

To our Shareholders, Clients and Friends,

The third quarter is now in the record books and Mission Valley Bank achieved significant milestones in both growth and performance. First, Mission Valley Bancorp received regulatory approval and commenced operations on August 30th. In mid September, the Bancorp raised \$6 million in capital through the issuance of trust preferred securities, \$4 million of which was down-streamed into Mission Valley Bank to allow for continued growth without diluting existing shareholder value. This transition was absolutely seamless to our existing shareholders as all outstanding shares of Mission Valley Bank were automatically converted to shares of Mission Valley Bancorp on a share for share basis as of August 30th. Additionally, Mission Valley Bancorp now trades under the new symbol MVLY.OB.

Mission Valley Bank continues to achieve steady growth and increasing profitability. As of September 30, 2005, Total Assets grew 35%, up \$36 million to \$139 million as compared to the same period last year. Net Loans were up 33% or \$24 million to \$96 million from September 30, 2004. Deposits reached \$120 million, up \$27 million or more than 28% over the same period last year. As a result of the Bancorp's \$4 million investment in the Bank, Mission Valley Bank's Total Capital grew 47% to \$14 million, thereby allowing the Bank to significantly grow Total Assets while still maintaining its well-capitalized ranking. Revenue growth continues to outpace growth in operating expenses as Net Income Before Taxes increased 63%, reaching \$931,000 at September 30, 2005, which is an increase of \$360,000 over the same period last year.

We are excited by our continued success and by the enthusiasm of our team to maintain that growth. Our ongoing success allows us to continue on our selected path as a community business bank, committed to the growth and development of both the clients and the communities we serve.

Mission Valley Bank's formula for success is our commitment to deliver exceptional service through an outstanding team of employees who have the unwavering support of Management and the Board of Directors. Recognition of this achievement is continuously demonstrated by ongoing referral business from our existing customers and shareholders. Your support is acknowledged and greatly appreciated, and we will work hard to continue to earn it.

Sincerely,

Tamara Gurney
President & CEO

STATEMENT OF CONDITION
IN THOUSANDS
(unaudited)

	September 30, 2005	September 30, 2004
ASSETS		
Cash and Due From Banks	\$ 14,223	\$ 12,498
Federal Funds Sold	\$ 5,170	\$ 1,410
Securities	\$ 18,316	\$ 12,266
Net Loans	\$ 95,740	\$ 72,206
Bank Premises and Equipment	\$ 1,571	\$ 1,384
Other Assets	\$ 3,672	\$ 3,267
Total Assets	\$ 138,692	\$ 103,031
LIABILITIES		
Deposits		
Interest Bearing	\$ 75,083	\$ 66,747
Non Interest Bearing	\$ 44,968	\$ 26,491
Total Deposits	\$ 120,051	\$ 93,238
Other Liabilities	\$ 4,570	\$ 188
Total Liabilities	\$ 124,621	\$ 93,426
CAPITAL		
Common Stock	\$ 9,364	\$ 9,350
Surplus	\$ 4,000	
Undivided Profits	\$ 276	\$ (166)
Current Earnings	\$ 595	\$ 428
Net Unrealized Gain (Loss) on Securities Available for Sale	\$ (164)	\$ (7)
Total Capital	\$ 14,071	\$ 9,605
Total Liabilities and Capital	\$ 138,692	\$ 103,031

STATEMENT OF OPERATIONS
IN THOUSANDS
(unaudited)

	September 30, 2005	September 30, 2004
INTEREST INCOME		
Interest and Fees on Loans	\$ 4,404	\$ 2,865
Income on Federal Funds Sold	\$ 156	\$ 36
Interest on Securities	\$ 536	\$ 620
Total Interest Income	\$ 5,096	\$ 3,521
INTEREST EXPENSE		
Time and Savings Deposits	\$ 1,094	\$ 790
Other Interest Expense	\$ 127	\$ 0
Total Interest Expense	\$ 1,221	\$ 790
NET INTEREST INCOME	\$ 3,875	\$ 2,731
Provision for Loan Losses	\$ 253	\$ 321
NET INTEREST INCOME AFTER PROVISION	\$ 3,622	\$ 2,410
Service Charges on Deposits	\$ 887	\$ 581
Other Operating Income	\$ 357	\$ 345
Total Other Income	\$ 1,244	\$ 926
OPERATING EXPENSE		
Personnel Expense	\$ 2,008	\$ 1,366
Occupancy and Equipment	\$ 590	\$ 456
Data Processing	\$ 249	\$ 215
Other Operating Expenses	\$ 1,088	\$ 725
Total Operating Expense	\$ 3,935	\$ 2,762
INCOME BEFORE PROVISION FOR INCOME TAXES	\$ 931	\$ 571
PROVISION FOR TAXES	\$ 336	\$ 143
NET INCOME	\$ 595	\$ 428