



Mission Valley Bancorp Reports Full Year and Fourth Quarter 2023 Results

SUN VALLEY, CA (February 7, 2024) -- Mission Valley Bancorp (OTCQX: MVLY, "Mission Valley", or the "Company") announced today net income of \$7.4 million, or \$2.22 per diluted share, for the year ended December 31, 2023, compared to net income of \$4.8 million, or \$1.45 per diluted share, for the year ended December 31, 2022. Net loss for the fourth quarter of 2023 was \$0.2 million, or \$0.07 per share, compared to net income of \$1.1 million, or \$0.32 per diluted share, for the fourth quarter of 2022. The net loss in the fourth quarter of 2023 was attributable to the \$0.6 million net after-tax loss from the sale of available-for-sale investment securities to reposition the investment portfolio.

Tamara Gurney, President and Chief Executive Officer, commented, "We are pleased to share our full year and fourth quarter results for 2023. Despite the challenges and difficult overall operating environment that 2023 presented, the Company not only remained safe and sound, but we also produced record earnings that were primarily driven by our strong loan growth, while maintaining credit quality, and the \$5.0 million Equitable Recovery Program grant from the U.S. Treasury that was awarded based on Mission Valley Bank's standing as a CDFI. Looking forward to the year ahead, we are working diligently on our branch expansion project in Burbank that is targeted for completion by the end of the second quarter, core deposit initiatives to bolster liquidity, and digital transformation projects to improve productivity, add functionality/capabilities, and expand our outreach."

Ms. Gurney continued, "We are also re-evaluating our dividend plan including the size and frequency of cash dividends to shareholders, which we expect to announce before the end of the first quarter of 2024."

Full Year 2023 Highlights

- Record Net Income of \$7.4 million, or \$2.22 per diluted share.
- Gross Loans increased \$81.6 million, or 18.65%, to \$519.0 million as of December 31, 2023.
- Loan production totaled \$140.9 million in 2023, which was primarily driven by originations of Small Business Administration ("SBA"), Commercial Real Estate, and Commercial loans.
- Total Assets were \$653.7 million as of December 31, 2023, an increase of \$100.4 million, or 18.15%, compared to December 31, 2022.
- Net Interest Income increased by \$3.9 million, or 19.13%, to \$24.2 million in 2023.
- Net Interest Margin was 4.94% for 2023 compared to 4.09% for 2022.
- Non-Interest Income increased by \$3.9 million, or 46.98%, to \$12.3 million in 2023. Non-Interest Income includes gain on sale of SBA loans and grant income.
- Awarded \$5.0 million grant from the U.S. Treasury as part of the Community Development Financial Institutions ("CDFI") Equitable Recovery Program ("ERP"), which was received and fully recognized into Non-Interest Income in 2023 after meeting the eligible activities and performance conditions of the grant award agreement. Grant income was \$5.4 million in 2023 compared to \$0.2 million in 2022.
- Sold \$39.1 million in SBA loans resulting in gain on sale of \$2.6 million in 2023, compared to \$74.3 million in SBA loans sold and gain on sale of \$4.0 million in 2022.
- \$0.4 million in net charge-offs on loans in 2023, compared to \$25 thousand in net recoveries from previously charged-off loans in 2022.
- \$1.7 million in Past Due Loans as of December 31, 2023, primarily from one loan, compared to no Past Due Loans as of December 31, 2022.
- \$1.8 million in Non-Accrual Loans as of December 31, 2023, primarily from one loan, compared to \$0.2 million in Non-Accrual Loans as of December 31, 2022.
- Provision for Credit Losses of \$1.4 million in 2023, primarily due to loan growth.
- The Allowance for Credit Losses of \$7.2 million with Allowance for Credit Losses Ratio of 1.39%.
- Available borrowing capacity of \$137.9 million at December 31, 2023.
- Strong capital position, which is reflected by Leverage Ratio of 10.33%, Common Equity Tier 1 Capital Ratio of 9.98%, Tier 1 Capital ratio of 11.03%, and total Risk Based Capital Ratio of 12.28%.

Fourth Quarter 2023 Highlights

- Net Loss of \$0.2 million or \$0.07 per share.
- Sold available-for-sale investment securities totaling \$7.9 million in book value to reposition the investment portfolio resulting in \$0.9 million loss on sale recognized in Non-Interest Income, or \$0.6 million net of tax.
- Net Interest Income was \$6.0 million for the fourth quarter of 2023, a decrease of \$0.2 million, or (3.76%), compared to the fourth quarter of 2022.

- Non-Interest Income was \$1.3 million for the fourth quarter of 2023, an increase of \$0.1 million, or 9.49%, compared to the fourth quarter of 2022.
- \$4.1 million in SBA loans were sold resulting in gain on sale of \$0.3 million in the fourth quarter of 2023, compared to \$4.3 million in SBA loans sold and gain on sale of \$0.2 million in the fourth quarter of 2022.
- Total Assets increased by \$65.9 million, or 11.22%, compared to September 30, 2023.
- Gross Loans increased by \$39.3 million, or 8.19%, compared to September 30, 2023
- Loan Production of \$44.8 million in the fourth quarter of 2023 with the majority of loan production coming in the back half of the fourth quarter.
- Total Deposits increased by \$38.5 million, or 7.92%, compared to September 30, 2023.

About Mission Valley Bancorp

Mission Valley Bancorp is a bank holding company headquartered in Sun Valley, California with two wholly owned subsidiaries Mission Valley Bank (the "Bank") and Mission SBA Loan Servicing LLC ("Mission SBA"). The Bank was founded in 2001 and is a full-service, independent, commercial bank specializing in the banking needs of small to medium businesses with full service branches in the San Fernando & Santa Clarita Valleys. Mission SBA is a de novo SBA lender service provider ("LSP") established in March 2021 that provides SBA lending services to other financial institutions.

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 the Company assumes no obligation to update this information. www.MissionValleyBank.com.