



Mission Valley Bancorp Reports Second Quarter 2021 Results

SUN VALLEY, CA (August 2, 2021) -- Mission Valley Bancorp (OTCQX: MVLY, "Mission Valley", or the "Company") announced today net income of \$1.6 million, or \$0.48 per diluted share, for the second quarter of 2021, compared to net income of \$398 thousand, or \$0.12 per diluted share, for the second quarter of 2020. Net income for the six months ended June 30, 2021 was \$2.4 million, or \$0.73 per diluted share, compared to \$1.2 million, or \$0.38 per diluted share for the six months ended June 30, 2020.

Second Quarter 2021 Highlights

- Net income for the second quarter of 2021 was \$1.6 million, an increase of \$1.2 million, or 291.46%, compared to net income of \$398 thousand for the second quarter of 2020. Diluted earnings per share was \$0.48 per share for the second quarter of 2021 compared to \$0.12 per share for the second quarter of 2020.
- \$38.9 million of SBA Paycheck Protection Program ("PPP") loans, that comprised all of the 2021 PPP loan originations, were sold in June 2021 resulting in gain on sale of \$747 thousand.
- \$7.0 million in SBA loans were sold in the second quarter of 2021 resulting in gain on sale of \$662 thousand.
- Gross loans, excluding PPP loans, were \$286.3 million as of June 30, 2021, an increase of \$15.4 million, or 6.09%, and \$10.2 million, or 3.96%, compared to March 31, 2021 and December 31, 2020, respectively.
- Net interest income increased \$398 thousand, or 10.90%, to \$4.1 million, compared to the second quarter of 2020.
- PPP loan principal forgiveness totaled \$23.3 million in the second quarter of 2021 resulting in \$273 thousand in additional net deferred fees recognized into interest income during the quarter. As of June 30, 2021, \$18.6 million in PPP loans remain outstanding.
- No provision for loan losses in the second quarter of 2021 compared to \$800 thousand in the second quarter of 2020.
- \$138 thousand in net recoveries from previously charged-off loans during the second quarter of 2021, compared to net charge-offs of \$351 thousand in the second quarter of 2020.
- Capital ratios remain strong at June 30, 2021 as reflected by Total Leverage Ratio of 11.05%, Common Equity Tier 1 Capital Ratio of 13.64%, Tier 1 Capital Ratio of 15.55%, and Total Risk Based Capital of 16.81%.
- Mission Valley Bank (the "Bank") has a long history of serving as a Community Development Financial Institution ("CDFI"). On June 15, 2021, the Bank was awarded a \$1.8 million grant under the U.S. Department of Treasury's CDFI Rapid Response Program ("CDFI RRP"), which is intended to provide capital for CDFIs to respond to economic challenges created by the COVID-19 pandemic in the distressed and underserved communities. No award proceeds have been received to date and the award agreement was executed on July 29, 2021, which contains various performance goals and measures that specify the use of funds.

Tamara Gurney, President and CEO, stated, "We are very pleased to report strong second quarter results highlighted by the significant non-PPP loan growth and the execution of the sale of round two PPP loans, which frees up resources to support our continued loan growth. Additionally, I am extremely gratified that our Bank was among a select group of CDFIs to be awarded the \$1.8 million grant, which was awarded to aid our local area communities and small businesses negatively impacted by the Pandemic. As this is a newly formed program, the accounting treatment to formally recognize the funds has yet to be determined and the grant funding is not expected until later this year. Once received, these funds will further support the Bank's efforts to assist small businesses and our local communities to rebuild and rebound from the economic challenges they continue to face.

Gurney continued, "2021 continues to be a very positive year for the Company. Mission Valley's primary focus continues to be 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. Mission Valley Bank has full service branches 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.