



FOR IMMEDIATE RELEASE – October 28, 2020

Mission Bancorp announces all-time record quarterly net income for third quarter 2020 of \$4.2 million, annual deposit growth of 48.1%, annual loan growth of 35.1%.

BAKERSFIELD, Calif. (October 28, 2020) - 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 \$4.2 million, or \$2.07 per basic common share, for the third quarter of 2020, compared to net income available to common shareholders of \$3.7 million, or \$1.85 per basic common share, for the third quarter of 2019.

“We continued to see exceptional balance sheet growth during the third quarter driven by deposit growth” said A.J. Antongiovanni, Mission’s President and Chief Executive Officer. Mr. Antongiovanni continued, “Our deposits grew by \$74 million at an annualized rate of over 30% during the third quarter with the majority of that growth in non-interest-bearing accounts.” Mr. Antongiovanni concluded, “The continued success in deposit generation is further testament to the execution of our core business banking strategy and the byproduct of that success is the achievement of a record-setting quarterly net income of \$4.2 million.”

This is the 86th consecutive quarter of profitability for the Bank. Net income for the third quarter of 2020 was \$498 thousand, or 13.6% higher than net income for the third quarter of 2019. The Company generated a \$1.2 million increase in net interest income and a \$572 thousand increase in non-interest income that was partially offset by increases in non-interest expense of \$859 thousand and in the provision for loan losses of \$392 thousand.

Net interest income growth was achieved despite a 116-basis point decline in our net interest margin, which was 3.52% for the third quarter of 2020, compared to 4.68% for the same prior year period. Our margin was impacted by the decline in capital market interest rates and the surge in liquidity due to the PPP loan funding and subsequent deposits into customer accounts. Our core deposit raising efforts have continued to be highly successful as well, generating \$74.3 million or 30.1% of annualized deposit growth during the third quarter of 2020. We have begun to deploy excess liquidity into the securities portfolio, which increased by \$21.0 million or 23.9% during the third quarter, additionally we have a strong lending pipeline going into year-end, which should improve the earning asset mix and result in higher net interest income and net interest margin during the fourth quarter.

Non-interest expense increased by \$859 thousand, primarily due to an \$803 thousand increase in salaries and employee benefits expense for the quarter ended September 30, 2020 as compared to the same prior year period. Most of the current quarter increase is primarily attributable to new hire costs including base compensation, equity-based compensation and start-up bonuses for new executive level, administrative and front-line staff. Approximately one-third of the current quarter increase is attributable to the first full quarter of operations of our new business banking team in San Luis Obispo, California.

Non-interest income increased during the current quarter by \$572 thousand as compared to the same prior year period. The increase in non-interest income for the current quarter was attributable to a \$201 thousand increase in gain on sale of investment securities, \$175 thousand of loan program processing fee income, a \$98 thousand increase in servicing fee income, and a \$92 thousand increase in Farmer Mac program referral

fee income. The loan program processing fee income is attributable to the “Kern Recovers Program,” a loan program that supports our local community through the COVID-19 pandemic and related economic instability

“We were delighted to be able to help Kern County by processing loans for the Kern County Recovers program, which made loans to both small businesses and non-profits throughout the County to support their recovery from the economic hardships associated with the COVID-19 pandemic” said A.J. Antongiovanni, Mission’s President and Chief Executive Officer.

We increased the provision for loan losses by \$392 thousand for the current quarter of 2020, as compared to the same quarter in 2019 as part of our ongoing update of qualitative factors for our allowance for loan losses, attributable to macroeconomic risks created by the COVID-19 pandemic. Our allowance for loan losses as a percentage of total gross loans (“ALLL ratio”) was 1.15% as of September 30, 2020, down 5 basis points from 1.20% at September 30, 2019. The reason for the decline in our ALLL ratio is due to the on-boarding of \$125.1 million of PPP loans, which carry no allowance for loan losses due to the 100% guarantee from the SBA. If we removed these loans from our ALLL ratio calculation we would have reported a 16 basis point increase in the ALLL ratio to 1.36%.

The Company’s return on average assets was 1.43% for the quarter ended September 30, 2020, compared to 1.84% for the same prior year period. The Company’s return on average equity was 17.43%, for the quarter ended September 30, 2020, compared to 18.73% for the third quarter of 2019.

Total assets grew by 47.8% over the last year to \$1.2 billion at September 30, 2020, compared to \$804.1 million at September 30, 2019.

Mission continues to generate industry leading balance sheet growth rates despite the challenging environment due to our strong value proposition and speed of execution we offer to our business clientele. We grew our loan portfolio over the past year by 35.1%, inclusive of the PPP loans originated 2020. Our loan growth exclusive of the PPP loans was approximately 14.7% for the twelve months ending September 30, 2020. Our annual deposit growth rate was 48.1% and our annual non-interest-bearing deposit growth rate was 60.4% for the twelve months ended September 30, 2020. PPP loans contributed significantly to our deposit and loan growth during 2020, however, if we assumed that 100% of these loans were funded into our customer’s non-interest-bearing deposit accounts, and eliminated that amount from our non-interest-bearing deposit growth, we still would have achieved total deposit growth of 30.6% as well as non-interest-bearing deposit growth of 28.2% over the last twelve months.

Shareholders’ equity increased \$17.4 million, or 22.0% to \$96.6 million at September 30, 2020 compared to \$79.2 million at September 30, 2019. The increase in equity is due to strong earnings over the past year and improvement in the mark-to-market adjustment on our investment securities portfolio. Compared to the third quarter of 2019 book value per share increased by \$8.20, or 20.6%, to \$48.06 at September 30, 2020.

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, Stockton and Ventura, California and one lending team in San Luis Obispo, California.

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(Unaudited)

FOR THE PERIOD	Three Months			Nine Months		
	September 30			September 30		
	2020	2019	% Change	2020	2019	% Change
Net Interest Income	\$ 10,106,000	\$ 8,870,000	13.93%	\$ 28,973,000	\$ 25,357,000	14.26%
Provision for Loan Loss	\$ 706,000	\$ 314,000	124.84%	\$ 1,761,000	\$ 943,000	86.79%
Non Interest Income	\$ 1,962,000	\$ 1,390,000	41.15%	\$ 4,439,000	\$ 4,060,000	9.34%
Non Interest Expense	\$ 5,694,000	\$ 4,835,000	17.77%	\$ 16,986,000	\$ 14,743,000	15.21%
Net Income Attributable to the Non-Controlling Interest	\$ -	\$ -	0.00%	\$ -	\$ -	0.00%
Pre-tax Income	\$ 5,668,000	\$ 5,111,000	10.90%	\$ 14,665,000	\$ 13,731,000	6.80%
Provision for Income Taxes	\$ 1,502,000	\$ 1,442,000	4.16%	\$ 3,792,000	\$ 3,653,000	3.80%
Net Income	\$ 4,166,000	\$ 3,668,000	13.58%	\$ 10,872,000	\$ 10,077,000	7.89%
Weighted Average Shares Outstanding	2,010,262	1,987,309	1.15%	2,010,262	1,987,309	1.15%
Income Per Share - Basic	\$ 2.07	\$ 1.85	11.89%	\$ 5.41	\$ 5.07	6.71%
Note: Weighted Average Shares Outstanding adjusted for 5% dividend declared on April 23, 2020						
SELECTED FINANCIAL RATIOS						
(Annualized)						
Return on average assets	1.43%	1.84%		1.41%	1.81%	
Return on average equity	17.43%	18.73%		16.13%	18.34%	
AT PERIOD END						
Total Cash and Cash Equivalents				\$ 224,749,000	\$ 103,790,000	116.54%
Securities				\$ 108,970,000	\$ 61,820,000	76.27%
Loans & Leases				\$ 831,591,000	\$ 615,717,000	35.06%
Allowance for Loan Loss				\$ (9,585,000)	\$ (7,371,000)	30.04%
Total Assets				\$ 1,188,324,000	\$ 804,089,000	47.79%
Non-Interest Bearing Deposits				\$ 623,410,000	\$ 388,789,000	60.35%
Interest Bearing Deposits				\$ 437,650,000	\$ 327,622,000	33.58%
Components of Equity:						
Allowance for Loan Loss				\$ (9,585,000)	\$ (7,371,000)	30.04%
Other Assets				\$ 32,599,000	\$ 30,133,000	8.18%
Total Assets				\$ 1,188,324,000	\$ 804,089,000	47.79%
Non-Interest Bearing Deposits				\$ 623,410,000	\$ 388,789,000	60.35%
Interest Bearing Deposits				\$ 437,650,000	\$ 327,622,000	33.58%
Total Deposits				\$ 1,061,060,000	\$ 716,411,000	48.11%
Subordinated Debt				\$ 9,876,000	\$ -	100.00%
Other Borrowings				\$ 12,000,000	\$ -	100.00%
Other Liabilities				\$ 8,783,000	\$ 8,465,000	3.76%
Common Stock				\$ 45,929,000	\$ 38,759,000	18.50%
Retained Earnings				\$ 48,514,000	\$ 40,186,000	20.72%
Accumulated Other Comprehensive Income				\$ 2,162,000	\$ 268,000	706.72%
Minority Interest				\$ -	\$ -	0.00%
Shareholder equity				\$ 96,605,000	\$ 79,213,000	21.96%
Total Liabilities and Shareholder Equity				\$ 1,188,324,000	\$ 804,089,000	47.79%
Allowance for Loan Loss to Total Loans				1.15%	1.20%	-4.17%
Book Value per share				\$ 48.06	\$ 39.86	20.57%
Selected Average Balance Data						
Average Assets	\$1,155,759,000	\$789,692,000	46.36%	\$ 1,027,916,000	\$ 743,951,000	38.17%
Average Equity	\$95,110,000	\$77,705,000	22.40%	\$ 90,041,000	\$ 73,478,000	22.54%