



**MISSION VALLEY BANCORP ANNOUNCES  
RECORD EARNINGS FOR YEAR END 2016**

SUN VALLEY, Ca – President & CEO Tamara Gurney of Mission Valley Bancorp (OTCBB: MVLY), parent company of Mission Valley Bank, announced un-audited financial results for the year ended December 31, 2016.

“As the founding President of Mission Valley, I am pleased to share that 2016 was an exceptional year for our organization during which we achieved strong though balanced growth across the board. For the year ended 2016, Mission Valley Bancorp reported the most profitable year in our history with net earnings of \$3,478,000 or \$1.04 per diluted share, an 11% increase over the \$3,144,000 reported for the year ended 2015 or \$0.94 per diluted share.”

Total assets increased 13% to a record high of \$326 million at December 31, 2016 compared to \$289 million at December 31, 2015. Asset growth was primarily driven by a 20% increase in net loan growth funded by a 13% increase in total deposits. Net loans grew by more than \$39 million to \$239 million as of December 31, 2016 as compared to \$200 million at year end 2015. Total deposits grew to \$278 million as of December 31, 2016 (primarily due to an increase of \$35.3 million in non-interest bearing deposits) as compared to \$245 million reported at year end 2015. Despite the extended flat rate environment that continued through 2016, Mission Valley experienced a slight increase in total interest income, which rose to \$11.7 million for the year ended 2016 compared to \$11.6 million for the same period ended 2015, while interest expense declined 5% to \$533,000 for the year ended December 31, 2016 as compared to \$561,000 for the year ended 2015.

Gurney continued, “While loan demand remained strong throughout 2016, loan quality continued to improve with Classified Assets to Tier 1 Capital at 7.7%. Evidence of the Bank’s focus on diversifying revenue sources, non-interest income grew to \$5.7 million for the year ended December 31, 2016, a 64% increase from \$3.5 million reported for the year ended December 31, 2015. To a great extent this continuing improvement in other income is directly attributable to the successful realignment of two key business units, SBA Lending and Merchant Bankcard Processing. For the year ended 2016, Mission Valley generated over \$50 million in SBA loans resulting in a 151% increase in gain on sale of loans to \$2.9 million as compared to \$1.1 million reported for the year ended 2015. Additionally, our Merchant Services Department increased income by more than 103% year over year.”

For the period ended December 31, 2016, both Mission Valley Bancorp and Mission Valley Bank’s capital ratios continue to exceed regulatory requirements with Mission Valley Bancorp reporting a Total Leverage ratio of 13.5%, Common Equity Tier 1 Capital ratio of 10.6%, Tier 1 Capital ratio of 16.9% and a Total Capital ratio of 18.2%. Mission Valley Bank reported a Total Leverage ratio of 13.1%, Common Equity Tier 1 Capital ratio of 16.5%, Tier 1 Capital ratio of 16.5% and a Total Capital ratio of 17.7%. Regulatory requirements for a “Well Capitalized” bank are 5%, 6.5%, 8% and 10%, respectively.

Gurney concluded, “2016 was a very good year for Mission Valley and as we enter into 2017, our balance sheet is well positioned to benefit from a higher interest rate environment. We have a sound, diversified balance sheet, a solid capital base to carry us forward and a tremendous team dedicated to our success and to the success of our clients and shareholders. Mission Valley Bancorp is well positioned to maintain our course of steady and controlled growth throughout 2017 and beyond.”

Mission Valley Bancorp is traded on the OTCQX under the symbol MVLY.

*About Mission Valley Bank*

*Mission Valley Bank is a full-service, independent, commercial bank specializing in the banking needs of small to medium businesses in the San Fernando & Santa Clarita Valleys. The Bank was chartered in July 2001, with a vision of local ownership and a commitment to providing financial solutions to meet the needs of its clients.*

*Forward-looking statements:*

*Certain matters discussed in this news release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon current management expectations and, therefore, are subject to certain risks and uncertainties that could cause actual results, performance, or achievements to differ materially from those expressed, suggested, or implied by the forward-looking statements. Forward-looking statements are effective only as of the date that they are made and Mission Valley Bank assumes no obligation to update this information.*