



FOR IMMEDIATE RELEASE – January 26, 2022

Mission Bancorp announces record quarterly and annual net income for fourth quarter and full year 2021 of \$5.4 million, and \$18.7 million, respectively. Annual deposit growth of 19.4%, loan growth of 15.6% (net of PPP loans) and \$1.5 billion of total assets.

BAKERSFIELD, Calif. (January 26, 2022) - 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 \$5.4 million, or \$2.50 per basic common share, for the fourth quarter of 2021, compared to net income available to common shareholders of \$4.8 million, or \$2.26 per basic common share, for the fourth quarter of 2020. Unaudited net income for the year 2021 reached \$18.7 million or \$8.69 per basic common share, compared to net income available to common shareholders of \$15.7 million for 2020, or \$7.41 per basic common share.

“The year 2021 was full of big accomplishments for Mission Bancorp. While managing through the ongoing COVID-19 Pandemic, we achieved record earnings, provided nearly \$100 million of additional SBA Paycheck Protection Plan loan assistance to our local customers, eclipsed \$1.5 billion in total assets and improved operating efficiencies. Our exceptional team worked extremely hard to achieve these record results and will continue to thrive in 2022” said A.J. Antongiovanni, Mission’s President and Chief Executive Officer. Mr. Antongiovanni continued, “In late 2021, we announced the promotion of Bryan Easterly to Chief Banking Officer and Jason Castle to Chief Operating Officer, along with the consolidation of two business banking centers in the High Desert. Bryan and Jason are tremendous leaders for our culture and will allow us to further our core purpose of fueling and growing vibrant and prosperous communities, and the business banking center consolidation will allow us to redirect capital and resources in order to expand into new markets.”

This is the 91st consecutive quarter of profitability for the Bank. Consolidated net income for the fourth quarter and year ended December 31, 2021 increased by 12.4% to \$5.4 million, and by 19.3% to \$18.7 million, respectively, compared to the same prior year periods. Quarterly earnings growth was driven by an increase in net interest income and a decline in the provision for loan losses, which more than offset a decline in non-interest income. Net income growth for the year ended December 31, 2021 was driven primarily by an increase in net interest income, and to a much lesser extent, a decline in the provision for loan losses and increase in non-interest income. Cost control continues to be a key competency of the Company, with non-interest expense declining by 1.1% for the fourth quarter of 2021 and increasing by just 3.2% for the full year 2021, as compared to the same prior year periods.

Net interest income for the fourth quarter and full year ended December 31, 2021 grew by \$531 thousand, or 4.9%, and by \$4.1 million, or 10.3%, respectively, compared to the same prior year periods. Our net interest margin declined by 52 basis points for the fourth quarter and by 65 basis points for the full year ended December 31, 2021 to 3.11%, and 3.21%, respectively. The shift in the Company’s earning asset mix, from higher yielding loans to lower yielding interest earning cash and securities, as evidenced by the decline in our year-to-date average loan to deposit ratio from 79.2% for the year ended December 31, 2020, to 67.6% for the year ended December 13, 2021, was the most significant factor in the decline of the net

interest margin. The yield on all earning assets declined in 2021 as compared to 2020 as well. Finally, the Company also incurred the full impact of the interest cost associated with the \$10.0 million of subordinated notes issued in May of 2020 as well as the additional \$12.0 million issued in April of 2021, at fixed rates of 5.5% and 3.75%, respectively.

The provision for loan losses declined by \$0.5 million or 82.6% for the fourth quarter of 2021 and by \$0.7 million or 28.0% for the year ended December 31, 2021. The allowance for loan losses as a percentage of total gross loans ("ALLL ratio") was 1.34% as of December 31, 2021, rising 8 basis points from 1.26% at December 31, 2020. The ALLL ratio at both December 30, 2021 and 2020 was impacted by SBA PPP loans which carry a 0.0% ALLL ratio due to the 100% guarantee from the SBA. If we remove the PPP loans from our ALLL ratio calculation we would have reported a 1 basis point increase in our ALLL ratio from 1.35% at December 31, 2020 to 1.36% at December 31, 2021. During 2021 economic factors such as unemployment improved over the prior year, however, the impact of these improvements was balanced by the economic concerns over inflation and the impact of the new COVID-19 Omicron variant on the inherent credit quality of the loan portfolio. Furthermore, the credit quality of the Bank's loan portfolio was stable throughout 2021, resulting in little change to our ALLL ratio adjusted for PPP loans.

Non-interest income for the fourth quarter and year ended December 31, 2021 declined by \$0.3 million, or 15.8%, and increased by \$0.3 million, or 4.9%, respectively, compared to the same prior year periods. The decline in non-interest income for the current quarter as compared to the fourth quarter of 2021 is primarily attributable to lower SBA loan sale revenue. The increase in non-interest income for the year ended December 31, 2021 as compared to the prior year is attributable to increases in the gain on sale of investment securities and Farmer Mac servicing revenue, partially offset by lower gains from SBA loan sales.

Non-interest expense for the fourth quarter and year ended December 31, 2021 declined by \$0.1 million, or 1.1%, and increased by \$0.7 million or 3.2%, as compared to the same prior year periods. Non-interest expense for the fourth quarter of 2021 declined primarily due to a decline in salaries and benefits expense, which was partially offset by smaller increases in data processing, legal and professional expenses as well as marketing, travel, and education expenses. Non-interest expense for the year ended December 31, 2021 increased primarily due to increases in data processing, legal and professional expenses, and FDIC deposit insurance assessments. Both increases are related to the high growth rates in deposits and account level transactions experienced over the last two years.

The Company's return on average assets was 1.41% for the quarter, and 1.30% for the year ended December 31, 2021, compared to 1.53%, and 1.45% for the same prior year periods, respectively. The Company's return on average equity was 18.29%, for the quarter, and 16.90% for the year ended December 31, 2021, compared to 19.06%, and 16.93% for the same prior year periods, respectively.

Total assets grew by 18.8% over the last year to \$1.5 billion at December 31, 2021, compared to \$1.3 billion at December 31, 2020.

The Company's loan portfolio grew by \$80.5 million, or 10.0% during the last year; however, after adjusting for the boarding and subsequent forgiveness of SBA PPP loans, loan growth would have been \$117.8 million or 15.6%.

The Company's deposit growth continues to outperform our peers. Over the last year total deposits have increased by \$222.6 million, or 19.4%, to \$1.4 billion and non-interest-bearing deposits continue to represent a majority of total deposits at 52.8% of total deposits. Non-interest-bearing deposits grew by \$67.0 million, or 10.2% during the last twelve months.

Shareholders' equity increased \$18.2 million, or 17.8% to \$120.3 million at December 31, 2021 compared to \$102.1 million at December 31, 2020. The increase in equity is due to strong earnings over the past year. Compared to December 31, 2020, book value per share increased by \$7.45, or 15.6%, to \$55.23 at December 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

Twelve Months

December 31

December 31

FOR THE PERIOD

	2021	2020	% Change	2021	2020	% Change
Net Interest Income	\$ 11,379,000	\$ 10,848,000	4.89%	\$ 43,921,000	\$ 39,821,000	10.30%
Provision for Loan Loss	\$ 100,000	\$ 576,000	-82.64%	\$ 1,683,000	\$ 2,337,000	-28.00%
Non Interest Income	\$ 1,586,000	\$ 1,883,000	-15.77%	\$ 6,632,000	\$ 6,322,000	4.91%
Non Interest Expense	\$ 5,475,000	\$ 5,535,000	-1.08%	\$ 23,251,000	\$ 22,521,000	3.24%
Pre-tax Income	\$ 7,390,000	\$ 6,620,000	11.63%	\$ 25,619,000	\$ 21,285,000	20.36%
Provision for Income Taxes	\$ 1,975,000	\$ 1,804,000	9.48%	\$ 6,896,000	\$ 5,596,000	23.22%
Net Income	\$ 5,415,000	\$ 4,816,000	12.44%	\$ 18,723,000	\$ 15,688,000	19.34%

Weighted Average Shares Outstanding	2,163,891	2,129,315	1.62%	2,154,916	2,116,866	1.80%
Income Per Share - Basic	\$ 2.50	\$ 2.26	10.62%	\$ 8.69	\$ 7.41	17.27%

Note: Weighted Average Shares Outstanding adjusted for 5% dividend declared on April 22, 2021

SELECTED FINANCIAL RATIOS

(Annualized)

Return on Average Assets	1.41%	1.53%		1.30%	1.45%	
Return on Average Equity	18.29%	19.06%		16.90%	16.93%	

AT PERIOD END

Total Cash and Cash Equivalents				\$ 362,329,000	\$ 295,598,000	22.57%
Securities				\$ 240,887,000	\$ 155,025,000	55.39%
Loans & Leases				\$ 886,050,000	\$ 805,509,000	10.00%
Allowance for Loan Loss				\$ (11,851,000)	\$ (10,163,000)	16.61%
Other Assets				\$ 42,763,000	\$ 33,919,000	26.07%
Total Assets				\$ 1,520,178,000	\$ 1,279,888,000	18.77%

Non-Interest Bearing Deposits				\$ 722,026,000	\$ 655,021,000	10.23%
Interest Bearing Deposits				\$ 646,696,000	\$ 491,056,000	31.69%
Total Deposits				\$ 1,368,722,000	\$ 1,146,077,000	19.43%
Subordinated Debt				\$ 21,721,000	\$ 9,883,000	119.78%
Other Borrowings				\$ -	\$ 12,000,000	-100.00%
Other Liabilities				\$ 9,456,000	\$ 9,799,000	-3.50%
Common Stock				\$ 55,627,000	\$ 46,410,000	19.86%
Retained Earnings				\$ 64,528,000	\$ 53,330,000	21.00%
Accumulated Other Comprehensive Income				\$ 124,000	\$ 2,389,000	-94.81%
Shareholder Equity				\$ 120,279,000	\$ 102,129,000	17.77%
Total Liabilities and Shareholder Equity				\$ 1,520,178,000	\$ 1,279,888,000	18.77%
Allowance for Loan Loss						
to Total Loans				1.34%	1.26%	6.35%
Shares Outstanding (End of Period)				2,177,671	2,137,417	1.88%
Book Value Per Share				\$ 55.23	\$ 47.78	15.59%

Selected Average Balance Data

Average Assets	\$ 1,522,013,000	\$ 1,249,466,000	21.81%	\$ 1,439,430,000	\$ 1,083,606,000	32.84%
Average Equity	\$ 117,437,000	\$ 100,537,000	16.81%	\$ 110,781,000	\$ 92,679,000	19.53%