



Financial Highlights December 31, 2018

Bakersfield, California, January 30, 2019 -- 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 \$3.2 million, or \$1.82 per basic common share, for the fourth quarter of 2018, compared to net income available to common shareholders of \$1.2 million, or \$0.66 per basic common share, for the fourth quarter of 2017. The fourth quarter of 2018 is the 79th consecutive quarter of profitability for the Bank. For the year ended December 31, 2018, net income available to common shareholders was \$11.9 million, or \$6.64 per basic common share compared to net income available to common shareholders of \$6.1 million, or \$3.48 per basic common share for the year ended December 31, 2017.

Net income for the fourth quarter and year ended December 31, 2018 increased by 179.8% to \$3.2 million and by 94.5% to \$11.9 million, respectively, compared to the same periods in 2017. The reduction of our effective tax rate due to the newly enacted Tax Cuts and Jobs Act (“the Trump Tax Cut”) resulted in a significant increase in net income for the fourth quarter and year ended December 31, 2018, compared to the same prior year periods. Net income for the fourth quarter of 2018 as compared to the fourth quarter of 2017 was favorably impacted by the reduction of the Federal corporate income tax rate due to the Trump Tax Cut and was compounded by the impact of a non-recurring \$772 thousand deferred tax asset remeasurement adjustment recorded in the fourth quarter of 2017. The combined result of the Trump Tax cut and the non-recurring deferred tax asset remeasurement adjustment was a 58.0% decline in our effective tax rate from 61.6% for the fourth quarter of 2017 to 25.9% for the fourth quarter of 2018. The effective tax rate for the full year declined by 40.2% from 45.5% in 2017 to 27.2% in 2018.

Pre-tax income for the fourth quarter and full year increased by \$1.4 million, or 44.8% and \$5.1 million, or 45.7%, respectively, compared to the same periods in 2017. During the fourth quarter and full year ended December 31, 2018, pre-tax income growth was driven by strong revenue growth, which continued to significantly outpace non-interest expense growth, on a year over year comparative basis. Net interest income growth was attributable to net interest margin expansion and growth in average loans, which increased by 18.8% during 2018. Non-interest expense increased on a year over year basis, in part due to the staffing of our new Ventura, California loan production office, which opened late in 2017 and was converted into a full-service business banking center during the second quarter of 2018. In addition to the Ventura location, we opened a new location in Stockton, California during the third quarter of 2018. The on-boarding of new employees in Stockton nominally increased our non-interest expense for the second half of 2018 as well.

“This was a truly transformational year for Mission’s customers and shareholders” said A.J. Antongiovanni, Mission’s President and Chief Executive Officer. Mr. Antongiovanni continued, “We accomplished several key objectives by solidifying our presence in the Ventura market, establishing our first foothold in northern California in the city of Stockton and achieving record earnings results. In our 20th year of operation we achieved industry-leading returns for our shareholders by generating a return on assets of nearly 1.80% and return on equity of nearly 20% for the year. More importantly, we achieved these results without compromising our vision and values. Each of our new regional presidents in the Ventura and Stockton markets are talented business banking executives with a proven track record and loyal clientele. Their contributions will allow for balance sheet growth while ensuring that Mission maintains a highly favorable funding and loan credit quality profile.”

The Company’s return on average assets was 1.89% and 1.77%, for the fourth quarter, and year ended December 31, 2018, respectively, compared to 0.75% and 1.01%, respectively, for the same prior year periods. Mission’s return on average equity increased to 19.77%, and 19.87% for the fourth quarter and year ended December 31, 2018, up from 8.69%, and 12.08% for the fourth quarter, and year ended December 31, 2017.

Gross loans increased by \$22.1 million during the fourth quarter of 2018 to \$549.4 million and grew by \$80.5 million, or 17.2% on a year over year basis.

Mission’s total deposits increased by \$540 thousand during the fourth quarter to \$591.0 million at December 31, 2018, and increased by \$13.6 million, or 2.4%, compared to the same prior year period. Mission Bank’s non-interest-bearing deposits represented 52.1% of its total deposits at the end of 2018. Total assets grew by \$53.4 million, or 8.4% to \$688.8 million at December 31, 2018 compared to \$635.4 million at December 31, 2017.


Shareholders’ equity increased \$13.6 million, or 25.4% to \$67.0 million at December 31, 2018 compared to \$53.5 million at December 31, 2017. The increase in equity is due primarily to strong earnings over the past year, and to a lesser extent the capital raise we completed during the third quarter of 2018 that was focused on our new Ventura market. Compared to December 31, 2017, book value per share increased by \$7.06, or 23.2%, to \$37.54 per share as of December 31, 2018.

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. Mission Bancorp is headquartered in Bakersfield, California and has eight Business Banking Centers, serving the greater areas of Bakersfield, Lancaster, Mojave, Ridgecrest, and Ventura, and one loan production office in Stockton, California.

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|  MISSION BANCORP <i>"Let our Experience work for you"</i> | MISSION BANCORP | | | | | |
|--|-----------------|---------------|----------|----------------|----------------|----------|
| | (Unaudited) | | | | | |
| | Three Months | | | Twelve Months | | |
| | December 31 | | | December 31 | | |
| FOR THE PERIOD | 2018 | 2017 | % Change | 2018 | 2017 | % Change |
| Net Interest Income | \$ 7,947,000 | \$ 5,935,000 | 33.90% | \$ 28,687,000 | \$ 22,354,000 | 28.33% |
| Provision for Loan Loss | \$ 279,000 | \$ 377,000 | -25.99% | \$ 1,006,000 | \$ 1,062,000 | -5.27% |
| Non Interest Income | \$ 1,078,000 | \$ 1,347,000 | -19.97% | \$ 6,306,000 | \$ 4,717,000 | 33.69% |
| Non Interest Expense | \$ 4,361,000 | \$ 3,874,000 | 12.57% | \$ 16,793,000 | \$ 14,775,000 | 13.66% |
| Net Income Attributable to the Non-Controlling Interest | \$ - | \$ (3,000) | -100.00% | \$ (909,000) | \$ (54,000) | 1583.33% |
| Pre-tax Income | \$ 4,384,000 | \$ 3,027,000 | 44.83% | \$ 16,285,000 | \$ 11,180,000 | 45.66% |
| Provision for Income Taxes | \$ 1,136,000 | \$ 1,866,000 | -39.12% | \$ 4,431,000 | \$ 5,086,000 | -12.88% |
| Net Income | \$ 3,248,000 | \$ 1,161,000 | 179.76% | \$ 11,854,000 | \$ 6,094,000 | 94.52% |
| Shares Outstanding (End of Period) | 1,786,042 | 1,753,634 | 1.85% | 1,786,042 | 1,753,634 | 1.85% |
| Income Per Share - Basic | \$ 1.82 | \$ 0.66 | 175.76% | \$ 6.64 | \$ 3.48 | 90.80% |
| Note: Shares Outstanding adjusted for 5% dividend declared on April 19, 2018. | | | | | | |
| SELECTED FINANCIAL RATIOS | | | | | | |
| (Annualized) | | | | | | |
| Return on average assets | 1.89% | 0.75% | | 1.77% | 1.01% | |
| Return on average equity | 19.77% | 8.69% | | 19.87% | 12.08% | |
| AT PERIOD END | | | | | | |
| Total Cash and Cash Equivalents | | | | \$ 67,644,000 | \$ 79,282,000 | -14.68% |
| Securities | | | | \$ 52,626,000 | \$ 66,732,000 | -21.14% |
| Loans & Leases | | | | \$ 549,434,000 | \$ 468,891,000 | 17.18% |
| Allowance for Loan Loss | | | | \$ (6,424,000) | \$ (5,413,000) | 18.68% |
| Total Assets | | | | \$ 688,830,000 | \$ 635,404,000 | 8.41% |
| Non-Interest Bearing Deposits | | | | \$ 307,552,000 | \$ 291,070,000 | 5.66% |
| Interest Bearing Deposits | | | | \$ 283,453,000 | \$ 286,366,000 | -1.02% |
| Components of Equity: | | | | | | |
| Allowance for Loan Loss | | | | \$ (6,424,000) | \$ (5,413,000) | 18.68% |
| Other Assets | | | | \$ 25,550,000 | \$ 25,912,000 | -1.40% |
| Total Assets | | | | \$ 688,830,000 | \$ 635,404,000 | 8.41% |
| Non-Interest Bearing Deposits | | | | \$ 307,552,000 | \$ 291,070,000 | 5.66% |
| Interest Bearing Deposits | | | | \$ 283,453,000 | \$ 286,366,000 | -1.02% |
| Total Deposits | | | | \$ 591,005,000 | \$ 577,436,000 | 2.35% |
| Borrowings | | | | \$ 25,000,000 | \$ - | 100.00% |
| Other Liabilities | | | | \$ 5,776,000 | \$ 4,511,000 | 28.04% |
| Common Stock | | | | \$ 30,805,000 | \$ 23,463,000 | |
| Retained Earnings | | | | \$ 37,212,000 | \$ 30,638,000 | |
| Accumulated Other Comprehensive Income | | | | \$ (978,000) | \$ (628,000) | |
| Minority Interest | | | | \$ 10,000 | \$ (16,000) | |
| Shareholder equity | | | | \$ 67,049,000 | \$ 53,457,000 | 25.43% |
| Total Liabilities and Shareholder Equity | | | | \$ 688,830,000 | \$ 635,404,000 | 8.41% |
| Allowance for Loan Loss | | | | | | |
| to Total Loans | | | | 1.17% | 1.15% | 1.74% |
| Book Value per share | | | | \$ 37.54 | \$ 30.48 | 23.16% |
| Selected Average Balance Data | | | | | | |
| Average Assets | \$681,552,929 | \$612,202,146 | 11.33% | \$669,218,950 | \$ 601,081,052 | 11.34% |
| Average Equity | \$65,178,255 | \$52,985,565 | 23.01% | \$59,644,098 | \$ 50,463,570 | 18.19% |