

CHINO COMMERCIAL BANCORP REPORTS 40% INCREASE IN SECOND QUARTER EARNINGS

Chino, California, July 21, 2014 – The Board of Directors of Chino Commercial Bancorp (“CCBC”), the parent company of Chino Commercial Bank, N.A., announced the results of operations for the Bank and the consolidated holding company for the second quarter ended June 30, 2014 with net earnings of \$363,551, or an increase of 40.3% compared with net income of \$259,167 for the same quarter last year. Net income per basic and diluted share for the second quarter in 2014 was \$0.44 as compared \$0.31 for the same quarter last year. The Company’s income for the six months ended June 30, 2014 increased 36.8% to \$587,971, or \$0.71 per basic and diluted share as compared with net income of \$429,807 or \$0.52 per basic and diluted share for the same period in 2013.

Dann H. Bowman, President and Chief Executive Officer, stated, “The second quarter marks a new record for the Company in terms of earnings and growth. Total assets reached an all-time high during the second quarter; and the net earnings of 44 cents per diluted share represent an annualized Return on Average Equity of 14.5%.

We are also pleased to report that the Bank’s loan quality is very strong, with only one delinquent loan, no non-performing Loans, and no OREO at quarter-end. We have also been very fortunate in having no credit losses year-to-date.

The economy appears to be improving rapidly and we are very optimistic regarding opportunities for expansion within our market.”

Financial Condition

At June 30, 2014, total assets were \$129.9 million, an increase of \$6.8 million or 5.5% from \$123.1 million at December 31, 2013. This is a direct result of the growth in the Company’s deposits which increased by 5.6% to \$115.8 million at June 30, 2014, an increase from \$109.6 million at December 31, 2013. At June 30, 2014, the Company’s non-interest bearing deposits represented 55.0% of total deposits and its core deposits represent 96.1% of the total deposits.

Loans increased slightly by \$0.8 million or 1.3% during the first half of 2014 from December 31, 2013 with a remaining balance of \$65.2 million at June 30, 2014 while the Company’s asset quality improved in the first half of 2014 as the level of nonperforming assets to total loans and OREO decreased from 0.17% at December 31, 2013 to 0.00% at June 30, 2014.

Earnings

The Company posted net interest income of \$1,069,079 for the quarter ended June 30, 2014 as compared to \$1,074,032 for the quarter ended June 30, 2013. For the six months ended June 30, 2014, the Company posted net interest income of \$2.0 million compared to \$2.1 million for the first six months of 2013 or a decrease of \$58,271 or 2.8%. One loan on non-accrual status paid off in June 2014 resulting in \$64,500 in additional interest income during the second quarter of 2014; while in June 2013, two loans on non-accrual paid off resulting in \$134,500 in additional interest income during the second quarter of 2013.

Although average earning assets increased, the average yield on earning assets decreased 31 basis points. Average interest-earning assets were \$112.5 million with average interest-bearing liabilities of \$50.6 million, yielding a net interest margin of 3.81% for the second quarter of 2014; as compared to the average interest-earning assets of \$106.0 million with average interest-bearing liabilities of \$54.5 million, yielding a net interest margin of 4.07% for the second quarter of 2013.

Due to the Company's loan loss recoveries and very strong loan quality, a negative loan loss provision of \$130,000 was recognized in the second quarter of 2014.

Non-interest income totaled \$399,385 for the second quarter of 2014, or an increase of 7.1% from \$372,966 earned during the second quarter of 2013. Service charges on deposit accounts increased 5.6% to \$343,529 due to increased income from returned items and overdraft charges. Other miscellaneous income increased to \$20,812 for the second quarter of 2014, compared to \$13,303 in the same quarter in 2013 due rental income received from the Bank's leased space in the Rancho Cucamonga office.

General and administrative expenses were \$1,006,265 for the three months ended June 30, 2014, as compared to \$1,029,523 for the second quarter of 2013. The largest component of general and administrative expenses was salary and benefits expense of \$575,021 for the second quarter of 2014, as compared to \$557,138 for the three months ended June 30, 2013. Regulatory assessments decreased \$29,596 or 49.6% to \$30,121 in the second quarter of 2014 compared to \$59,717 in the second quarter of 2013 due to a more favorable rating received from regulators in the fourth quarter of 2013. Legal, Audit, and Other Professional fees decreased by 25.1% to \$30,121 in the second quarter of 2014 from \$59,717 in the quarter ended June 30, 2013 due to cessation of SEC reporting costs resulting from the Company's deregistration with the SEC in early 2013.

Income tax expense was \$228,648 for the three months ended June 30, 2014 as compared to \$159,536 for the three months ended June 30, 2013. The effective income tax rate for the second quarter of 2014 and 2013 is approximately 38.6% and 38.1%, 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.

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CHINO COMMERCIAL BANCORP
CONSOLIDATED BALANCE SHEET
June 30, 2014 and December 31, 2013

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	(unaudited)	(audited)
ASSETS:		
Cash and due from banks	\$ 18,926,035	\$ 25,538,999
Federal funds sold	50,818	50,773
Total cash and cash equivalents	<u>18,976,853</u>	<u>25,589,772</u>
Interest-bearing deposits in other banks	22,462,000	18,990,000
Investment securities available for sale	1,766,114	1,887,251
Investment securities held to maturity (fair value approximates \$12,495,000 at June 30, 2014 and \$3,195,000 at December 31, 2013)	12,391,175	3,095,803
Total investments	<u>36,619,289</u>	<u>23,973,054</u>
Loans		
Construction	73,100	0
Real estate	49,431,010	49,370,422
Commercial	15,342,737	14,675,131
Installment	325,355	313,144
Gross loans	<u>65,172,202</u>	<u>64,358,697</u>
Unearned fees and discounts	(132,436)	(98,360)
Loans net of unearned fees and discount	<u>65,039,766</u>	<u>64,260,337</u>
Allowance for loan losses	(1,512,377)	(1,496,995)
Net loans	<u>63,527,389</u>	<u>62,763,342</u>
Accrued interest receivable	292,133	270,106
Restricted stock	612,200	605,400
Fixed assets, net	6,052,385	6,140,958
Prepaid & other assets	3,814,996	3,783,159
Total assets	<u>\$ 129,895,245</u>	<u>\$ 123,125,791</u>
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 63,731,050	\$ 56,565,703
Interest bearing		
NOW and money market	35,151,089	36,984,851
Savings	3,481,545	2,937,076
Time deposits less than \$100,000	4,741,973	4,700,243
Time deposits of \$100,000 or greater	8,664,874	8,415,988
Total deposits	<u>115,770,531</u>	<u>109,603,861</u>
Accrued interest payable	30,528	28,367
Accrued expenses & other payables	744,973	724,120
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	<u>119,639,032</u>	<u>113,449,348</u>
SHAREHOLDERS' EQUITY		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 833,280 shares at June 30, 2014 and December 31, 2013, respectively.	3,463,912	3,463,912
Retained earnings	5,633,479	6,162,103
Common stock distributable	1,116,595	0
Accumulated other comprehensive income	42,227	50,428
Total shareholders' equity	<u>10,256,213</u>	<u>9,676,443</u>
Total liabilities & shareholders' equity	<u>\$ 129,895,245</u>	<u>\$ 123,125,791</u>

CHINO COMMERCIAL BANCORP
CONSOLIDATED STATEMENTS OF NET INCOME
(unaudited)

	For the three months ended		For the sixmonths ended	
	June 30		June 30	
	2014	2013	2014	2013
Interest income				
Investment securities and due from banks	\$ 108,686	\$ 80,364	\$ 200,740	\$ 162,706
Interest on Federal funds sold	32	32	64	63
Interest and fee income on loans	1,029,558	1,073,824	1,943,904	2,063,734
Total interest income	<u>1,138,276</u>	<u>1,154,220</u>	<u>2,144,708</u>	<u>2,226,503</u>
Interest expense				
Deposits	54,691	65,371	109,668	132,381
Other borrowings	14,506	14,817	28,916	29,727
Total interest expense	<u>69,197</u>	<u>80,188</u>	<u>138,584</u>	<u>162,108</u>
Net interest income	1,069,079	1,074,032	2,006,124	2,064,395
Provision for loan losses	<u>(130,000)</u>	<u>(1,228)</u>	<u>(129,089)</u>	<u>1,404</u>
Net interest income after provision for loan losses	<u>1,199,079</u>	<u>1,075,260</u>	<u>2,135,213</u>	<u>2,062,991</u>
Non-interest income				
Service charges on deposit accounts	343,529	325,460	694,905	605,355
Other miscellaneous income	20,852	13,303	68,904	24,039
Dividend income from restricted stock	9,020	13,880	23,338	18,719
Income from bank-owned life insurance	25,984	20,323	51,797	36,636
Total non-interest income	<u>399,385</u>	<u>372,966</u>	<u>838,944</u>	<u>684,749</u>
Non-interest expenses				
Salaries and employee benefits	575,021	557,138	1,162,417	1,128,161
Occupancy and equipment	102,528	101,637	202,330	202,031
Data and item processing	95,004	97,976	191,986	196,791
Advertising and marketing	20,263	19,128	44,006	32,617
Legal and professional fees	44,703	59,656	105,017	116,165
Regulatory assessments	30,121	59,717	58,342	117,485
Insurance	8,431	12,335	16,844	24,582
Directors' fees and expenses	28,172	27,676	54,841	55,541
Other expenses	102,022	94,260	190,192	184,160
Total non-interest expenses	<u>1,006,265</u>	<u>1,029,523</u>	<u>2,025,975</u>	<u>2,057,533</u>
Income before income tax expense	592,199	418,703	948,182	690,207
Income tax expense	228,648	159,536	360,211	260,400
Net income	<u>\$ 363,551</u>	<u>\$ 259,167</u>	<u>\$ 587,971</u>	<u>\$ 429,807</u>
Basic earnings per share	<u>\$ 0.44</u>	<u>\$ 0.31</u>	<u>\$ 0.71</u>	<u>\$ 0.52</u>
Diluted earnings per share	<u>\$ 0.44</u>	<u>\$ 0.31</u>	<u>\$ 0.71</u>	<u>\$ 0.52</u>

CHINO COMMERCIAL BANCORP

	For the three months ended		For the six months ended	
	June 30		June 30	
	2014	2013	2014	2013
KEY FINANCIAL RATIOS				
(unaudited)				
Annualized return on average equity	14.50%	11.49%	11.87%	9.62%
Annualized return on average assets	1.16%	0.87%	0.96%	0.73%
Net interest margin	3.81%	4.07%	3.69%	3.97%
Core efficiency ratio	68.53%	71.15%	71.21%	74.84%
Net chargeoffs to average loans	-0.22%	-0.01%	-0.23%	-0.04%

AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 125,519	\$ 118,715	\$ 122,725	\$ 117,466
Average interest-earning assets	\$ 112,537	\$ 105,966	\$ 109,710	\$ 104,969
Average gross loans	\$ 64,079	\$ 62,872	\$ 64,204	\$ 62,159
Average deposits	\$ 107,550	\$ 101,295	\$ 104,955	\$ 102,410
Average equity	\$ 10,027	\$ 9,024	\$ 9,911	\$ 8,934

CREDIT QUALITY

(unaudited)

	End of period	
	June 30, 2014	December 31, 2013
Non-performing loans	\$ 0	\$ 207,942
Non-performing loans to total loans	0.00%	0.32%
Non-performing loans to total assets	0.00%	0.17%
Allowance for loan losses to total loans	2.32%	2.33%
Nonperforming assets as a percentage of total loans and OREO	0.00%	1.89%
Allowance for loan losses to non-performing loans	n/a	118.30%

OTHER PERIOD-END STATISTICS

(unaudited)

	June 30, 2014	December 31, 2013
Shareholders equity to total assets	7.90%	7.86%
Net Loans to deposits	54.87%	57.26%
Non-interest bearing deposits to total deposits	55.05%	51.61%
Total capital to total risk-weighted assets	19.73%	18.18%
Tier 1 capital to total risk-weighted assets	18.90%	17.08%
Tier 1 leverage ratio	10.93%	10.69%