

Press Release  
Chino California  
January 19, 2015  
“CCBC”

## **CHINO COMMERCIAL BANCORP REPORTS 21% INCREASE IN PROFITS**

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, 2014. For the full year ended December 31, 2014 the company posted a consolidated net income of \$1,139,773, an increase of 21.2% over net income of \$940,728 for the year ended December 31, 2013. Net income for the quarter ended December 31, 2014 decreased 11.5% to \$261,887 from \$295,970 for quarter ended December 31, 2013. Net income per basic share and fully diluted share was \$1.30 for the year ended December 31, 2014, a 21.2% increase over \$1.13 per share for the year ended December 31, 2013. Earnings per basic share and diluted share for the fourth quarter ended December 31, 2014 were \$0.30 as compared to \$0.36 for the fourth quarter of 2013.

Dann H. Bowman, President and Chief Executive Officer stated, “We are very pleased with the performance of the Bank in 2014. This year the Bank set new records for earnings, earnings per share, total deposits and total loans. The Company’s net earnings for fiscal year 2014 were up 21% over the previous year, representing a return on beginning equity of 11.8%. Deposit and Loan balances increased during the year by 5.3% and 29.7% 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, and only one delinquent loan.”

### **Financial Condition**

Non-interest bearing deposits increased 14.3% to \$64.7 million at December 31, 2014 from \$56.6 million at December 31, 2013. Total deposits at December 31, 2014 totaled \$115.4 million, an increase of 5.3% from \$109.6 million at December 31, 2013. Core deposits increased 7.5% to \$108.8 million at December 31, 2014 from \$101.2 million at December 31, 2013. The Bank’s core deposits to total deposits increased to a very favorable 94.3% of total deposits at December 31, 2014 from 92.3% at December 31, 2013.

At December 31, 2014, total assets were \$130.1 million, an increase of \$7.0 million or 5.7% from \$123.1 million at December 31, 2013.

Gross loans increased to \$83.5 million at December 31, 2014 from \$64.4 million at December 31, 2013, or an increase of 29.7%, and total investments increased to \$32.1 million from \$24.0 million at December 31, 2013, a 33.7% increase.

The level of “non-performing” loans decreased during the year to \$0 at December 31, 2014, from one loan totaling \$207,942 at December 31, 2013 or a 100% decrease. At year-end the Bank had only one overdrawn account which was more than 30 days delinquent for \$285.63.

The company continued to experience net loan recoveries amounting to \$163,738 in 2014 as compared with a net recovery of \$57,442 in 2013, or an increase in recoveries of \$106,296. Net loan loss (recovery) as a percent of gross loans was (0.20%) and (0.09%) for the years ended December 31, 2014 and 2013, respectively.

## **Earnings**

The Company posted net interest income of \$4,258,257 for the year ended December 31, 2014, as compared to \$4,092,971 for the year ended December 31, 2013. Average interest-earning assets were \$112.4 million with average interest-bearing liabilities of \$51.6 million, yielding a net interest margin of 3.79% for the year ended December 31, 2013; as compared to average interest-earning assets of \$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.

The Bank posted net interest income of \$1,170,794 for the three months ended December 31, 2014 as compared to \$1,084,011 for the three months ended December 31, 2013. Average interest-earning assets were \$115.1 million with average interest-bearing liabilities of \$52.6 million, yielding a net interest margin of 4.03% for the fourth quarter of 2014; as compared to average interest-earning assets of \$106.8 million with average interest-bearing liabilities of \$50.6 million, yielding a net interest margin of 4.03% for the three months ended December 31, 2013.

Non-interest income totaled \$1,605,099, or an increase of 7.2% from \$1,497,094, earned in the year ended December 31, 2013. Service charges on deposit accounts increased \$44,399 or 3.4% to \$1,344,099 in 2014.

Non-interest income for the quarter ended December 31, 2014 totaled \$367,964 or a 5.9% decrease from the fourth quarter of 2013.

General and administrative expenses were \$1,114,531 for the three months ended December 31, 2014 or an increase of 11.6% as compared to \$998,524 for the three months ended December 31, 2013. General and administrative expenses were \$4,153,316 for the year ended December 31, 2014 as compared to \$4,082,037 for the year ended December 31, 2013. The largest component of general and administrative expenses was salary and benefits expense, which totaled \$665,516 for the three months, ended December 31, 2014 as compared to \$550,243 for the three months ended December 31, 2013. Salary and benefits expense were \$2,398,764 for the year ended December 31, 2014 as compared to \$2,231,308 for the year ended December 31, 2013.

The consolidated Company's income tax expense was \$157,743 for the three months ended December 31, 2014 as compared to \$181,266 for the three months ended December 31, 2013. Income tax expenses were \$694,759 for the year ended December 31, 2014 as compared to \$566,545 for the year ended December 31, 2013. The effective income tax rate for 2014 and 2013 was approximately 37.9% and 37.6%, 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, 2014 and December 31, 2013

	<u>December 31, 2014</u> (unaudited)	<u>December 31, 2013</u> (audited)
<b>ASSETS:</b>		
Cash and due from banks	\$ 5,529,963	\$ 25,538,999
Federal funds sold	-	50,773
Total cash and cash equivalents	<u>5,529,963</u>	<u>25,589,772</u>
Interest-bearing deposits in other banks	19,048,000	18,990,000
Investment securities available for sale	1,637,579	1,887,251
Investment securities held to maturity (fair value approximates \$11,493,000 at December 31, 2014 and \$3,195,000 at December 31, 2013)	11,370,814	3,095,803
Total investments	<u>32,056,393</u>	<u>23,973,054</u>
<b>Loans</b>		
Construction	613,802	-
Real estate	65,070,148	49,370,422
Commercial	17,437,492	14,675,131
Installment	339,520	313,144
Gross loans	<u>83,460,962</u>	<u>64,358,697</u>
Unearned fees and discounts	(211,141)	(98,360)
Loans net of unearned fees and discount	<u>83,249,821</u>	<u>64,260,337</u>
Allowance for loan losses	(1,536,241)	(1,496,995)
Net loans	<u>81,713,580</u>	<u>62,763,342</u>
Accrued interest receivable	312,508	270,106
Restricted stock	716,700	605,400
Fixed assets, net	5,971,324	6,140,958
Prepaid & other assets	3,832,260	3,783,159
Total assets	<u>\$ 130,132,728</u>	<u>\$ 123,125,791</u>
<b>LIABILITIES:</b>		
<b>Deposits</b>		
Non-interest bearing	\$ 64,657,125	\$ 56,565,703
Interest bearing		
NOW and money market	35,665,321	36,984,851
Savings	4,119,507	2,937,076
Time deposits less than \$100,000	4,367,455	4,700,243
Time deposits of \$100,000 or greater	6,631,526	8,415,988
Total deposits	<u>115,440,934</u>	<u>109,603,861</u>
Accrued interest payable	26,066	28,367
Accrued expenses & other payables	772,135	724,120
Subordinated notes payable to subsidiary trust	3,093,000	3,093,000
Total liabilities	<u>119,332,135</u>	<u>113,449,348</u>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, authorized 10,000,000 shares with no par value, issued and outstanding 916,550 shares at December 31, 2014 and 833,280 shares at December 31, 2013.	4,579,730	3,463,912
Retained earnings	6,185,281	6,162,103
Accumulated other comprehensive income	35,582	50,428
Total shareholders' equity	<u>10,800,593</u>	<u>9,676,443</u>
Total liabilities & shareholders' equity	<u>\$ 130,132,728</u>	<u>\$ 123,125,791</u>

**CHINO COMMERCIAL BANCORP**  
**CONSOLIDATED STATEMENTS OF NET INCOME**  
(unaudited)

	For the three months ended		For the year ended	
	December 31		December 31	
	2014	2013	2014	2013
Interest income				
Investment securities and due from banks	\$ 121,569	\$ 80,930	\$ 453,482	\$ 320,207
Interest on Federal funds sold	29	32	125	130
Interest and fee income on loans	1,119,762	1,074,190	4,084,997	4,081,506
Total interest income	<u>1,241,360</u>	<u>1,155,152</u>	<u>4,538,604</u>	<u>4,401,843</u>
Interest expense				
Deposits	55,204	56,326	221,418	249,378
Other interest expense	687	-	687	-
Other borrowings	14,675	14,815	58,243	59,493
Total interest expense	<u>70,566</u>	<u>71,141</u>	<u>280,348</u>	<u>308,871</u>
Net interest income	1,170,794	1,084,011	4,258,257	4,092,972
Provision for loan losses	4,597	(895)	(124,492)	756
Net interest income after provision for loan losses	<u>1,166,197</u>	<u>1,084,906</u>	<u>4,382,749</u>	<u>4,092,216</u>
Non-interest income				
Service charges on deposit accounts	312,524	338,529	1,344,099	1,299,700
Other miscellaneous income	19,171	17,891	108,344	73,874
Dividend income from restricted stock	9,882	8,035	48,339	34,348
Income from bank-owned life insurance	26,387	26,399	104,317	89,172
Total non-interest income	<u>367,964</u>	<u>390,854</u>	<u>1,605,099</u>	<u>1,497,094</u>
Non-interest expenses				
Salaries and employee benefits	665,516	550,243	2,398,764	2,231,308
Occupancy and equipment	123,112	103,561	438,251	412,043
Data and item processing	94,191	108,744	382,762	408,109
Advertising and marketing	30,129	20,493	100,168	69,554
Legal and professional fees	52,425	44,238	216,542	215,411
Regulatory assessments	20,446	39,643	108,325	218,269
Insurance	8,431	8,509	33,705	44,150
Directors' fees and expenses	27,456	27,795	109,925	112,117
Other expenses	92,825	95,298	364,874	371,076
Total non-interest expenses	<u>1,114,531</u>	<u>998,524</u>	<u>4,153,316</u>	<u>4,082,037</u>
Income before income tax expense	419,630	477,236	1,834,532	1,507,273
Income tax expense	157,743	181,266	694,759	566,545
Net income	<u>\$ 261,887</u>	<u>\$ 295,970</u>	<u>\$ 1,139,773</u>	<u>\$ 940,728</u>
Basic earnings per share	<u>\$ 0.30</u>	<u>\$ 0.36</u>	<u>\$ 1.30</u>	<u>\$ 1.13</u>
Diluted earnings per share	<u>\$ 0.30</u>	<u>\$ 0.36</u>	<u>\$ 1.30</u>	<u>\$ 1.13</u>

## CHINO COMMERCIAL BANCORP

### Other Financial Information

(unaudited)

CREDIT QUALITY (unaudited)	End of period	
	December 31, 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	1.84%	2.33%
Nonperforming assets as a percentage of total loans and OREO	0.00%	0.32%
Allowance for loan losses to non-performing loans	n/a	719.91%

#### OTHER PERIOD-END STATISTICS

(unaudited)	December 31, 2014	December 31, 2013
	Shareholders equity to total assets	8.30%
Net Loans to deposits	70.78%	57.26%
Non-interest bearing deposits to total deposits	56.01%	51.61%
Total capital to total risk-weighted assets	16.72%	18.18%
Tier 1 capital to total risk-weighted assets	16.02%	17.08%
Tier 1 leverage ratio	11.18%	10.69%

KEY FINANCIAL RATIOS (unaudited)	For the three months ended		For the year ended	
	December 31		December 31	
	2014	2013	2014	2013
Annualized return on average equity	9.80%	12.47%	22.28%	20.55%
Annualized return on average assets	0.82%	0.99%	1.82%	1.59%
Net interest margin	4.03%	4.03%	3.79%	3.89%
Core efficiency ratio	72.43%	67.70%	70.84%	73.02%
Net chargeoffs to average loans	-0.01%	-0.01%	-0.24%	-0.03%

#### AVERAGE BALANCES

(thousands, unaudited)

Average assets	\$ 128,349	\$ 119,929	\$ 125,437	\$ 118,138
Average interest-earning assets	\$ 115,132	\$ 106,771	\$ 112,387	\$ 105,322
Average gross loans	\$ 79,834	\$ 62,839	\$ 69,360	\$ 62,490
Average deposits	\$ 108,752	\$ 101,542	\$ 107,061	\$ 101,022
Average equity	\$ 10,689	\$ 9,492	\$ 10,232	\$ 9,155