



**MISSION VALLEY BANCORP
REPORTS 2012 SECOND QUARTER RESULTS**

SUN VALLEY, CA – President & CEO Tamara Gurney of Mission Valley Bancorp (OTCBB: MVLY.OB) the parent company of Mission Valley Bank stated today, “As 2012 progresses we are encouraged as we continue to see a slight increase in activity throughout the local small business community. At Mission Valley we have recently experienced a significant upturn in borrower interest, particularly within our SBA and Accounts Receivable Lending Divisions and are confident that these indicators will have a very positive impact on our bottom line throughout the remainder of 2012 and beyond. As I have noted before, Mission Valley is a community based business bank and as such, a direct reflection of the companies and communities we serve. While we are proud of the role we play in the success of our clients – many are still struggling, making it clear that while there are signs of economic improvement, Mission Valley must continue to take proactive steps to maintain its position of strength.”

“The 2nd Quarter of 2012 has proven to be a ‘mixed bag’. Deposits grew 5.13% to more than \$199 million from the \$190 million reported at June 30, 2011 – and are up more than \$11 million from year-end 2011. Net Loans also began a steady rebound, growing by nearly 3% to more than \$180 million at June 30, 2012 from \$175 million reported during the same period in 2011 – and up more than 6% (nearly \$11 million from year end). Additionally, Other Operating Income also rose by more than 11% from the previous year to \$1,280,000. Most importantly, the Bank continues to see a steady decline in problem assets. Based on these positive factors and coupled with the strength of the Bank’s capital position, our Board of Directors and Management Team made the decision to further address a few lingering credit issues that could not be worked to resolution in the near term. In June, we wrote-down these credits and marked the notes to Market with the anticipation of selling these assets at a discount during the third quarter. Our classified assets to capital ratio declined by 9.78%, from 34.81% to 25.03% between June 30, 2011 and June 30, 2012 and upon completion of the note sale should further improve to 21.06%, barring any unforeseen circumstances. This action will enable us to not only move forward from these credits, but also free up internal resources to focus on new and profitable relationship banking. In order to facilitate these positive steps, MVB placed an additional \$577,000 into Loan Loss Reserves, resulting in a small loss of \$42,000 for the 2nd Quarter ended June 30, 2012.”

Gurney continued, “While it is always disappointing to report a loss such as this, we are eager to move forward and anticipate that these steps will have a positive impact on Mission Valley’s performance for the remainder of 2012 and beyond. Mission Valley remains strong – and we believe well positioned to make tremendous strides in the months and years to come.”

Mission Valley continues to exceed all requirements as a well-capitalized institution with Total Risk Based Capital Ratio of 19.1% with strong reserves of 2.66% of total loans and solid core revenue generation.

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.