



## Mission Valley Bancorp Reports Third Quarter 2018 Results

**SUN VALLEY, CA (November 2, 2018)** -- Mission Valley Bancorp (OTCQX: MVLY) announced unaudited net income of \$18 thousand, or \$0.00 per diluted share, for the third quarter of 2018 compared to net income of \$997 thousand, or \$0.30 per diluted share, for the third quarter of 2017. Net income for the nine months ended September 30, 2018 was \$2.2 million, or \$0.68 per diluted share, compared to \$3.2 million, or \$0.96 per diluted share for the nine months ended September 30, 2017. Net income during the third quarter of 2018 included a \$1.1 million reduction in the gain on sale of loans resulting from a lower of cost or market write down on a single loan in the amount of \$1.0 million, as well as a negative income expense of \$140 thousand related to the re-measurement of the loan servicing asset valuation during the quarter.

### Third Quarter Highlights

- Opened a loan production office in the South Bay area of Los Angeles.
- Total loans increased \$10.8 million, or 4.6% to \$246.4 million.
- Net interest income before provision for loan and lease losses increased \$96 thousand, or 2.8% to \$3.5 million, compared to the second quarter of 2018 and increased \$288 thousand, or 8.5% compared to the third quarter of 2017.
- Total assets were \$308 million at September 30, 2018.
- Total deposits decreased \$12.6 million, or 4.9% to \$254 million primarily due to seasonal fluctuations relating to outflows for tax payments by clients.
- Total criticized and classified loans totaled \$9.4 million or 3.8% of total loans.
- Provision for loan losses was \$363,000 primarily due to a specific reserve placed against one loan combined with the growth in the outstanding loans.
- Capital ratios remain robust at September 30, 2018 as reflected by Total Leverage Ratio of 11.9%, Common Equity Tier 1 Capital Ratio of 12.0%, Tier 1 Capital ratio of 14.1%, and total Risk Based Capital Ratio of 15.4%.

Tamara Gurney, President and CEO, stated, “Mission Valley’s performance during the third quarter included growth in loans and increasing yields on interest bearing assets, resulting in higher net interest margins and strong capital ratios. We continue to strategically position ourselves in the face of the industry wide headwinds of elevated loan prepayments and deposit challenges. Additionally, during the third quarter, we experienced deterioration in one credit relationship and took proactive measures that negatively impacted earnings by \$1.4 million.

Ms. Gurney concluded, “We remain focused on building Mission Valley Bank into a premier business bank, leveraging our strong capital base and solid platform, while continuing to invest in the resources necessary to create long term franchise value for our shareholders, team members, clients, and community.

#### *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. [www.MissionValleyBank.com](http://www.MissionValleyBank.com).*