



FOR IMMEDIATE RELEASE – October 26, 2021

**Mission Bancorp announces third quarter 2021 net income of \$4.5 million, over \$37 million of quarterly SBA Paycheck Protection Program loan forgiveness, annual deposit growth of 25.8%, and \$1.5 billion of total assets.**

BAKERSFIELD, Calif. (October 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 \$4.5 million, or \$2.10 per basic common share, for the third quarter of 2021, compared to net income available to common shareholders of \$4.2 million, or \$1.96 per basic common share, for the third quarter of 2020.

“We continued to process SBA Paycheck Protection Program “PPP” loan forgiveness during the third quarter. Over \$37 million of the first and second round of PPP loans were forgiven during the quarter leaving just \$43.3 million of PPP loans on the Company’s balance sheet at the end of the quarter” said A.J. Antongiovanni, Mission’s President and Chief Executive Officer. Mr. Antongiovanni continued, “The current lending environment is challenging, with competitors lowering both credit standards and pricing simultaneously. Despite this, during the third quarter we maintained our disciplined lending standards and our team was able to grow the loan portfolio by over \$30 million, net of PPP loan forgiveness, at an annualized 15% growth rate.” Mr. Antongiovanni concluded, “Deposit growth remained strong, even in the absence of PPP loan originations. During the third quarter our deposits increased at a 14% annualized growth rate.”

This is the 90<sup>th</sup> consecutive quarter of profitability for the Bank. Net income for the third quarter of 2021 was \$0.4 million, or 8.8% higher than net income for the third quarter of 2020. Earnings growth was driven by an increase in net interest income of 13.2%, which more than offset a decline in non-interest income and an increase in non-interest expense. The Company also recorded a smaller provision for loan losses during the third quarter of 2021 than was recorded in the same prior year period.

Net interest income growth of \$1.3 million, or 13%, was achieved for the third quarter of 2021, as compared to the same prior year period, despite a 41 basis point decline in our net interest margin. The net interest margin was 3.25% for the third quarter of 2021, compared to 3.66% for the same quarter a year ago. The shift in the earning asset mix, as evidenced by the decline in our loan to deposit ratio from 78.4% for the third quarter of 2020, to 66.7% at September 30, 2021, was the most significant factor in the decline of the net interest margin. Net interest income growth was achieved primarily due to an 8% increase in average loans for the quarter, which generated an additional \$1.0 million in loan interest income for the third quarter of 2021, as compared to the same prior year period. Quarterly average loan growth was achieved despite a \$65.0 million or 52% decline in average PPP loan balances. PPP loan fee income and accretion contributed \$1.4 million to net interest income for both the third quarter of 2021 and 2020. Net of PPP loan activity, the loan portfolio’s quarterly average balance grew by over 19% or \$133.7 million over the last year. The quarterly average balance of the bond portfolio grew by \$115.3 million or 129% over the last year, contributing an additional \$338 thousand to net interest income. Interest expense increased by \$71 thousand or 13% in the third quarter of 2021, as compared to the same prior year period, despite a \$155.6

million, or 37% increase in the quarterly average of interest-bearing liabilities over the last year.

The provision for loan losses decreased by \$382 thousand for the third quarter of 2021, as compared to the same quarter a year ago, while the allowance for loan losses as a percentage of total gross loans (“ALLL ratio”) increased by 17 basis points from 1.15% as of September 30, 2020, to 1.32% as of September 30, 2021. The ALLL ratio at both September 30, 2020 and 2021 was impacted by SBA PPP loans which carry a 0.0% ALLL ratio due to the 100% guarantee from the SBA. If we removed the PPP loans from our ALLL ratio calculation we would have reported a 3 basis point increase in our ALLL ratio from 1.36% at September 30, 2020 to 1.39% at the current quarter end. Due to improvement in general economic conditions and to stability in the credit profile of the Company’s loan portfolio over the last year, management determined that maintaining the non-PPP ALLL reserve ratio at current levels is appropriate at this time. However, should the stability of the general economy and the Company’s loan portfolio continue, management may look to lower the overall reserve ratio in future quarters.

Non-interest income declined by \$542 thousand, or 28%, for the third quarter of 2021 as compared to the third quarter of 2020. The decline in non-interest income for the current quarter as compared to the third quarter of 2020 is attributable to a lack of SBA loan sale income and gain on sale of investment securities in the current quarter, as well as to the receipt of loan processing fee income during the prior year period related to a Kern County program which provided loans to small businesses to support them through the COVID-19 Pandemic.

Non-interest expense increased by \$484 thousand, or 8.5% during the third quarter of 2021, as compared to the same quarter a year ago, due to a \$305 thousand increase in data processing, legal and professional expenses and a \$108 thousand increase in salaries and benefits expense. The increase in data processing, legal and professional expense is attributable to several smaller increases in costs such as core processing, outsourced information technology management, and new system licenses. The increase in salaries and benefits costs is primarily attributable to base salary increases, which were partially offset by lower vacation accrual expense.

The Company’s return on average assets was 1.22% for the quarter ended September 30, 2021, compared to 1.43% for the same prior year period. The Company’s return on average equity was 15.74%, for the quarter ended September 30, 2021, compared to 17.43% for the third quarter of 2020.

Total assets grew by 25% over the last year to \$1.5 billion at September 30, 2021, compared to \$1.2 billion at September 30, 2020.

The Company’s loan portfolio grew by \$58.8 million, or 7% during the last year; however, after adjusting for the boarding and subsequent forgiveness of SBA PPP loans, loan growth would have been \$140.6 million or 20%.

The Company’s deposit growth continues to outperform our peers. Over the last year total deposits have increased by \$274.0 million, or 26%, to \$1.3 billion and non-interest-bearing deposits continue to represent a majority of total deposits at 55.4% of total deposits. Non-interest-bearing deposits grew by \$116.2 million, or 19% during the last twelve months.

Shareholders’ equity increased \$19.2 million, or 20% to \$115.8 million at September 30, 2021 compared to \$96.6 million at September 30, 2020. The increase in equity is due to strong earnings over the past year. Compared to the third quarter of 2020, book value per share increased by \$8.13, or 18%, to \$53.66 at September 30, 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			Nine Months		
	September 30			September 30		
FOR THE PERIOD	2021	2020	% Change	2021	2020	% Change
Net Interest Income	\$ 11,444,000	\$ 10,106,000	13.24%	\$ 32,541,000	\$ 28,973,000	12.32%
Provision for Loan Loss	\$ 324,000	\$ 706,000	-54.11%	\$ 1,583,000	\$ 1,761,000	-10.13%
Non Interest Income	\$ 1,420,000	\$ 1,962,000	-27.62%	\$ 5,046,000	\$ 4,439,000	13.68%
Non Interest Expense	\$ 6,178,000	\$ 5,694,000	8.50%	\$ 17,776,000	\$ 16,986,000	4.65%
Pre-tax Income	\$ 6,362,000	\$ 5,668,000	12.24%	\$ 18,229,000	\$ 14,665,000	24.31%
Provision for Income Taxes	\$ 1,830,000	\$ 1,502,000	21.84%	\$ 4,921,000	\$ 3,792,000	29.76%
Net Income	\$ 4,532,000	\$ 4,166,000	8.79%	\$ 13,308,000	\$ 10,872,000	22.40%
Weighted Average Shares Outstanding	2,156,716	2,120,976	1.69%	2,151,892	2,112,687	1.86%
Income Per Share - Basic	\$ 2.10	\$ 1.96	7.14%	\$ 6.18	\$ 5.15	20.00%
Note: Weighted Average Shares Outstanding adjusted for 5% dividend declared on April 22, 2021						
SELECTED FINANCIAL RATIOS						
(Annualized)						
Return on Average Assets	1.22%	1.43%		1.26%	1.41%	
Return on Average Equity	15.74%	17.43%		16.39%	16.13%	
AT PERIOD END						
Total Cash and Cash Equivalents				\$ 339,012,000	\$ 224,749,000	50.84%
Securities				\$ 226,968,000	\$ 108,970,000	108.28%
Loans & Leases				\$ 890,396,000	\$ 831,591,000	7.07%
Allowance for Loan Loss				\$ (11,750,000)	\$ (9,585,000)	22.59%
Other Assets				\$ 44,157,000	\$ 32,599,000	35.46%
Total Assets				\$ 1,488,783,000	\$ 1,188,324,000	25.28%
Non-Interest Bearing Deposits				\$ 739,597,000	\$ 623,410,000	18.64%
Interest Bearing Deposits				\$ 595,420,000	\$ 437,650,000	36.05%
Total Deposits				\$ 1,335,017,000	\$ 1,061,060,000	25.82%
Subordinated Debt				\$ 21,704,000	\$ 9,876,000	119.77%
Other Borrowings				\$ 4,000,000	\$ 12,000,000	-66.67%
Other Liabilities				\$ 12,277,000	\$ 8,783,000	39.78%
Common Stock				\$ 55,106,000	\$ 45,929,000	19.98%
Retained Earnings				\$ 59,113,000	\$ 48,514,000	21.85%
Accumulated Other Comprehensive Income				\$ 1,566,000	\$ 2,162,000	-27.57%
Shareholder Equity				\$ 115,785,000	\$ 96,605,000	19.85%
Total Liabilities and Shareholder Equity				\$ 1,488,783,000	\$ 1,188,324,000	25.28%
Allowance for Loan Loss						
to Total Loans				1.32%	1.15%	14.78%
Shares Outstanding (End of Period)				2,157,731	2,121,578	1.70%
Book Value Per Share				\$ 53.66	\$ 45.53	17.86%
Selected Average Balance Data						
Average Assets	\$1,471,762,000	\$1,155,759,000	27.34%	\$1,411,600,000	\$1,027,916,000	37.33%
Average Equity	\$ 114,256,000	\$ 95,110,000	20.13%	\$ 108,539,000	\$ 90,041,000	20.54%