



FOR IMMEDIATE RELEASE – January 29, 2021

Mission Bancorp announces record quarterly and annual net income for fourth quarter and full year 2020 of \$4.8 million and \$15.7 million, respectively. Annual deposit growth of 51.1%, annual loan growth of 23.3%.

BAKERSFIELD, Calif. (January 29, 2021) - 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 \$4.8 million, or \$2.39 per basic common share, for the fourth quarter of 2020, compared to net income available to common shareholders of \$3.6 million, or \$1.80 per basic common share, for the fourth quarter of 2019. Unaudited net income for the year 2020 reached \$15.7 million or \$7.79 per basic common share, compared to net income available to common shareholders of \$13.7 million for 2019, or \$6.87 per basic common share.

This is the 87th consecutive quarter of profitability for the Bank. Net income for the fourth quarter and year ended December 31, 2020 increased by 34.5% to \$4.8 million, and by 14.9% to \$15.7 million, respectively, compared to the same prior year periods. The Company’s net income for both the fourth quarter and full year 2020 grew primarily due to increases in net interest income and non-interest income. Net interest income growth was driven by strong balance sheet growth as assets grew by 50.6% during 2020, ending the year at \$1.3 billion.

“We are very pleased with our accomplishments in 2020, which included record-setting deposit and asset growth, crossing \$1 billion in total assets and the opening of our new full service business banking center in San Luis Obispo, California,” said A.J. Antongiovanni, Mission’s President and Chief Executive Officer. Mr. Antongiovanni concluded, “Deposit growth was an astounding 51.1% and was driven by non-interest-bearing deposit growth of over 60.0%! We achieved this success during a challenging global pandemic while achieving our core purpose, to fuel and grow vibrant and prosperous communities, by originating over 700 of the SBA’s Paycheck Protection Program loans, totaling over \$125 million in funding.”

Net interest income for the fourth quarter and full year ended December 31, 2020 grew by \$1.9 million, or 21.4%, and by \$5.5 million, or 16.1%, respectively, compared to the same prior year periods. Our net interest margin declined by 86 basis points for both the fourth quarter and full year ended December 31, 2020 to 3.63%, and 3.86%, respectively. The margin decreased due to the steep decline in interest rates during the first quarter of 2020; however, the impact to our net interest income was more than offset by SBA Paycheck Protection Plan (“PPP”) loan fee accretion and average earning asset growth. The PPP loan fee accretion accounted for \$1.4 million of the total quarterly increase in net interest income, with the additional \$0.5 million attributable to quarterly average earning asset growth of \$399.0 million or 50.6%. PPP loan fee accretion accounted for \$3.3 million of the total annual increase in net interest income, with the additional \$2.2 million attributable to annual average earning asset growth of \$304.9 million or 41.9%. The remaining net unearned PPP fees on our balance sheet as of December 31, 2020 approximates \$1.1 million.

Non-interest expense for the fourth quarter and full year ended December 31, 2020 grew by \$0.8 million, or 16.8%, and \$3.0 million, or 15.6%, respectively, compared to the same prior year periods. The increase for both the quarter and the year can largely be attributed to the staff hired to open our new San Luis Obispo,

California business banking center, as well as the addition of several key senior back-office positions that will facilitate the Company's recent significant increase in asset size and allow for continued growth. Total salaries and employee benefits expenses increased by \$0.7 million, and \$2.5 million for the quarter and year ended December 31, 2020, respectively. Approximately \$0.4 million, or 59.0% and \$1.0 million, or 40.0% of this increase can be attributed to new hires in the new San Luis Obispo business banking center and key senior back-office positions for the fourth quarter, and year ended December 31, 2020, respectively. Approximately \$0.1 million, or 13.0% and \$0.7 million, or 26.0% of the increase in salaries and benefits expenses was due to increases in our sales program bonuses, PPP related incentives and vacation accrual increases for the quarter and year ended December 31, 2020, respectively. In addition to these increases we also experienced higher FDIC insurance, which accounted for \$0.2 million and \$0.3 million, respectively, of the quarterly and annual increase in non-interest expenses.

Non-interest income for the fourth quarter and full year ended December 31, 2020 grew by \$0.5 million, or 32.9%, and \$0.8 million, or 15.4%, respectively, compared to the same prior year periods. The increase in non-interest income for the current quarter was attributable to a \$0.3 million increase in gain on sale of SBA loans and a \$0.2 million increase in Farmer Mac referral fee and servicing fee income. The increase in non-interest income for the year ended December 31, 2020 is attributable to a \$0.5 million increase in Farmer Mac referral fee and servicing fee income and \$0.2 million of loan program processing fee income attributable to the "Kern Recovers Program," a loan program that supported our local community through the COVID-19 pandemic and related economic instability.

The provision for loan losses declined by \$0.2 million or 23.2% for the fourth quarter of 2020 and increased by \$0.6 million or 38.1% for the year ended December 31, 2020. The allowance for loan losses as a percentage of total gross loans ("ALLL ratio") was 1.26% as of December 31, 2020, rising 3 basis points from 1.23% at December 31, 2019. During 2020 we increased the ALLL ratio 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. At December 31, 2020 we had \$51.9 million of the total \$125.1 million of PPP loans we originated in 2020 remaining on our balance sheet. These loans carry a 100% government guarantee and therefore a 0.00% ALLL ratio. If we removed these loans from our ALLL ratio calculation we would have reported a 12 basis point increase in the ALLL ratio to 1.35% at December 31, 2020, compared to 1.23% at the end of 2019.

The Company's return on average assets was 1.53% for the quarter, and 1.45% for the year ended December 31, 2020, respectively, compared to 1.71% and 1.78%, respectively, for the same prior year periods. The Company's return on average equity was 19.06% for the quarter and 16.93% for the year ended December 31, 2020, respectively, compared to 17.40% and 18.09%, respectively, for same periods in 2019.

Mr. Antongiovanni stated, "Our performance in 2020 was recently highlighted in CB Resource, Inc.'s Top Ten report, in which Mission Bank's rank was 6th place for all C Corporation Banks in the United States between \$1 and \$5 billion in total assets through the third quarter of 2020. This peer group includes 569 commercial banks across the U.S. and Mission Bank was ranked 1st out of all the California banks in the peer group. This was especially impressive given we just recently entered the over \$1 billion asset category during the second quarter of 2020."

Total assets grew by 50.6% over the last year to \$1.3 billion at December 31, 2020, compared to \$850.0 million at December 31, 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 23.3%, inclusive of the PPP loans originated in 2020. Our loan growth exclusive of the PPP loans was approximately 15.4% for the year ended December 31, 2020.

Our annual deposit growth rate was 51.1% and our annual non-interest-bearing deposit growth rate was 60.8% for the year ended December 31, 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 34.6% as well as non-interest-bearing deposit growth of 30.1% over the last year.

Shareholders' equity increased \$19.4 million, or 23.5% to \$102.1 million at December 31, 2020 compared to \$82.7 million at December 31, 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 year end 2019, book value per share increased by \$9.12, or 21.9% to \$50.70 at December 31, 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 nine Business Banking Centers, serving the greater areas of Bakersfield, Lancaster, Mojave, Ridgecrest, San Luis Obispo, Stockton and Ventura, California.

Contacts:

A.J. Antongiovanni, President and Chief Executive Officer

661.859.2517

Jason Castle, Chief Financial Officer

661.437.4418



MISSION BANCORP

(Unaudited)

Three Months

Twelve Months

December 31

December 31

FOR THE PERIOD	2020	2019	% Change	2020	2019	% Change
Net Interest Income	\$ 10,848,000	\$ 8,936,000	21.40%	\$ 39,821,000	\$ 34,293,000	16.12%
Provision for Loan Loss	\$ 576,000	\$ 750,000	-23.20%	\$ 2,337,000	\$ 1,693,000	38.08%
Non Interest Income	\$ 1,883,000	\$ 1,417,000	32.89%	\$ 6,322,000	\$ 5,476,000	15.44%
Non Interest Expense	\$ 5,535,000	\$ 4,741,000	16.75%	\$ 22,521,000	\$ 19,484,000	15.59%
Pre-tax Income	\$ 6,620,000	\$ 4,862,000	36.16%	\$ 21,285,000	\$ 18,593,000	14.48%
Provision for Income Taxes	\$ 1,804,000	\$ 1,280,000	40.94%	\$ 5,596,000	\$ 4,933,000	13.44%
Net Income	\$ 4,816,000	\$ 3,582,000	34.45%	\$ 15,688,000	\$ 13,660,000	14.85%
Weighted Average Shares Outstanding	2,014,441	1,989,170	1.27%	2,014,441	1,989,170	1.27%
Income Per Share - Basic	\$ 2.39	\$ 1.80	32.78%	\$ 7.79	\$ 6.87	13.39%
Note: Weighted Average Shares Outstanding adjusted for 5% dividend declared on April 23, 2020						
SELECTED FINANCIAL RATIOS						
(Annualized)						
Return on average assets	1.53%	1.71%		1.45%	1.78%	
Return on average equity	19.06%	17.40%		16.93%	18.09%	
AT PERIOD END						
Total Cash and Cash Equivalents				\$ 295,598,000	\$ 102,940,000	187.16%
Securities				\$ 155,025,000	\$ 70,412,000	120.17%
Loans & Leases				\$ 805,509,000	\$ 653,077,000	23.34%
Allowance for Loan Loss				\$ (10,163,000)	\$ (8,061,000)	26.08%
Other Assets				\$ 33,919,000	\$ 31,642,000	7.20%
Total Assets				\$ 1,279,888,000	\$ 850,010,000	50.57%
Non-Interest Bearing Deposits				\$ 655,021,000	\$ 407,428,000	60.77%
Interest Bearing Deposits				\$ 491,056,000	\$ 351,086,000	39.87%
Total Deposits				\$ 1,146,077,000	\$ 758,514,000	51.10%
Subordinated Debt				\$ 9,883,000	\$ -	100.00%
Other Borrowings				\$ 12,000,000	\$ -	100.00%
Other Liabilities				\$ 9,798,000	\$ 8,778,000	11.62%
Common Stock				\$ 46,411,000	\$ 38,902,000	19.30%
Retained Earnings				\$ 53,330,000	\$ 43,761,000	21.87%
Accumulated Other Comprehensive Income				\$ 2,389,000	\$ 55,000	4243.64%
Shareholder equity				\$ 102,130,000	\$ 82,718,000	23.47%
Total Liabilities and Shareholder Equity				\$ 1,279,888,000	\$ 850,010,000	50.57%
Allowance for Loan Loss to Total Loans				1.26%	1.23%	2.44%
Book Value per share				\$ 50.70	\$ 41.58	21.93%
Selected Average Balance Data						
Average Assets	\$1,249,466,000	\$830,419,000	50.46%	\$ 1,083,606,000	\$ 765,690,000	41.52%
Average Equity	\$100,537,000	\$81,674,000	23.10%	\$ 92,679,000	\$ 75,507,000	22.74%