



**MISSION VALLEY BANCORP ANNOUNCES  
RECORD EARNINGS FOR YEAR END 2017**

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, 2017.

“As the founding President of Mission Valley, I am pleased to share that 2017 was yet another strong year for our organization. For the year ended December 31, 2017, Mission Valley Bancorp reported the most profitable year in our history with net earnings of \$3,551,000 or \$1.07 per diluted share, a 2% increase over the \$3,478,000 reported for the year ended 2016 or \$1.04 per diluted share. It should also be noted that the record net earnings reported for 2017 are reflective of the December 2017 tax reform legislation. Financial accounting standards requires deferred tax assets and liabilities to be remeasured when income tax rates change. Accordingly, this legislation had an immediate and direct impact of lowering our organization’s 2017 net earnings by \$310,000.”

As of December 31, 2017, total assets reached \$330 million, up \$5 million from the \$325 million reported at December 31, 2016. Over the course of the year, net loans increased by \$3 million to \$242 million as of December 31, 2017 as compared to \$239 million at year end 2016. Total deposits held steady, closing the year at \$280 million as of December 31, 2017 as compared to \$278 million reported at year end 2016.

During the third quarter of 2017 the Company fully redeemed its \$10.3 million Community Development Capital Investment (CDCI) (Formerly TARP/PPP) to the Treasury in exchange for short term private debt in anticipation of the scheduled CDCI rate increase to 9% in 2018. This significantly impacted total interest expense for the year ended December 31, 2017, increasing other interest expense by \$265,000. Conversely, deposit interest expense decreased by 10.9% ending the year at \$353,000 as compared to \$396,000 as of December 31, 2016, resulting in total interest expense closing the year at \$755,000, up 41.6% as compared to \$533,000 reported at yearend 2016. Despite this increase to total interest expense, net interest income (after provision for loan losses) rose 10.6%, reaching \$13.2 million for the year ended 2017 as compared to \$11.9 million for the same period ended 2016.

Mission Valley Bancorp and Mission Valley Bank’s capital ratios continued to exceed regulatory requirements for the period ended December 31, 2017, with Mission Valley Bancorp reporting a Total Leverage ratio of 11.2%, Common Equity Tier 1 Capital ratio of 12.0%, Tier 1 Capital ratio of 14.3% and a Total Capital ratio of 15.6%. Mission Valley Bank reported a Total Leverage ratio of 13.9%, Common Equity Tier 1 Capital ratio of 17.8%, Tier 1 Capital ratio of 17.8% and a Total Capital ratio of 19.1%. Regulatory requirements for a “Well Capitalized” bank are 5%, 6.5%, 8% and 10%, respectively.

Gurney concluded, “2017 proved to be yet another strong year for Mission Valley and as we enter into 2018, we are well positioned to benefit from the anticipated 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 2018 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.*

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