MISSION BANCORP
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FOR IMMEDIATE RELEASE – April 26, 2021

Mission Bancorp announces first quarter 2021 net income growth of 21.6% to $4.3 million, issuance of $12 million of subordinated notes and continued support of its communities during the COVID-19 crisis

BAKERSFIELD, Calif. (April 26, 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 $4.3 million, or $2.00 per basic common share, for the first quarter of 2021, compared to net income available to common shareholders of $3.5 million, or $1.67 per basic common share, for the first quarter of 2020.

Recognizing another year of strong earnings, balance sheet growth, and shareholder returns, the Company has declared a 5.00% stock dividend, which will be issued on June 1, 2021 to shareholders of record as of May 17, 2021. The financial results, including earnings per share, and book value per share, reported in this press release have been adjusted to reflect the impact of the 5.00% stock dividend.

"We had another extremely productive quarter to start off 2021" said A.J. Antongiovanni, Mission's President and Chief Executive Officer. Mr. Antongiovanni continued, "Mission continued to fulfill its core purpose, to fuel and grow vibrant and prosperous communities, by participating in the second round of the SBA's Paycheck Protection Program loans. Through Friday, April 23rd, we have originated over 370 of these loans totaling $82.7 million. At quarter end we have also received SBA forgiveness payments of $103.5 million or 82.7% of the total $125.1 million of the first round of SBA Paycheck Program loans we originated in 2020. This percentage of forgiveness compares favorably to the industry average of 43.7% published by the SBA as of April 8, 2021."

Mr. Antongiovanni continued, "Over the last year we have had over 52% asset growth driven by core deposit growth. Due to this tremendous growth, shortly after quarter end, we raised an additional $12.0 million of ten-year maturity subordinated notes, at a fixed rate of 3.75% for five years, bolstering all the regulatory capital ratios for the Bank. This brings the total amount of subordinated notes issued in 2020 and 2021 to $22.0 million, at a blended rate of 4.54% for the five-year fixed rate terms." Mr. Antongiovanni concluded, "This highly efficient capital source will support continued industry-leading shareholder returns."

Net Income increased during the first quarter of 2021 by $0.8 million, or 21.6% due to a $1.1 million increase in net interest income and a $0.7 million increase in non-interest income, which more than offset a $0.5 million increase in non-interest expense and a $0.1 million increase in the provision for loan losses.

Net interest income increased by $1.1 million, or 11.8% for the first quarter of 2021, compared to the first quarter of 2020, despite a 117 basis point decline in net interest margin to 3.22% for the first quarter of 2021. Margin compression occurred because of a dramatic decline in capital markets' interest rates coupled with the high rate of the Bank's deposit growth over the last year. Deposit growth was 55.8% during the last twelve months, significantly outpacing loan growth of 28.9% over the same period. This resulted in a less optimal asset mix, negatively impacting the Bank's margin. As part of our balance sheet management strategy $108.6 million of excess liquidity was deployed into the securities portfolio, which grew by 155.3% during the twelve months ended March 31, 2021. SBA Paycheck Protection Plan ("PPP") loan fee accretion also contributed $0.6 million to net interest income during the first quarter of 2021, compared to $0 for the first quarter of 2020.

Non-interest income increased by $0.7 million, or 53.4% for the first quarter of 2021, as compared to the same prior year period, primarily due to a $0.4 million increase in gain on sale of securities, a $0.1 million increase in Farmer Mac and SBA loan servicing fee income, and a $0.1 million Federal Home Loan Bank advance prepayment fee.

Non-interest expense increased by $0.5 million, or 10.5% for the quarter ended March 31, 2021, as compared to the same prior year period. The increase in non-interest expense was driven primarily by increases in salaries and benefits expense of $0.7 million, and FDIC deposit insurance assessments of $0.2 million, partially offset by an increase in deferred loan origination expense of $0.3 million and a decrease in marketing, travel and education expense of $0.1 million. The increase in salaries and benefits expense was driven primarily by the addition of new positions, such as our new San Luis Obispo business banking center team and various senior back-office positions, as well as increases in benefits costs, and accruals for incentive compensation and paid absences. The increase in FDIC deposit insurance assessments is directly related to deposit growth over the last year. The increase in deferred loan origination expense is largely related to the origination of the second round of SBA PPP loans. The decline in marketing, travel and education expense can be attributed to reduced travel and meals and entertainment expense due to the COVID-19 pandemic.

The provision for loan losses increased by $0.1 million, or 11.4% for the first quarter of 2021, compared to the same prior year period due to increases in the specific reserves for impaired loans. The allowance for loan losses as a percentage of total loans declined by 1 basis point from 1.24% at March 31, 2020 to 1.23% at March 31, 2021. However, PPP loans originated carry no allowance for loan losses due to the 100% government guarantee associated with these loans. The Bank's allowance for loan losses as a percentage of total loans, exclusive of PPP loans, is 1.39% at March 31, 2021. Specific loan loss reserves for impaired loans contributed 4 basis points to the allowance for loan losses as a percentage of total loans ratio at March 31, 2021.

The Company's provision for income taxes increased by $0.4 million or 34.5% for the quarter ended March 31, 2021, as compared to the first quarter of 2020 due to a 24.7% increase in pre-tax net income and due to a greater amount of tax benefits received from the exercise and immediate sale of incentive stock options during the first quarter of 2020. This led to an increase in the effective tax rate for the Company from 24.1% for the first quarter of 2020 to 26.1% for the current quarter.

The Company's return on average assets was 1.29%, for the first quarter ended March 31, 2021, compared to 1.62% for the same prior year period, and was negatively impacted by the deposit growth over the last year. The Company's return on average equity was 16.67%, for the first quarter ended March 31, 2021, compared to 16.56% for the first quarter of 2020.

Gross loans increased by $69.5 million, or 8.6% during the first quarter of 2021 to $875.0 million and grew by $196.1 million, or 28.9% on a year over year basis. SBA PPP loan originations contributed $46.2 million and $98.2 million to quarterly and annual loan growth, respectively. Exclusive of PPP loan originations, quarterly and annual loan growth was $23.2 million or 3.1%, and $97.9 million or 14.4%.

Mission's total deposits increased by $109.3 million, or 9.5% during the first quarter of 2021, and by $449.8 million, or 55.8%, compared to the same prior year period. Mission Bank's non-interest-bearing deposits represented 57.9% of its total deposits at the end of the first quarter of 2021. Mission's non-interest-bearing demand deposits grew by $282.7 million or 65.6% over the past year. Total assets grew by 52.2% to $1.4 billion at March 31, 2021 compared to $911.3 million at March 31, 2020.

Shareholders' equity increased $17.4 million, or 20.1% to $103.6 million at March 31, 2021 compared to $86.3 million at March 31, 2020. The increase in equity is primarily due to strong earnings over the past year. Compared to the first quarter of 2020 book value per share increased by $7.29, or 17.77%, to $48.32 at March 31, 2021.

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.

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	MISSION BANCORP		
	(Unaudited)		
	Three Months		
	March 31		
FOR THE PERIOD	2021	2020	% Change
Net Interest Income	$ 10,177,000	$ 9,104,000	11.79%
Provision for Loan Loss	$ 623,000	$ 559,000	11.38%
Non Interest Income	$ 1,941,000	$ 1,265,000	53.46%
Non Interest Expense	$ 5,710,000	$ 5,169,000	10.45%
Pre-tax Income	$ 5,786,000	$ 4,640,000	24.70%
Provision for Income Taxes	$ 1,507,000	$ 1,120,000	34.54%
Net Income	$ 4,279,000	$ 3,520,000	21.57%
Weighted Average Shares Outstanding	2,144,696	2,102,592	2.00%
Income Per Share - Basic	$ 2.00	$ 1.67	19.76%
Note: Weighted Average Shares Outstanding adjusted for 5% dividend declared on April 22, 2021			
SELECTED FINANCIAL RATIOS			
(Annualized)			
Return on average assets	1.29%	1.62%	
Return on average equity	16.67%	16.56%	
AT PERIOD END			
Total Cash and Cash Equivalents	$ 308,425,000	$ 140,389,000	119.69%
Securities	$ 178,566,000	$ 69,943,000	155.30%
Loans & Leases	$ 874,965,000	$ 678,903,000	28.88%
Allowance for Loan Loss	$ (10,787,000)	$ (8,430,000)	27.96%
Other Assets	$ 35,502,000	$ 30,471,000	16.51%
Total Assets	$ 1,386,671,000	$ 911,276,000	52.17%
Non-Interest Bearing Deposits	$ 713,400,000	$ 430,706,000	65.64%
Interest Bearing Deposits	$ 542,009,000	$ 374,932,000	44.56%
Total Deposits	$ 1,255,409,000	$ 805,638,000	55.83%
Subordinated Debt	$ 9,889,000	$ -	100.00%
Other Borrowings	$ 8,000,000	$ 12,000,000	100.00%
Other Liabilities	$ 9,737,000	$ 7,365,000	32.21%
Common Stock	$ 46,947,000	$ 39,240,000	19.64%
Retained Earnings	$ 57,609,000	$ 47,281,000	21.84%
Accumulated Other Comprehensive Income	$ (920,000)	$ (248,000)	270.97%
Shareholder equity	$ 103,636,000	$ 86,273,000	20.13%
Total Liabilities and Shareholder Equity	$ 1,386,671,000	$ 911,276,000	52.17%
Allowance for Loan Loss			
to Total Loans	1.23%	1.24%	-0.81%
Book Value per share	$ 48.32	$ 41.03	17.77%
Selected Average Balance Data			
Average Assets	$ 1,346,848,000	$ 874,983,000	53.93%
Average Equity	$ 104,116,000	$ 85,500,000	21.77%