



PUBLIC DISCLOSURE

May 20, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Malaga Bank F.S.B.
Charter Number 708089

2514 Via Tejon
Palos Verdes Peninsula, CA 90274-1311

Office of the Comptroller of the Currency

1551 North 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, Federal Savings Bank (Malaga, the 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(s), the bank's loan-to-deposit ratio is more than reasonable.

Examiners with the Office of the Comptroller of the Currency (OCC) analyzed the bank's quarterly average LTD ratio for the 12 quarters since the previous CRA examination through December 31, 2023. Malaga's average LTD ratio was 126.3 percent, with a high of 136.4 percent and a low of 113.2 percent. For purposes of comparison, examiners selected six financial institutions that management considered direct competitors of Malaga for loans and deposits in its AA. Malaga included Chase and U.S. Bank as two of its direct competitors, due to their competitive loan and deposit pricing over the past couple years. The combined quarterly average LTD ratio for these six institutions over the same period was 78.9 percent. The average LTD ratios ranged from a high of 116.0 percent to a low of 45.3 percent.

Lending in Assessment Area

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

The bank originated 87.4 percent of the number and 89.5 percent of the dollar volume of loans inside 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.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans (000s)				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2021	108	84.4	20	15.6	128	150,219	83.3	30,165	16.7	180,384
2022	76	92.7	6	7.3	82	110,847	96.1	4,461	3.9	115,308
2023	37	86.0	6	14.0	43	80,199	93.8	5,340	6.2	85,538
Total	221	87.4	32	12.6	253	341,265	89.5	39,966	10.5	381,230
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

Malaga 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, Federal Savings Bank (FSB). Malaga is a wholly owned subsidiary of Malaga Financial Corporation, a one-bank holding company. Malaga has one affiliate, Palos Verdes Financial Company, which managed the bank's branch buildings.

The bank operates five full-service branches in Los Angeles County, which is the bank's only assessment area (AA). In addition to the main branch in Palos Verdes Estates, Malaga has two branches in Torrance, one in Rolling Hills Estates, and one in San Pedro. There is also a Loan Production Office located near the Torrance Skypark branch. During the evaluation period management did not open or close any branches. All five branches are in upper-income census tracts (CTs).

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

The bank also offers traditional banking services. With the exception of the Torrance Skypark branch, all the other branches offer automated teller machines (ATMs) and night depository services. Safe deposit box services are available at all branches except the Torrance Skypark branch. Branches are open for business Monday through Thursday from 9:00 AM to 5:00 PM and Friday from 9:00 AM to 6:00 PM. The Torrance Skypark branch closes at 5:00 PM on Friday. Malaga offers a variety of alternative banking services including telephone banking, bank by mail, online banking, mobile banking, bill payment, Remote Deposit Capture, Automated Clearing House origination, and Positive Pay.

As of December 31, 2023, Malaga reported total assets of \$1.5 billion, total loans of \$1.3 billion, total deposits of \$935.2 million, and total equity capital of \$208.6 million. Total loans represented approximately 86.4 percent of total assets as of December 31, 2023. 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, 2023		
Loan Type	(\$000's)	% of Portfolio
Multifamily Residential RE	1,132,477	89.0%
1-4 Family Residential RE	92,451	7.3%
Commercial RE	47,500	3.7%
Commercial & Industrial	534	0.0%
Consumer	133	0.0%
Total	1,273,095	100.0%

Malaga Bank received an “Outstanding” rating under the intermediate small bank CRA procedures at their April 12, 2021, CRA Examination. There are no legal, financial, or other factors impeding the ability of the bank to meet credit needs within its AA.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses the Community Reinvestment Act (CRA) performance of Malaga Bank, using Intermediate Small Bank (ISB) CRA examination procedures. OCC examiners performed a full-scope examination of the bank’s sole assessment area which is the entirety of 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 Home Mortgage Disclosure Act reportable multifamily real estate loans (identified as Home Mortgage Loans for the lending test). This evaluation also included an assessment of the bank’s community development lending, investments and donations, and services activities. The evaluation period for both the lending test and CD test is January 1, 2021, through December 31, 2023.

The evaluation period covers a significant portion of time when the COVID-19 pandemic was a national emergency. The bank's qualifying activities performed in response to the COVID-19 pandemic and their impact on the local economy were evaluated by OCC examiners. This includes the bank's participation in the Paycheck Protection Program (PPP), in which they originated approximately 120 loans in 2021 to existing customers.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas 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 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, CA 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, CA Metropolitan Statistical Area (MSA). Based on the 2020 U.S. Census, Los Angeles County consists of 2,498 census tracts; 159 are low-income, 694 are moderate-income, 711 are middle-income, and 857 are upper-income. In addition, 77 CTs do not report data and are listed as unknown. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and 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, 2023, the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report indicates the bank's deposits inside the AA total \$994.5 million, ranking 42nd in deposit market share with 0.14 percent of the AA's deposits. A total of 108 financial institutions, with a combined 2,030 branches competed for over \$695.6 billion deposits in the Los Angeles County AA. This includes three nationwide mega-banks with a combined 933 branches that account for 50.1 percent of total deposit market share, representing \$348.7 billion in deposits.

The bank's primary lending products are multifamily residential real estate loans, followed by 1–4-unit investment property real estate loans, commercial real estate loans, business loans and lines of credit. 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, Torrance, and Torrance Skypark. All five branches are located in upper-income CTs and have an ATM on-site, except for the Torrance Skypark branch.

Per the Moody's Analytics report dated February 2024, the Los Angeles County economy benefits from economic drivers in the tourism, logistics, and high-tech sectors. The local economy is cooling, and job growth is slipping, but is consistent with the rest of the U.S. The healthcare and leisure/hospitality industries remain the most reliable contributors to job growth. The unemployment rate rose sharply in 2020 due to the COVID-19 pandemic and significantly declined in 2021 through 2022 and returned to pre-pandemic levels. However, in 2023 the monthly rates started increasing. Top industries in the AA include entertainment, hospitality and tourism, aerospace and defense, information technology, and trade and logistics. Major employers include the Cedars-Sinai Medical Center, Los Angeles International Airport-LAX, University of California - Los Angeles, VXi Global Solutions, The Walt Disney Company, and Northrop Corporation. With a median housing value over \$682 thousand and median rent of \$1,601, there is a shortage of affordable housing in Los Angeles County.

To assess community needs, OCC examiners reviewed information from recent interviews with four organizations providing services in the Los Angeles County AA. All four contacts identified the lack of affordable housing as a major problem in the AA, not only for LMI individuals and families, but middle-income too. Several contacts stated there was a significant need for innovative credit building loan products, such as those with flexible FICO credit scores, geared towards LMI individuals and families to assist with home ownership. There is also a need to provide small business loans, especially for micro businesses and start-ups. Financial literacy education and workshops are needed to assist LMI communities to get on the path to sustainable home ownership. A need for multilingual services was also highlighted because language barriers make it difficult for certain populations to seek and attain credit. Recent economic factors including inflation and higher interest rates have caused housing costs to increase, which have led to an increase in homelessness in the AA. The contacts stated there are lending opportunities for local financial institutions to provide credit building loans, grants for down payment or closing costs, and HELOCs and fixed rate loans which would help LMI communities.

The following demographic charts on the next pages cover the periods before and after the 2020 decennial census. The 2021 chart reflects the American Community Survey as of 2015 and the 2022-2023 chart reflects the 2020 Census results.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Los Angeles County 2021						
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	1,150,937	4.7	19.2	21.2	52.6	2.3
Farms by Geography	10,514	3.0	17.3	24.2	54.3	1.2
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%
<p><i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: Los Angeles County 2022-2023						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,498	6.4	27.8	28.5	34.3	3.1
Population by Geography	10,014,009	5.7	28.2	29.9	34.7	1.4
Housing Units by Geography	3,559,790	5.4	25.4	28.1	39.5	1.6
Owner-Occupied Units by Geography	1,534,472	1.5	16.1	30.6	51.3	0.4
Occupied Rental Units by Geography	1,798,032	8.8	33.8	26.5	28.5	2.4
Vacant Units by Geography	227,286	5.1	21.9	23.0	47.0	3.0
Businesses by Geography	1,524,041	3.8	18.0	25.1	49.9	3.2
Farms by Geography	13,760	2.7	16.9	25.9	52.6	2.0
Family Distribution by Income Level	2,211,342	23.9	16.5	17.5	42.2	0.0
Household Distribution by Income Level	3,332,504	25.9	15.0	16.3	42.7	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA	\$80,317	Median Housing Value				\$681,607
			Median Gross Rent			\$1,601
			Families Below Poverty Level			10.5%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(* 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, 2021 through December 31, 2023.

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, OCC examiners 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. OCC examiners placed all weight on the bank's distribution by income level of the geography. In addition, OCC examiners compared the bank's distribution to demographic information as well as aggregate performance ratios which provided a comparison to peers.

Conclusions in 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.

2021

Malaga's distribution of mortgage loans within the AA shows excellent distribution in both low- and moderate-income geographies. The bank originated 5.6 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 2.6 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 38.0 percent of home mortgage loans, which exceeded both the 17.2 percent of owner-occupied housing units and the 16.4 percent of aggregate lending in these CTs.

2022-23

Malaga's distribution of mortgage loans within the AA shows excellent distribution in both low- and moderate-income geographies. The bank originated 4.4 percent of home mortgage loans in low-income CTs, significantly above the demographic percentage of owner-occupied housing units of 1.5 percent and aggregate lending of 2.0 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 26.5 percent of home mortgage loans, which exceeded both the 16.1 percent of owner-occupied housing units and the 17.1 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 donations, and CD services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s assessment area.

During the evaluation period, Malaga’s aggregate new CD loans, investments and donations made inside the AA totaled over \$108.8 million. Most of the volume was attributed to originations of qualified CD multifamily property home mortgages and investments in minority-owned depository institutions (MDIs). The bank’s qualified CD loans originated in 2021 include 12 PPP loans that reflect an increased responsiveness to community needs during the COVID-19 pandemic. In addition, employees provided an aggregate 386.4 service hours to five qualified organizations with a focus on 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	Totals			
	#	% of Total #	\$(000’s)	% of Total \$
Los Angeles County AA	82	100.0	107,796	100.0

The level of CD loans represents an excellent responsiveness to identified needs within the AA. During the evaluation period, the bank originated 82 qualified CD loans totaling \$107.8 million. A total of 70 loans were secured by multifamily residential properties that provided 969 affordable housing units to LMI individuals, an identified and significant need within the bank’s AA. OCC examiners qualified an additional 12 PPP loans totaling \$1.9 million that are

responsive to Small Business needs in the assessment area 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 loans for job retention at businesses located in LMI CTs.
- PPP loan to a non-profit that stabilized the LMI geography by retaining 261 existing jobs.

Number and Amount of Qualified Investments

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	38	778	39	100	1,023	100	0	0

** Prior Period Investments' means investments 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 \$1.023 million. These totals include a prior period investment of \$245 thousand in an MDI. The bank made 38 current period investments and donations totaling \$778 thousand in its AA. The qualified investments included \$735 thousand in MDIs. The bank’s donations totaling \$43 thousand were made to 35 qualified local organizations that supported the following:

- Providing education and job training programs to at-risk youth.
- Providing meals, tax filing assistance, and youth development programs to LMI individuals.
- Providing community services dedicated to LMI youth and families.

Extent to Which the Bank Provides Community Development Services

The bank’s level of CD services reflects excellent responsiveness to identified needs within the AA. During the evaluation period, Malaga employees provided 386.4 hours of qualified CD services to a variety of nonprofit organizations that provide community services to LMI residents in the AA. Highlights of qualified CD service activity provided by bank staff include the following:

- An employee serves as a Board member at a health organization providing health services targeted to LMI individuals.
- An employee serves on the Finance Committee providing music education for LMI children at Title I schools in the AA.
- An employee showed leadership using their financial expertise by serving as a Board member for a non-profit school that targets LMI students.

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 account requires a \$100 minimum balance to open, offers no monthly service fee, no required minimum balance, unlimited check writing, online banking, mobile banking, and mobile deposit.

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 metropolitan and nonmetropolitan areas 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:	01/01/2021 to 12/31/2023	
Bank Products Reviewed:	Home mortgage loans Community development loans, qualified investments and donations, community 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 (BANK NAME)			
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

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																				2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (000s)	% 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	
LA County	108	150,219	100.0	454,866	2.4	5.6	2.6	17.2	38.0	16.4	26.6	26.9	25.3	53.7	29.6	55.6	0.1	0.0	0.1	
Total	108	150,219	100.0	454,866	2.4	5.6	2.6	17.2	38.0	16.4	26.6	26.9	25.3	53.7	29.6	55.6	0.1	0.0	0.1	

*Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%
 Malaga Bank excluded from Aggregate Data*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2022-23
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$ (000s)	% 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	
LA County	113	191,045	100.0	183,703	1.5	4.4	2.0	16.1	26.5	17.1	30.6	27.4	28.8	51.3	37.2	51.4	0.4	4.4	0.6	
Total	113	191,045	100.0	183,703	1.5	4.4	2.0	16.1	26.5	17.1	30.6	27.4	28.8	51.3	37.2	51.4	0.4	4.4	0.6	

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%
 Malaga Bank excluded from Aggregate Data*

