



Financial Highlights December 31, 2017

Bakersfield, California, January 29, 2018 -- Mission Bancorp (“Mission” or “the Company”), (OTC Pink: MSBC), a bank holding company and parent of Mission Bank (the “Bank”), reported unaudited net income available to common shareholders of \$1.2 million, or \$0.70 per basic common share, for the fourth quarter of 2017, compared to net income available to common shareholders of \$1.2 million, or \$0.71 per basic common share, for the fourth quarter of 2016. For the year ended December 31, 2017, net income available to common shareholders was \$6.1 million, or \$3.65 per basic common share compared to net income available to common shareholders of \$5.1 million, or \$3.05 per basic common share for the year ended December 31, 2016.

The new tax legislation passed on December 22, 2017 lowered the federal corporate income tax rate from 34% to 21% for income tax returns filed for the 2018 tax year and beyond. The Company will begin to realize the benefit of the new tax reform on January 1, 2018. However, generally accepted accounting principles requires immediate remeasurement of recorded deferred tax assets and liabilities that we believe will be realized or paid in the future at lower rates. Accordingly, during the fourth quarter of 2017 the Company recorded a non-recurring and non-cash income tax provision expense of \$772 thousand (the “deferred tax asset remeasurement”) against its net deferred tax assets due to the passage of the new tax law.

Net income for the fourth quarter and year end 2017 decreased by 1.1% to \$1.2 million, and increased by 20.6%, to \$6.1 million, respectively, as compared to the quarter and year ended December 31, 2016. However, net income excluding the deferred tax asset remeasurement was \$1.9 million for the fourth quarter of 2017, and \$6.9 million for the year ended December 31, 2017, which represents a 64.7%, and 35.9% increase, respectively, compared to the same prior year periods. Earnings growth over the past year is attributable to growth in our loan portfolio, which resulted in a 23.2% increase in net interest income for the year ended December 31, 2017. Non-interest expense, however, grew at a much lower rate of just 9.1% during 2017.

The Company’s return on average assets was 1.01%, and 0.75%, respectively for the year, and fourth quarter ended December 31, 2017, compared to 0.93% and 0.82% for the same prior year periods. The Company’s return on average assets excluding the deferred tax asset remeasurement was 1.14%, and 1.25%, for the year, and fourth quarter ended December 31, 2017, respectively. Prior to the deferred tax asset remeasurement, the Company’s return on average assets increased by 22.2%, and 52.8% as compared to the prior year, for the year and fourth quarter of 2017, respectively.

The Company's return on average equity was 12.08%, and 8.69%, respectively for the year, and fourth quarter ended December 31, 2017, compared to 11.26% and 9.96% for the same prior year periods. The Company's return on average equity excluding the deferred tax asset remeasurement was 13.60%, and 14.46%, for the year, and fourth quarter ended December 31, 2017, respectively. Excluding the deferred tax asset remeasurement, the Company's return on average equity increased by 20.8%, and 45.2% for the year and fourth quarter of 2017, respectively.

Our loan portfolio continued to increase during the fourth quarter which drove the increase in earnings. Outstanding loans increased to \$468.9 million at December 31, 2017, representing yet another record high. Gross loans increased by \$21.3 million during the fourth quarter of 2017 and grew by \$88.8 million, or 23.4% on a year over year basis.

Total deposits increased to \$577.4 million at December 31, 2017, up \$88.9 million or 18.2% compared to the same period last year. Total assets grew by 13.8% to \$635.4 million at December 31, 2017 compared to \$558.3 million at December 31, 2016.

Shareholders' equity increased \$6.4 million, or 13.6% to \$53.5 million at December 31, 2017 compared to \$47.1 million at December 31, 2016. The increase in equity is due to strong earnings over the past year. Book value per share increased by \$3.57 or 12.6% to \$32.01 at December 31, 2017 as compared to \$28.44 at December 31, 2016. Adjusted for the deferred tax asset remeasurement, book value per share would have increased by \$4.03 or 14.2% to \$32.47.

Earnings per share and book value per share are adjusted to reflect the 5% stock dividend declared on April, 20 2017.

Mission Bancorp is the parent holding company of four wholly owned subsidiaries, Mission Bank, Mission 1031 Exchange, LLC, Mission Community Development, LLC, and Nosbig 88, Inc. as well as a 50% owner of Double W, LLC, an entity that owns commercial property including the Bank's Shafter Business Banking Center. Mission Bancorp is headquartered in Bakersfield, California and has seven Business Banking Centers and a single loan production office, serving the greater areas of Bakersfield, Lancaster, Mojave, Ridgecrest, and Ventura.

For more information, please call A.J. Antongiovanni, President and CEO at 661-859-2500.



MISSION BANCORP

(Unaudited)

Three Months

Twelve Months

December 31

December 31

FOR THE PERIOD	<u>2017</u>	<u>2016</u>	<u>% Change</u>		<u>2017</u>	<u>2016</u>	<u>% Change</u>
Net Interest Income	\$ 5,935,723	\$ 4,724,740	25.63%		\$ 22,354,703	\$ 18,151,390	23.16%
Provision for Loan Loss	\$ 377,979	\$ 139,995	169.99%		\$ 1,062,646	\$ 645,878	64.53%
Non Interest Income	\$ 1,346,161	\$ 907,069	48.41%		\$ 4,716,641	\$ 4,571,260	3.18%
Non Interest Expense	\$ 3,877,450	\$ 3,533,412	9.74%		\$ 14,829,150	\$ 13,593,946	9.09%
Pre Tax Income	\$ 3,026,455	\$ 1,958,402	54.54%		\$ 11,179,548	\$ 8,482,826	31.79%
Provision for Taxes	\$ 1,865,627	\$ 784,335	137.86%		\$ 5,085,608	\$ 3,429,408	48.29%
Net Income	\$ 1,160,828	\$ 1,174,067	-1.13%		\$ 6,093,940	\$ 5,053,418	20.59%
Shares (End of Period)	1,670,128	1,655,011	0.91%		1,670,128	1,655,011	0.91%
Income Per Share - Basic	\$ 0.70	\$ 0.71	-1.41%		\$ 3.65	\$ 3.05	19.67%
SELECTED FINANCIAL RATIOS							
(Annualized)							
Return on average assets	0.75%	0.82%			1.01%	0.93%	
Return on average equity	8.69%	9.96%			12.08%	11.26%	
AT PERIOD END							
Loans & Leases					\$ 468,891,024	\$ 380,061,413	23.37%
Allowance for Loan Loss					\$ 5,412,607	\$ 4,465,599	21.21%
Total Assets					\$ 635,404,245	\$ 558,291,196	13.81%
Deposits					\$ 577,435,688	\$ 488,525,254	18.20%
Shareholder equity					\$ 53,457,694	\$ 47,065,126	13.58%
Allowance for Loan Loss to Total Loans					1.15%	1.17%	-1.71%
Book value per share					\$ 32.01	\$ 28.44	12.55%



MISSION BANCORP

Non-GAAP Calculations

Three Months

Twelve Months

December 31

December 31

FOR THE PERIOD	<u>2017</u>	<u>2016</u>	<u>% Change</u>		<u>2017</u>	<u>2016</u>	<u>% Change</u>
GAAP Net Income	\$ 1,160,828				\$ 6,093,940		
Adjustment to Tax Expense	\$ 772,292				\$ 772,292		
Non-GAAP Net Income	\$ 1,933,120				\$ 6,866,232		
GAAP Average Assets	\$ 612,202,269				\$ 601,179,259		
Adjustment to Average Assets	\$ 75,550				\$ 19,043		
Non-GAAP Average Assets	\$ 612,277,819				\$ 601,198,302		
GAAP Average Equity	\$ 52,981,177				\$ 50,462,388		
Adjustment to Average Equity	\$ 75,550				\$ 19,043		
Non-GAAP Average Equity	\$ 53,056,727				\$ 50,481,431		
GAAP Equity	\$ 53,457,694				\$ 53,457,694		
Adjustment to Equity	\$ 772,292				\$ 772,292		
Non-GAAP Equity	\$ 54,229,986				\$ 54,229,986		
Select Fin Ratios (Annualized)							
Shares (End of Period)	1,670,128	1,655,011	0.91%		1,670,128	1,655,011	0.91%
Non-GAAP Net Income	1,933,120	1,174,067	64.65%		6,866,232	5,053,418	35.87%
Non-GAAP Income Per Share - Basic	\$ 1.16	\$ 0.71	63.38%		\$ 4.11	\$ 3.05	34.75%
Non-GAAP Average Assets	\$ 612,277,819	\$ 568,214,208	7.75%		\$ 601,198,302	\$ 540,695,498	11.19%
Non-GAAP Net Income	\$ 1,933,120	\$ 1,174,067	64.65%		\$ 6,866,232	\$ 5,053,418	35.87%
Non-GAAP Return on Average Assets	1.25%	0.82%	52.80%		1.14%	0.93%	22.20%
Non-GAAP Average Equity	\$ 53,056,727	\$ 46,776,859	13.43%		\$ 50,481,431	\$ 44,863,769	12.52%
Non-GAAP Net Income	\$ 1,933,120	\$ 1,174,067	64.65%		\$ 6,866,232	\$ 5,053,418	35.87%
Non-GAAP Return on Average Equity	14.46%	9.96%	45.16%		13.60%	11.26%	20.75%
Shares (End of Period)					\$ 1,670,128	\$ 1,655,011	0.91%
Non-GAAP Shareholder Equity					\$ 54,229,986	\$ 47,065,126	15.22%
Non-GAAP Book Value per Share					\$ 32.47	\$ 28.44	14.18%