

CHINO COMMERCIAL BANCORP REPORTS 34% INCREASE IN THIRD QUARTER EARNINGS

Chino, California, October 29, 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 third quarter ended September 30, 2014 with net earnings of \$289,916 or an increase of 34.8%, as compared with net income of \$214,950 for the same quarter last year. Net income per basic and diluted share for the third quarter 2014 was \$0.32 as compared to \$0.26 for the same quarter last year. The Company’s income for the nine months ended September 30, 2014 increased 36.2% to \$877,887 or \$0.96 per basic and diluted share as compared with net earnings of \$644,758 or \$0.77 per basic and diluted share for the same period in 2013.

Dann H. Bowman, President and Chief Executive Officer, stated, “We are very pleased with the performance of the Bank during the third quarter. Economic conditions are strong in the Inland Empire and the business climate is very good. At the end of the third quarter the Bank had no Non-performing assets, no delinquent loans, no foreclosed properties and has experienced no credit losses so far this year.”

“With the Bank’s strong balance sheet, we have a number of marketing opportunities in the area and the potential to expand our lending to the businesses and families in our community.”

Financial Condition

At September 30, 2014, total assets were \$126.7 million, which was an increase of \$3.5 million or 2.9% over \$123.1 million at December 31, 2013. Deposits increased by \$2.5 million or 2.3% to \$112.1 million at September 30, 2014, from \$109.6 million at December 31, 2013.

Loans net of unearned fees increased 16.3% in the nine months ended September 30, 2014 to \$74.7 million from \$64.2 million at December 31, 2013. The Company’s asset quality improved during the nine months ended September 30, 2014, as the level of nonperforming assets to total loans and OREO declined from 0.69% at September 30, 2013 to -0- at September 30, 2014. At quarter-end September 30, 2014 the Bank had no delinquent loans over 30 days and no OREO.

Earnings

The Company posted net interest income of \$1,072,628 and \$944,316 for the three months ended September 30, 2014 and 2013, respectively, or an increase of \$128,312 or 13.6%. For the nine months ended September 30, 2014 the Company posted net interest income of \$3,207,841, compared to \$3,007,310 for the same period in 2013, or an increase of \$200,531 or 6.6%.

Income from earning assets increased by \$132,353 for the third quarter of 2014 compared to the same period last year; and increased \$50,555 or 1.6% for the nine months ended September 30, 2014 compared to same period in 2013. Average interest-earning assets for the quarter ended September 30, 2014 were \$101.2 million, with average interest-bearing liabilities of \$52.4 million, yielding a net interest margin of 3.81% for the third quarter of 2014; as compared to the average interest-earning assets of \$104.5 million, with average interest-bearing liabilities of \$52.6 million, yielding a net interest margin of 3.58% for the same period in 2013.

Average interest-earning assets for the nine months ended September 30, 2014 were \$99.6 million with average interest-bearing liabilities of \$52.2 million, yielding a net interest margin of 3.88%, compared to average interest-earning assets of \$104.8 million, with average interest-bearing liabilities of \$55.0 million, yielding a net interest margin of 3.84% for the same period in 2013.

Non-interest income totaled \$398,191 for the third quarter of 2014, or a decrease of 5.8% from \$421,492 earned during the third quarter of 2013. For the nine months ended September 30, 2014, non-interest income totaled \$1,237,134 or an 11.8% increase from \$1,106,241 earned during the same period in 2013.

General and administrative expenses were \$1,004,098 for the three months ended September 30, 2014, as compared to \$1,025,979 for the third quarter of 2013; and were \$3,030,072 and \$3,083,514 for the nine months ended September 30, 2014 and 2013, respectively. The largest component of general and administrative expenses was salary and benefits expense of \$570,831, which was an increase of 3.2% over \$552,905 for the third quarter ending September 30, 2014 and 2013 respectively. Salary and Benefit expenses were \$1,733,247 for the nine months ended September 30, 2014, or an increase of 3.1% over \$1,681,065 for the same period last year.

Income tax expense for the Company was \$176,805 for the third quarter of 2014 as compared to \$124,879 for the same period in 2013, resulting in effective income tax rates of approximately 37.9% and 36.7%, respectively. Income tax expense for the nine months ended September 30, 2014 and 2013 were \$537,016 and \$385,279, respectively. The effective income tax rates for the Company were 38.0% and 37.4% for the nine months ended September 30, 2014 and 2013, 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
September 30, 2014 and December 31, 2013

	September 30, 2014 (unaudited)	December 31, 2013 (audited)
ASSETS:		
Cash and due from banks	\$ 6,552,968	\$ 25,538,999
Federal funds sold	50,838	50,773
Total cash and cash equivalents	<u>6,603,806</u>	<u>25,589,772</u>
Interest-bearing deposits in other banks	22,512,025	18,990,000
Investment securities available for sale	1,687,488	1,887,251
Investment securities held to maturity (fair value approximates \$11,932,500 at September 30, 2014 and \$3,195,000 at December 31, 2013 respectively)	11,882,087	3,095,803
Total investments	<u>36,081,600</u>	<u>23,973,054</u>
Loans		
Construction	327,629	0
Real estate	57,430,437	49,370,422
Commercial	16,827,272	14,675,131
Consumer	353,738	313,144
Gross loans	74,939,076	64,358,697
Unearned fees and discounts	(173,012)	(98,360)
Loans net of unearned fees and discount	74,766,064	64,260,337
Allowance for loan losses	(1,524,078)	(1,496,995)
Net loans	<u>73,241,985</u>	<u>62,763,342</u>
Accrued interest receivable	285,944	270,106
Restricted stock	612,200	605,400
Fixed assets, net	6,010,215	6,140,958
Prepaid & other assets	3,853,316	3,783,159
Total assets	<u>\$ 126,689,068</u>	<u>\$ 123,125,791</u>
LIABILITIES:		
Deposits		
Non-interest bearing	\$ 59,658,371	\$ 56,565,703
Interest bearing		
NOW and money market	36,279,368	36,984,851
Savings	4,207,254	2,937,076
Time deposits less than \$100,000	4,646,079	4,700,243
Time deposits of \$100,000 or greater	7,339,532	8,415,988
Total deposits	<u>112,130,603</u>	<u>109,603,861</u>
Accrued interest payable	26,044	28,367
Accrued expenses & other payables	896,214	724,120
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	<u>116,145,861</u>	<u>113,449,348</u>
SHAREHOLDERS' EQUITY		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 916,608 shares and 833,280 shares at September 30, 2014 and December 31, 2013, respectively.	4,579,730	3,463,912
Retained earnings	5,923,395	6,162,103
Accumulated other comprehensive income	40,057	50,428
Total shareholders' equity	<u>10,543,207</u>	<u>9,676,443</u>
Total liabilities & shareholders' equity	<u>\$ 126,689,068</u>	<u>\$ 123,125,791</u>

CHINO COMMERCIAL BANCORP

CONSOLIDATED STATEMENTS OF NET INCOME

(unaudited)

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2014	2013	2014	2013
Interest income				
Investment securities and due from banks	\$ 131,174	\$ 63,752	\$ 331,914	\$ 200,499
Interest on Federal funds sold	32	12,852	96	38,876
Interest and fee income on loans	1,021,332	943,581	2,965,236	3,007,316
Total interest income	<u>1,152,538</u>	<u>1,020,185</u>	<u>3,297,246</u>	<u>3,246,691</u>
Interest expense				
Deposits	56,546	60,671	166,214	193,052
Other borrowings	14,652	14,951	43,568	44,678
Total interest expense	<u>71,198</u>	<u>75,622</u>	<u>209,782</u>	<u>237,730</u>
Net interest income	1,081,340	944,563	3,087,464	3,008,961
Provision for loan losses	8,712	247	(120,377)	1,651
Net interest income after provision for loan losses	<u>1,072,628</u>	<u>944,316</u>	<u>3,207,841</u>	<u>3,007,310</u>
Non-interest income				
Service charges on deposit accounts	336,670	355,816	1,031,575	961,171
Gain on sale of foreclosed assets	0	0	0	0
Other miscellaneous income	20,740	31,945	89,644	55,984
Dividend income from restricted stock	14,647	7,594	37,985	26,313
Income from bank-owned life insurance	26,134	26,137	77,931	62,773
Total non-interest income	<u>398,191</u>	<u>421,492</u>	<u>1,237,134</u>	<u>1,106,241</u>
Non-interest expenses				
Salaries and employee benefits	570,831	552,905	1,733,248	1,681,065
Occupancy and equipment	112,808	106,451	315,138	308,482
Data and item processing	96,584	102,574	288,571	299,365
Advertising and marketing	26,033	16,444	70,038	49,061
Legal and professional fees	59,100	55,008	164,117	171,173
Regulatory assessments	29,537	61,141	87,879	178,626
Insurance	8,431	11,059	25,275	35,641
Directors' fees and expenses	27,628	28,781	82,469	84,322
Other expenses	73,146	91,616	263,338	275,779
Total non-interest expenses	<u>1,004,098</u>	<u>1,025,979</u>	<u>3,030,072</u>	<u>3,083,514</u>
Income before income tax expense	466,721	339,829	1,414,903	1,030,037
Income tax expense	176,805	124,879	537,016	385,279
Net income	<u>\$ 289,916</u>	<u>\$ 214,950</u>	<u>\$ 877,887</u>	<u>\$ 644,758</u>
Basic earnings per share	<u>\$ 0.32</u>	<u>\$ 0.26</u>	<u>\$ 0.96</u>	<u>\$ 0.77</u>
Diluted earnings per share	<u>\$ 0.32</u>	<u>\$ 0.26</u>	<u>\$ 0.96</u>	<u>\$ 0.77</u>

CREDIT QUALITY

(unaudited)

	September 30, 2014	December 31, 2013
Non-performing loans	\$ -0-	\$ 430,986
Non-performing loans to total loans	0.00%	0.69%
Non-performing loans to total assets	0.00%	0.38%
Allowance for loan losses to total loans	2.03%	2.33%
Nonperforming assets as a percentage of total loans and OREO	0.00%	0.69%
Allowance for loan losses to non-performing loans	NA	340.01%

OTHER PERIOD-END STATISTICS

(unaudited)

	September 30, 2014	December 31, 2013
Shareholders equity to total assets	8.32%	8.16%
Net Loans to deposits	65.32%	60.21%
Non-interest bearing deposits to total deposits	53.20%	48.64%
Tier 1 leverage ratio	10.42%	10.57%
Tier 1 capital to total risk-weighted assets	16.16%	16.11%
Total capital to total risk-weighted assets	17.42%	17.35%

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2014	2013	2014	2013

KEY FINANCIAL RATIOS

(unaudited)

Annualized return on average equity	11.00%	9.29%	11.62%	9.51%
Annualized return on average assets	0.92%	0.73%	0.94%	0.73%
Net interest margin	3.81%	3.58%	3.88%	3.84%
Core efficiency ratio	65.19%	75.11%	68.66%	74.93%
Net chargeoffs to average loans	0.00%	0.00%	-0.24%	-0.04%

AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 127,863	\$ 117,671	124,455	\$ 117,535
Average deposits	\$ 113,482	\$ 99,599	110,467	\$ 101,462
Average gross loans	\$ 69,167	\$ 62,791	65,949	\$ 62,372
Average interest-earning assets	\$ 101,208	\$ 104,571	99,618	\$ 104,836
Average equity	\$ 10,409	\$ 9,252	10,078	\$ 9,042