

CHINO COMMERCIAL BANCORP REPORTS 59% INCREASE IN PROFITS

Chino, California, January 22, 2014 – The Board of Directors of Chino Commercial Bancorp (“CCBC”), the parent company of Chino Commercial Bank NA, announced the results of operations for the Bank and the consolidated holding company for the three and twelve months ended December 31, 2013. For the full year ended December 31, 2013 the company posted a consolidated net income of \$940,727, an increase of 59.5% over net income of \$589,766 for the year ended December 31, 2012. Net income for the quarter ended December 31, 2013 increased 174.6% to \$295,970 from \$107,796 for quarter ended December 31, 2012. Net income per basic share and fully diluted share was \$1.13 for the year ended December 31, 2013, a 54.8% increase over \$0.73 per share for the year ended December 31, 2012. Earnings per basic share and diluted share for the fourth quarter ended December 31, 2013 were \$0.36 as compared to \$0.13 for the fourth quarter of 2012.

Dann H. Bowman, President and Chief Executive Officer stated, “We are very pleased with the continued growth and profitability of the Bank as the national and local economies improve. The Company’s net earnings for fiscal year 2013 were up 59% over the previous year, representing a return on beginning equity of 10.78%. Deposit and Loan balances increased during the year by 7.28% and 3.87% respectively, allowing the Bank to show improved stability of earnings and efficiency. In addition to the growth, at fiscal year end the Bank reported no OREO, no loan delinquencies and no loan losses for the entire year.”

Financial Condition

Non-interest bearing deposits increased 15.9% to \$56.6 million at December 31, 2013 from \$48.8 million at December 31, 2012. Total deposits at December 31, 2013 totaled \$109.6 million, an increase of 7.3% from \$102.2 million at December 31, 2012. Core deposits increased 10.3%, to \$101.2 million at December 31, 2013 from \$91.7 million at December 31, 2012. The Bank’s core deposits to total deposits increased to a very favorable 92.3% of total deposits at December 31, 2013 from 89.8% at December 31, 2012.

At December 31, 2013, total assets were \$123.1 million, an increase of \$8.5 million or 7.4% from 114.6 million at December 31, 2012.

Gross loans increased to \$64.4 million at December 31, 2013 from \$62.0 million at December 31, 2012, or an increase of 3.9%, and total investments and Federal funds sold increased to \$45.4 million from \$41.4 million at December 31, 2012, a 9.5% increase.

The level of “non-performing” loans decreased during the year to one loan at \$207,942 at December 31, 2013, from six loans totaling \$1.2 million at December 31, 2012 or an 82.9% decrease. At year-end this non-performing loan was current on its scheduled payments. At year-end the Bank had only two overdrafts which were more than 30 days delinquent for \$29.50.

The level of net loan charge-offs decreased during the year to a net recovery of \$57,442 in 2013 from net loss \$219,438 in 2012, or a difference of \$276,880. Net loan loss (recovery) as a percent of gross loans was (0.09%) and 0.35% for years ended December 31, 2013 and 2012, respectively. It is important to note, however, that the charge-offs taken in 2013 of \$79,503 and in 2012 of \$287,366, were charge-offs against loans that were paying as agreed.

Earnings

The Company posted net interest income of \$4,092,972 for the year ended December 31, 2013 as compared to \$3,654,006 for the year ended December 31, 2012. Average interest-earning assets were \$105.3 million with average interest-bearing liabilities of \$53.4 million yielding a net interest margin of 3.89% for the year ended December 31, 2013; as compared to average interest-earning assets of \$98.2 million with average interest-bearing liabilities of \$53.9 million, yielding a net interest margin of 3.73% for the year ended December 31, 2012.

The Bank posted net interest income of \$1,084,011 for the three months ended December 31, 2013 as compared to \$956,008 for the three months ended December 31, 2012. Average interest-earning assets were \$106.8 million with average interest-bearing liabilities of \$51.3 million, yielding a net interest margin of 4.03% for the fourth quarter of 2013; as compared to average interest-earning assets of \$104.6 million with average interest-bearing liabilities of \$57.5 million, yielding a net interest margin of 3.64% for the three months ended December 31, 2012.

Non-interest income totaled \$1,497,094, or an increase of 16.5% from \$1,436,537, earned in the year ended December 31, 2012. Service charges on deposit accounts increased \$148,465 or 12.9% to \$1,299,094 in 2013 due the reversal of \$21,943 of collected income from customers with loans on non-accrual status. Gain on sale of foreclosed assets was \$61,151 for the year ended December 31, 2012 while in 2013, the Bank had no foreclosed assets and therefore no gain.

Non-interest income for the quarter ended December 31, 2013 totaled \$390,854 or a 16.5% increase from the fourth quarter of 2012. The increase is due mainly to the recognition in income from customers with loans on non-accrual, while in 2012 no income was recognized.

General and administrative expenses were \$998,524 for the three months ended December 31, 2013 or a decrease of 1.0% as compared to \$1,008,824 for the three months ended December 31, 2012. General and administrative expenses were \$4,082,038 for the year ended December 31, 2013 as compared to \$4,045,169 for the year ended December 31, 2012. The largest component of general and administrative expenses was salary and benefits expense which totaled \$550,243 for the three months ended December 31, 2013 as compared to \$545,229 for the three months ended December 31, 2012. Salary and benefits expense were \$2,231,308 for the year ended December 31, 2013 as compared to \$2,178,453 for the year ended December 31, 2012.

The consolidated Company's income tax expense was \$181,266 for the three months ended December 31, 2013 as compared to \$56,592 for the three months ended December 31, 2012. Income tax expenses were \$566,545 for the year ended December 31, 2013 as compared to \$335,336 for the year ended December 31, 2012. The effective income tax rate for 2013 and 2012 was approximately 37.6% and 36.2%, respectively.

Forward-Looking Statements

The statements contained in this press release that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on the Company. Readers are cautioned not to unduly rely on forward-looking statements. Actual results may differ from those projected. These forward-looking statements involve risks and uncertainties including but not limited to the health of the national and California economies, the Company's ability to attract and retain skilled employees, customers' service expectations, the Company's ability to successfully deploy new

technology and gain efficiencies there from, changes in interest rates, loan portfolio performance, and other factors detailed in the Company's SEC filings.

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CHINO COMMERCIAL BANCORP
CONSOLIDATED BALANCE SHEET
December 31, 2013 and December 31, 2012

	December 31, 2013	December 31, 2012
	(unaudited)	(audited)
ASSETS:		
Cash and due from banks	\$ 4,202,632	\$ 2,946,454
Federal funds sold	21,387,140	17,041,826
Total cash and cash equivalents	25,589,772	19,988,280
Interest-bearing deposits in other banks	18,990,000	17,417,000
Investment securities available for sale	1,887,251	2,349,320
Investment securities held to maturity (fair value approximates \$3,195,000 at September 30, 2013 and \$4,796,000 at December 31, 2012)	3,095,803	4,606,626
Total investments	23,973,054	24,372,946
Loans		
Real estate	49,370,423	49,121,409
Commercial	14,675,131	12,516,101
Installment	313,144	321,502
Gross loans	64,358,698	61,959,012
Unearned fees and discounts	(98,360)	(169,090)
Loans net of unearned fees and discount	64,260,338	61,789,922
Allowance for loan losses	(1,496,995)	(1,438,797)
Net loans	62,763,343	60,351,125
Accrued interest receivable	270,106	286,812
Restricted stock	605,400	623,200
Fixed assets, net	6,140,958	6,258,728
Prepaid & other assets	3,783,159	2,753,820
Total assets	\$ 123,125,792	\$ 114,634,911
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 56,565,703	\$ 48,822,963
Interest bearing		
NOW and money market	36,984,852	36,340,045
Savings	2,937,076	1,989,336
Time deposits less than \$100,000	4,700,243	4,565,281
Time deposits of \$100,000 or greater	8,415,988	10,433,009
Total deposits	109,603,862	102,150,634
Accrued interest payable	28,367	35,674
Accrued expenses & other payables	724,120	633,705
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	113,449,349	105,913,013
SHAREHOLDERS' EQUITY		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 833,280 shares and 829,602 shares at September 30, 2013 and December 31, 2012, respectively.	3,463,912	3,429,254
Retained earnings	6,162,103	5,221,375
Accumulated other comprehensive income	50,428	71,269
Total shareholders' equity	9,676,443	8,721,898
Total liabilities & shareholders' equity	\$ 123,125,792	\$ 114,634,911

CHINO COMMERCIAL BANCORP
CONSOLIDATED STATEMENTS OF NET INCOME
(unaudited)

	For the three months ended		For the year ended	
	December 31		December 31	
	2013	2012	2013	2012
Interest income				
Investment securities and due from banks	\$ 68,125	\$ 74,754	\$ 268,624	\$ 352,513
Interest on Federal funds sold	12,837	13,679	51,713	43,781
Interest and fee income on loans	1,074,190	968,844	4,081,506	3,660,419
Total interest income	<u>1,155,152</u>	<u>1,057,277</u>	<u>4,401,843</u>	<u>4,056,713</u>
Interest expense				
Deposits	56,326	85,781	249,378	334,424
Other borrowings	14,815	15,488	59,493	68,283
Total interest expense	<u>71,141</u>	<u>101,269</u>	<u>308,871</u>	<u>402,707</u>
Net interest income	1,084,011	956,008	4,092,972	3,654,006
Provision for loan losses	(895)	118,224	756	120,272
Net interest income after provision for loan losses	<u>1,084,906</u>	<u>837,784</u>	<u>4,092,216</u>	<u>3,533,734</u>
Non-interest income				
Service charges on deposit accounts	338,529	274,262	1,299,700	1,151,235
Gain on sale of foreclosed assets	0	0	0	93,871
Other miscellaneous income	17,891	34,070	73,874	100,235
Dividend income from restricted stock	8,035	10,124	34,348	23,083
Income from bank-owned life insurance	26,399	16,972	89,172	68,113
Total non-interest income	<u>390,854</u>	<u>335,428</u>	<u>1,497,094</u>	<u>1,436,537</u>
Non-interest expenses				
Salaries and employee benefits	550,243	545,229	2,231,308	2,178,453
Occupancy and equipment	103,561	109,705	412,043	428,676
Data and item processing	108,744	94,126	408,109	359,818
Advertising and marketing	20,493	12,942	69,554	51,766
Legal and professional fees	44,238	59,913	215,411	272,897
Regulatory assessments	39,643	56,722	218,269	222,917
Insurance	8,509	12,249	44,150	48,745
Directors' fees and expenses	27,795	27,595	112,117	107,802
Other expenses	95,298	90,343	371,077	374,095
Total non-interest expenses	<u>998,524</u>	<u>1,008,824</u>	<u>4,082,038</u>	<u>4,045,169</u>
Income before income tax expense	477,236	164,388	1,507,272	925,102
Income tax expense	181,266	56,592	566,545	335,336
Net income	<u>\$ 295,970</u>	<u>\$ 107,796</u>	<u>\$ 940,727</u>	<u>\$ 589,766</u>
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.13</u>	<u>\$ 1.13</u>	<u>\$ 0.73</u>
Diluted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.13</u>	<u>\$ 1.13</u>	<u>\$ 0.73</u>

CHINO COMMERCIAL BANCORP

Other Financial Information

(unaudited)

CREDIT QUALITY (unaudited)	End of period	
	December 31, 2013	December 31, 2012
Non-performing loans	\$ 207,942	\$ 1,216,253
Non-performing loans to total loans	0.32%	1.96%
Non-performing loans to total assets	0.17%	1.06%
Allowance for loan losses to total loans	2.33%	2.32%
Nonperforming assets as a percentage of total loans and OREO	0.32%	3.74%
Allowance for loan losses to non-performing loans	719.91%	118.30%

OTHER PERIOD-END STATISTICS

(unaudited)	December 31, 2013	December 31, 2012
Shareholders equity to total assets	7.86%	7.61%
Net Loans to deposits	57.26%	59.08%
Non-interest bearing deposits to total deposits	51.61%	47.80%
Total capital to total risk-weighted assets	18.19%	17.50%
Tier 1 capital to total risk-weighted assets	17.08%	15.95%
Tier 1 leverage ratio	10.69%	9.86%

KEY FINANCIAL RATIOS (unaudited)	For the three months ended		For the year ended	
	December 31		December 31	
	2013	2012	2013	2012
Annualized return on average equity	12.47%	4.96%	10.28%	7.07%
Annualized return on average assets	0.99%	0.37%	0.80%	0.53%
Net interest margin	4.03%	3.64%	3.89%	3.73%
Core efficiency ratio	67.70%	78.12%	73.02%	80.96%
Net chargeoffs to average loans	-0.09%	0.05%	-0.09%	0.18%

AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 119,929	\$ 116,934	\$ 118,138	\$ 110,808
Average interest-earning assets	\$ 106,771	\$ 104,594	\$ 105,322	\$ 98,205
Average gross loans	\$ 62,839	\$ 60,092	\$ 62,490	\$ 57,228
Average deposits	\$ 101,542	\$ 103,722	\$ 101,022	\$ 97,661
Average equity	\$ 9,492	\$ 8,688	\$ 9,155	\$ 8,336