturday hours. Due to the COVID-19 pandemic, management temporarily reduced branch hours and physical access for customers in the branches. Malaga offers a variety of alternative banking services including telephone banking, bank by mail, online banking, mobile banking, bill payment, remote deposit capture (RDC), automated clearing house (ACH) origination, and positive pay.

As of December 31, 2020, Malaga reported total assets of \$1.3 billion, total loans of \$1.2 billion, total deposits of \$857.9 million, and total equity capital of \$166.8 million. Total loans

represented approximately 91.3 percent of total assets. Refer to the table below for a summary of the loan portfolio by major loan types.

Malaga Bank, FSB		
Loan Portfolio by Major Product Type		
as of December 31, 2020		
Loan Type	(\$000's)	% of Portfolio
Multifamily Residential RE	1,029,242	86.0
1-4 Family Residential RE	108,111	9.0
Commercial RE	47,775	3.9
Commercial & Industrial	10,843	0.9
Construction	575	0.1
Consumer	210	0.1
Total	1,196,756	100.0

There are no legal, financial, or other factors impeding the ability of the bank to meet credit needs in its communities. Malaga received a “Satisfactory” rating under the intermediate small bank CRA procedures at their February 12, 2018 CRA Examination.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses the Community Reinvestment Act (CRA) performance of Malaga, using Intermediate Small Bank (ISB) CRA examination procedures. We performed a full-scope examination of the bank’s sole AA, Los Angeles County. Refer to Appendix A for detailed information.

Consistent with Malaga’s business strategy, OCC examiners reviewed the bank’s primary product of residential mortgage loans. Multifamily residential real estate loans continue to be the primary focus, although loans secured by 1-4 residential units have increased in recent years. This evaluation also included an assessment of the bank’s community development (CD) lending, investments, and services and activities. The evaluation period for both the lending test and CD test is January 1, 2018 through December 31, 2020.

With an evaluation period end date of December 31, 2020, bank qualifying activities performed in response to the significant impact the COVID-19 pandemic has had on economies across the United States are addressed in this evaluation. This includes approximately 185 Small Business Administration Paycheck Protection Program (PPP) loans the bank originated in 2020 to existing customers.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank

delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is a blend of the state ratings, and where applicable, multistate ratings.

Malaga has only one AA. All weighting for the evaluation is placed on the Los Angeles County AA.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of California

CRA rating for the State of California: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The geographic distribution of loans by income level of the geography reflects excellent distribution in low- and moderate-income CTs throughout the bank's AA.
- Malaga's aggregate level of CD activities reflects an excellent responsiveness to identified community needs.

Description of Institution's Operations in California

Los Angeles County Assessment Area

Malaga Bank, FSB designated the Los Angeles-Long Beach-Glendale, California Metropolitan Division (MD) as its AA. The MD is comprised entirely of Los Angeles County, which in turn makes up part of the Los Angeles-Long Beach-Anaheim, California Metropolitan Statistical Area (MSA). Based on the 2015 American Community Survey (ACS) data, Los Angeles County consists of 2,346 census tracts; 221 are low-income, 674 are moderate-income, 583 are middle-income, and 817 are upper-income. In addition, 51 CTs do not report data and are listed as unknown. The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income (LMI) geographies.

The Los Angeles County AA is the bank's primary market with 100 percent of the bank's deposits. Competition from other financial institutions is strong in the AA. As of June 30, 2020, the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report indicates the bank's deposits inside the AA total \$849.2 million, ranking 34th in deposit market share with 0.16 percent of the AA's deposits. A total of 98 financial institutions, with a combined 1,698 branches competed for over \$522.5 billion deposits in the Los Angeles County AA. This includes three nationwide mega-banks with a combined 769 branches that account for 43.1 percent of total deposit market share, representing \$224.9 billion in deposits.

The bank's primary lending products are multifamily residential real estate loans, followed by 1-4 residential unit investment property real estate loans, commercial real estate loans, business loans and lines of credit, and construction loans. The bank also offers HELOCs, personal loans, and overdraft lines of credit. The bank operates five branches in the AA, located in Palos Verdes Estates, Rolling Hills Estates, San Pedro, and two branches in Torrance. All five branches are located in upper-income CTs.

According to the U.S. Census Bureau as of July 2019, Los Angeles County had an estimated population of 10.0 million, making it the most populous county in the United States. Top

industries in the AA include entertainment, hospitality and tourism, aerospace and defense, information technology, and trade and logistics. Major employers include the County of Los Angeles, Los Angeles Unified School District, City of Los Angeles, University of California - Los Angeles, Kaiser Permanente, and the federal government. With a median housing value over \$495 thousand and median rent of \$1,292, there is a shortage of affordable housing. There are a large number of homeless people with over 66,000 individuals experiencing homelessness on any given night.

Los Angeles County was especially sensitive to the impact of the COVID-19 pandemic. Over 93 percent of all Los Angeles County businesses are small businesses with less than 20 employees. By the end of September 2020, the COVID-19 pandemic devastated the economy resulting in a loss of 9.8 percent of jobs. The food services, hospitality, entertainment, and theme park industries were particularly hard-hit with job losses and lack of tourism in 2020.

To assess community needs, we reviewed information from recent interviews with seven community organizations providing services in the Los Angeles County AA. The contacts identified affordable housing and access to capital for businesses as critical needs in the AA. Additional opportunities the community contacts identified to address the needs in the AA include affordable home mortgage loans for LMI individuals to include a low-down payment, no private mortgage insurance (PMI), and a reasonable interest rate. Also volunteers and other support for programs that offer financial education to LMI people are needed, including affordable credit products to assist in rebuilding credit scores and bilingual credit counseling and other services. In addition, product-oriented educational outreach and banking education is needed to inform the unbanked and underbanked community that banks are safe. On the business side, needs identified include programs that partner with nonprofits to address capital constraints and provide additional access to capital to vital neighborhood businesses, micro loans for small businesses with favorable terms such as low interest rates or no associated fees, and start-up loans for customers who cannot meet outside income criteria due to the COVID-19 pandemic. Also needed are grants for non-profits that provide services to LMI people and communities as the COVID-19 pandemic increased the need for services.

The information in the following table provides Los Angeles County AA demographic information for 2020.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Los Angeles County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,346	9.4	28.7	24.9	34.8	2.2
Population by Geography	10,038,388	8.6	29.3	26.3	35.1	0.8
Housing Units by Geography	3,476,718	7.8	26.3	24.8	40.6	0.5
Owner-Occupied Units by Geography	1,499,879	2.4	17.2	26.6	53.7	0.1
Occupied Rental Units by Geography	1,763,190	12.2	34.2	23.6	29.2	0.9
Vacant Units by Geography	213,649	8.7	25.4	22.8	42.2	1.0
Businesses by Geography	941,441	4.6	18.9	21.2	52.8	2.4
Farms by Geography	8,629	2.7	17.6	24.9	53.6	1.1

Family Distribution by Income Level	2,186,485	24.5	16.3	16.7	42.4	0.0
Household Distribution by Income Level	3,263,069	25.9	15.4	15.8	43.0	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$62,703	Median Housing Value			\$495,540
			Median Gross Rent			\$1,292
			Families Below Poverty Level			14.3%
<i>Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Scope of Evaluation in California

The CRA evaluation determines the bank’s record of meeting community credit needs. The OCC used a combination of bank and examiner generated loan and demographic reports to assess the bank’s CRA performance. The evaluation period for the lending test is January 1, 2018 through December 31, 2020.

The bank’s primary lending product is Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR) reportable loans for multifamily housing, both purchases and refinances. The bank is not required to report income information on multifamily housing loans for HMDA LAR data purposes. As a result, we are unable to determine if these loans were made to LMI borrowers; therefore, the income distribution analysis would not be meaningful and was not included in the scope of this review. We placed all weight on the bank’s distribution by income level of the geography. We compared the bank’s distribution to demographic information as well as aggregate performance ratios which provided a comparison to peers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA

LENDING TEST

The bank’s performance under the Lending Test in California is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review of the bank’s sole AA, Los Angeles County, the bank’s lending performance in the state of California is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of California section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Malaga's distribution of mortgage loans within the AA shows excellent distribution in both low- and moderate-income geographies. The bank originated 6.1 percent of home mortgage loans in low-income CTs, significantly above the demographic percentage of owner-occupied housing units of 2.4 percent and aggregate lending of 2.8 percent in these CTs. The bank's distribution of loans in moderate-income tracts is also significantly above the demographic and aggregate percentages. In moderate-income CTs, the bank originated 31.8 percent of home mortgage loans, which exceeded both the 17.2 percent of owner-occupied housing units and the 17.5 percent of aggregate lending in these CTs.

Lending Gap Analysis

The OCC reviewed summary reports and maps and analyzed the bank's home mortgage lending activity over the evaluation period to identify any gaps in geographic distribution of loans. The OCC did not identify any unexplained conspicuous gaps in the bank's AA.

Responses to Complaints

The bank did not receive any CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of California is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's AA.

During the evaluation period, Malaga's aggregate new CD loans, investments, and donations inside the AA totaled over \$71 million. Most of the volume was attributed to originations of qualified CD multifamily property home mortgages and investments in minority- or women-owned depository institutions (MWDIs). The bank's qualified CD loans originated in 2020 include 11 PPP loans that reflect an increased responsiveness to community needs during the COVID-19 pandemic. In addition, employees provided an aggregate 1,230 service hours to six qualified organizations with a focus on financial literacy and education and health services for LMI individuals and families in the AA.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank’s level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Los Angeles County AA	81	100.0	70,323	100.0

The level of CD loans represents an excellent responsiveness to identified needs within the AA. During the evaluation period, the bank originated 70 qualified CD loans totaling \$68.3 million. These loans were secured by multifamily residential properties that provided 824 affordable housing units to LMI individuals, an identified and significant need within the bank’s AA. We qualified an additional 11 PPP loans totaling \$2.0 million that were responsive to Small Business needs in the AA due to the COVID 19 pandemic. CD Loan examples include:

- CD loans to finance the purchase of multifamily real estate that provided affordable housing units in the AA.
- PPP loan to a non-profit that will stabilize the LMI geography by retaining 256 existing jobs.
- PPP loans for job retention at businesses located in LMI CTs.

Number and Amount of Qualified Investments

Qualified Investments and Donations										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Los Angeles County AA	1	245	54	806	55	100	1,051	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
 ** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Malaga demonstrated excellent responsiveness to CD needs in its AA. During the evaluation period, qualified investments and donations totaled \$1.1 million. These totals include a prior period investment of \$245 thousand in a MWDI. The bank made 54 current period investments and donations totaling \$806 thousand in its AA. The qualified investments included \$735 thousand in three MWDIs. The bank’s donations totaling \$71 thousand were made to 26 qualified local organizations that supported the following:

- Providing meals to LMI senior citizens.
- Financial scholarships for a local high school in an LMI area in the AA.
- Providing community services dedicated to LMI youth programs.

Extent to Which the Bank Provides Community Development Services

The bank's level of CD services reflects an excellent responsiveness to identified needs within the AA. During the evaluation period, Malaga employees provided 1,230 hours of qualified CD services to a variety of nonprofit organizations that provide financial literacy and community services to LMI residents in the AA. Highlights of qualified CD service activity provided by bank staff include the following:

- An employee showed leadership using their financial expertise by serving as a Board member for a learning center that services LMI children with learning challenges.
- An employee serves as a Board member at a health organization that provides health services targeted to LMI individuals.
- An employee serves on the Finance Committee providing music education for LMI children at a Title I School in the AA.

None of the bank's branches are located in low- or moderate-income geographies. However, the bank provides products and services that are considered responsive to LMI individuals. Malaga offers three types of low-cost personal checking accounts: No Fee Checking; Student Checking; and Senior Checking. Each requires a \$100 minimum balance to open, and offers no monthly service fee, no required minimum balance, unlimited check writing, online banking, mobile banking, and mobile deposit.

Due to the economic distress caused by the COVID-19 pandemic, Malaga's responsiveness plan included offering relief to customers on a case-by-case basis. Management stated that they received only one request for relief, which was for an interest-only loan modification. The bank did not receive any loan forbearance requests or see a spike in delinquent loans as a result of the COVID-19 pandemic economic crisis.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/2018 to 12/31/2020	
Bank Products Reviewed:	Home mortgage loans Community development loans, qualified investments, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
California		
Los Angeles County	Full-scope	

Appendix B: Summary of MMSA and State Ratings

RATINGS		Malaga Bank	
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Malaga Bank	Outstanding	Outstanding	Outstanding
MMSA or State:			
California	Outstanding	Outstanding	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes.

Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report).

These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018-2020	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Los Angeles County AA	314	417,071	100.0	274,598	2.4	6.1	2.8	17.2	31.8	17.5	26.6	25.5	25.9	53.7	36.3	53.7	0.1	0.3	0.1	
Total	314	417,071	100.0	274,598	2.4	6.1	2.8	17.2	31.8	17.5	26.6	25.5	25.9	53.7	36.3	53.7	0.1	0.3	0.1	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data; 2019 HMDA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Malaga Bank F.S.B. (708089) excluded from Aggregate.